

TOURISM IN PAPUA NEW GUINEA



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IFC's experience in the tourism sector in the Pacific

- IFC has been actively engaged with the tourism sector in the Pacific since 1990. From 1990-2004, IFC presence in the region was via the donor-funded South Pacific Project Facility. SPPF delivered specialized tourism advisory services to 56 private companies and government agencies. This led to 27 investments (including 3 for IFC), worth up to US\$50 million and providing 1085 jobs.
- Between 2004 and 2014, the Tourism Program focused on providing (non-investment linked) advisory services to government, intermediaries and the private sector. In 2009, IFC undertook tourism sector diagnostic assessments for client governments based on, but not limited to, the identification of tourism investment impediments.
- Since 2014, IFC's Pacific Tourism project (funded by DFAT and MFAT under the Pacific Partnership) has focused on
 - Developing new outbound tourist markets;
 - Maximizing the local benefits of cruise tourism; and
 - Improving tourism data to facilitate new investment.
- IFC is currently at the early stages of assessing a number of potential new tourism investments in both PNG and Vanuatu.

**Since 1967,
IFC has invested
US\$3.0 billion
in 273 hotel projects
in 92 countries.**

**In the last 5 years,
71% of total
investment
in frontier markets
has been into
the tourism sector**

WBG tourism strategy for the Pacific (and for PNG)

- New strategy set out in *Pacific Possible* aims to bring 1 million additional visitors per year to the Pacific by 2040; or to nearly double arrivals.
- It identifies a number of key transformational opportunities for the Pacific:
 - Aggressively targeting the Chinese visitor market
 - Engaging more directly in the rapidly growing Pacific cruising sector
 - Expansion of the high-end resort market
 - Capitalizing on the aging population in key origin markets by developing a long-stay visitor opportunity for retirees.
- *Pacific Possible* also identifies those key actions to be undertaken in order to realize the potential of the tourism sector in the Pacific:
 - Improve connectivity with growing and established markets (improve access to long-haul markets, including via direct connections from northern hemisphere markets)
 - Attract more and higher yielding tourists (including to overcome dependence on Australia and New Zealand as the principle markets; focus on yield not volume)
 - Improve the investment climate and the effectiveness of public sector participation in the sector (including around business enabling environment, quality of labor force, effectiveness of public institutions, capacity of regional destination markets)
 - Improve the efficiency of the sector (e.g. locally integrated supply chains)

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Assessment of economic impact of cruising in PNG and the Solomon Islands

Baseline for establishing value of cruising and outline of key
investments needed

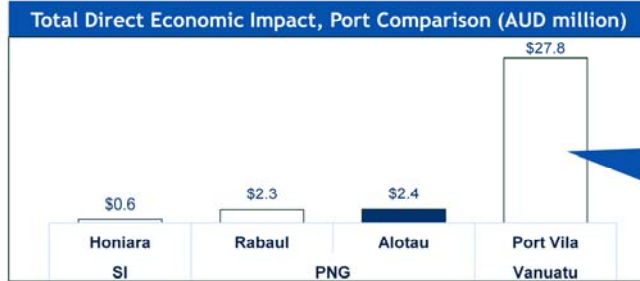
- Study conducted between November 2015 and March 2016, launched in July 2016
- Research puts a baseline on value of cruising to PNG at A\$6 million per year, chiefly to Alotau and Rabaul, PNG's main cruising ports
- Research shows that PNG can extract additional value from the cruising market, estimated at an additional A\$12.5 million over ten years
- Alotau is the priority port due to relatively low passenger satisfaction and spend, and high number of visitors to the port (45,000 in 2017)

3



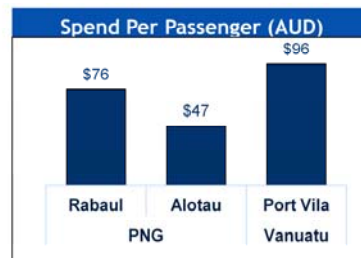
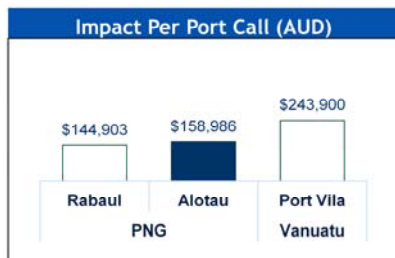
Assessment of economic impact of cruising in PNG and the Solomon Islands

Key findings - comparisons across key ports of call



Port Vila:

- larger ships
- higher call frequency
- greater spend per pax



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IFC PNG Tourism Phase 1 - through January 2017

Principles of IFC Engagement

- Focus on regions with existing tourism arrivals: Alotau, Rabaul, and potentially Madang. These are also tourism hubs for the Government of PNG
- Utilize lessons learned from Pacific Tourism Program in Vanuatu, Tonga & Samoa
 - Data-driven decision making & market development are key for small-scale destinations
 - Leverage existing market relationships with Carnival Australia; China outbound operators; TripAdvisor for the benefit of PNG
- Partner with TPA & Ministry of Tourism in order to ensure sustainability
- Identify IFC investment opportunities in tourism & related infrastructure as they arise
- Work closely with upcoming World Bank lending program for PNG in tourism sector

IFC PNG Tourism Phase 1 - through January 2017

Identification of key issues and opportunities for tourism development

1. International Visitor's Survey (IVS) to understand demographics of current visitors, spending and travel patterns, gather key market feedback
 - a. Preference for online model that is cost-effective and ongoing, similar to Vanuatu
 - b. No data exists on current air arrivals to PNG
2. Review of marketing of PNG to identify current trends and new opportunities
 - a. Similar to work done by IFC for Samoa in early 2016
 - b. Provides roadmap for markets to target in Phase 2
3. In partnership with Carnival, detailed scoping of potential for product development for cruising in Alotau, Rabaul and Mandang
 - a. Realize potential of existing cruising market prior to growing a more 'sophisticated' offer for air arrivals

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