



Coping with Climate Change in the Pacific Island Region



Component: SUSTAINABLE TOURISM and CLIMATE CHANGE



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Sustainable Tourism and Climate Change in the Pacific Island Region (=Tourism Component of CCC-PIR)

1. Summary

CRS code: 33210 Tourism policy and administrative management

DAC and BMZ codes

PG (Participatory development/Good governance): 1

UR (Environmental protection and resource conservation): 2

GG (Gender equality): 1

TD (Trade development): 2

DES (Combating desertification): 0

BIO (Biodiversity): 2

KR (Crisis): 0

AO (Poverty orientation): MSA

PBA (Programme-based approach) relevance: 0

For the tourism component, the 4 Pacific countries where tourism is in absolut and/or relative figures the most important economic sector had been preselected: Fiji, Vanuatu, Samoa and Palau. After having assessed during the preparatory mission the current situation of tourism and its future projection in these countries, it became clear that, since tourism is mainly driven by the private sector, communities and assisting NGOs, also the the focus of climate change adaptation would habe to be on those partners plus government entities wherever they play a role to direct tourism development.

Donor contributions so far do not put tourism in their main focus, but rather as part of support in other areas (biodiversity, community development etc.). This is also due to the situation that many Pacific governments lack of tourism, sustainable development and climate change policies and strategies or – even when existing – of implementation of these policies. Given the fact that the tourism industry is for most Pacific countries one of the two key economic sectors with highly impacting linkages in core climate change relevant sectors (such land-use and coastal zone development, energy – in Fiji, for instance, the biggest energy user is the 3-hotel Starwood-Sheraton hotel complex on Denarau Island, who is also the main water consumer), a specific approach to tourism and climate change is highly justified. At the same time the development of a tourism&climate change approach focusing on implementation under a PPP, Public Private Partnership approach is an excellent chance for German development cooperation to bridge that gap, using the unique German PPP experiences and without a risk of donor support duplication.

The objective of this tourism component is:

Pacific Island tourism entities (public/private) develop and partially implement novel climate change adaptation approaches

The tourism component will focus on three key areas in order to introduce the wider climate change agenda to enhance the sustainability of both the existing tourism system and for future tourism developments.

The first key area is to address tourism and climate change for existing and new major tourism sites, surrounding communities and other areas under influence.

The project activities proposed for this area will support the public and private stakeholders in existing and newly planned major tourism sites, in the neighbouring communities and other areas under influence, such as those areas where the water is taken from, to cope with climate change, and at the same time minimize their own climate footprint. The support in this area should be matched by a significant contribution from the hotels and other major tourism companies involved in these tourism sites, in the form of an integrated PPP, Public Private Partnership component, for which several hotel companies have declared their readiness to participate. The indicator for this key area is:

- In at least 2 major new tourism investments and in at least 2 existing major tourism sites the CC adaptation approach developed by the project is used;

The second key area is to develop and implement a climate change adaptation approach for community-based tourism (CBT) initiatives, as part of the overall sustainable development and climate change strategies of these communities.

Community involvement in tourism is the second important pillar of sustainable tourism development in the Pacific with a wide range of options from complete community development and ownership for tourism products to partial involvement as cultural components or for employment in tourism enterprises, and their possibilities to cope with climate change are even more limited than those in major tourism sites. The indicator for this key area is:

- At least 6 community-based tourism initiatives apply the community tourism CC adaptation approach developed by the project.

The third key area is to integrate climate change considerations in national tourism development strategies and plans, based on the lessons learnt from the climate change approaches developed in the pilot tourism sites and communities. The indicator for this key area is:

- In at least 2 countries tourism strategies take up / integrate the tourism climate change approach developed by the project.

As counterpart organization for the tourism component at regional level we propose South Pacific Tourism Organisation, SPTO. SPTO is „the mandated inter-governmental body for the tourism sector in the region, with the mission to market and develop tourism in the South Pacific“¹. SPTO is mandated by the regional council of tourism ministers, but it has also significant private sector membership with 200 of the most important tourism companies (hotels, tour operators, airlines, consultings etc.) in the Pacific Region including their main source markets (especially Australia).

At national level for the implementation of the activities, especially in the first key area (support in major tourism sites), a multi-stakeholder approach is required involving public tourism authorities and other relevant public entities (such as transport, environment etc.), regional and municipal governments, private sector (hotels, tourism associations, hotel / tourism investors) community organizations and NGOs involved in tourism, community development and environment.

It will not be possible to start activities in all 3 key areas in all 4 selected countries from the beginning of the project. The decision where to start with whom should be taken based on a tourism climate change vulnerability and risk analysis that can mainly be derived from the existing vulnerability maps and risk profiles. The second criteria for the selection of tourism sites and communities should be their willingness to actively participate and contribute significant resources, and possible synergies with the other components of the project².

¹ cited from south-pacific.travel website

² if for instance the energy, fisheries or land-use components have selected areas or sites which are important tourism destinations or community-based tourism „hot spots“, it would make much sense to give preference to these sites also for the tourism component.

2. Context / Problem Analysis

2.1 Brief outline of tourism in the Pacific with focus on the 4 preselected countries

2.1.1 Regional tourism overview

Visitor arrivals

The 12 independent Pacific countries that are eligible for support under the proposed CCC-PIR programme have received less than 1,2 Mio visitors in 2008, or less than the small Indonesian island of Bali, that is with its 5,600 square kilometers a little bit more than half the size of Viti Levu, the main island of Fiji. This shows that the Pacific in general is not a destination for massive tourism, except in the few areas with major hotel concentrations such as Nadi and Denarau in Fiji. These are also the areas where most of the hotels managed by global hotel players such as Starwood-Sheraton or ACCOR are to be found, whereas the majority of the hotels in the region are small to medium and locally owned and operated.

Accommodation sector

According to the most recent (2009) research sponsored by World Bank's IFC, International Finance Corporation, all Pacific Island Countries (including the dependant territories) together have nearly 2,000 accommodation properties with a total of 34,000 rooms. Only 75 hotel properties or 4% had more than 100 rooms, 510 (26%) between 20-100 rooms and 1,355 (70%) less than 20 rooms. The average hotel size was 17 rooms. 80% of these hotels are locally owned and operated, whereas only 20% run by foreign hotel companies.

When looking into the foreseen new accommodation investments, there is a clear tendency to bigger hotels, expansion of existing hotels and luxury/boutique resorts. On the other hand, many local owners of smaller hotels want to sell their properties, because they are not able to manage these profitably and do the necessary reinvestments to maintain their standards.

Air Traffic

Air traffic in the Pacific highly depends on six airlines who offer more than 95% of the region's international connections: Air Pacific/Qantas (Fiji), Air New Zealand, Air Vanuatu, Aircalin, Virgin/Pacific/ Polynesian Blue and Continental Micronesia. New Caledonia's Aircalin shares are in majority owned by French Caisse d'Epargne, so only two of these airlines do have a majority of Pacific ownership: Air Pacific and the government-owned Air Vanuatu, and both face major economic problems. Air Vanuatu is at the edge of bankruptcy, and Qantas trying to sell their Air Pacific shares. Three out of these 6 airlines offer voluntary carbon offsetting for their customers on their websites: Air New Zealand, Virginblue and Continental, whereas the two airlines with majority Pacific ownership plus Aircalin do not inform neither on any environmental concerns nor on climate issues or carbon offsetting on their websites.

Airport infrastructure is a major constraint for regular inbound tourism in most Pacific Island countries, especially those who are comprised of a bigger number of smaller islands scattered over a huge ocean area, where boat and other transport means cannot offer any a viable alternative to flights. Therefore in many countries, significant investment in airport upgrading or new airport facilities are planned.

The importance of air traffic for tourism and the related economic benefits might be highlighted by the recent experience of Vanuatu: Due to the suspension of the direct flight from Melbourne to Port Vila, visitor arrivals from Australia dropped by 25%. And since Australia is more than half of Vanuatu's tourism market that sustains at least 5,000 jobs, this might have a significant impact in sustainable livelihoods for more than 1,000 families.

Cruise lines

Cruise tourism has developed well in the last decade with the share of the Pacific region in worldwide cruise operations for 2006 being 1,8% or 1,45 Mio bed days (=equivalent to the share of the whole South America). This market is dominated by three cruise lines: P&O, with currently 3 and from end-2010 on 4 big cruise ships for nearly 2,000 passengers each operating in the region, Regent Seven Seas and Princess Cruises. The main receivers of cruise ship visits are Tahiti and Vanuatu, followed by Fiji. Kiribati that until 2008 had also received a huge number of cruise visitors from NCL, Norwegian Cruise Line's Hawaii operations who were serving Fanning Island with more than 100,000 visitors per year, has been excluded from that business due to poor port facilities and non-satisfactory ground services.

Tour Operators

Tour operators include incoming agents in the Pacific countries, outgoing operators in the source markets and operators of specialized tours and activities, such as dive, rafting or boat excursion operators. Most incoming agencies and specialized operators are small to medium local companies, yet often with significant participation of foreigners who usually know better what their fellow countrymen want and how to organize it. The biggest volume of travel to the Pacific is organized by outgoing tour operators from Australia, New Zealand, and for some countries Japan, Korea, Taiwan and the USA. The big EU outgoing operators such as TUI, Thomas Cook do only play a marginal role for tourism in the Pacific. With respect to climate change, there is only one major Australian tour operator, Intrepid Travel, who has a consistent strategy to address it and an ambitious goal (*to become climate neutral by 2010*, see <http://www.intrepidtravel.com/ourtrips/rt/climatechange.php>)

2.1.2 Tourism in the 4 preselected countries

Fiji

Fiji receives with more than 500,000 visitors the by far highest number of tourists in the Pacific, and does also offer the most diverse tourism product: packages from backpackers to luxury, dive, cruise, wellness, cultural, eco-, wedding, fishing, etc. tourism. The tourism hot spots are the artificially extended Denarau Island together with the Nadi Airport area, the main entry point for the country, and the neighbouring Mamanuca and Yasawa Islands, and the South Coast (also called Coral Coast) of Viti Levu, the main Fiji Island.

Fiji is (together with French Polynesia) also the only country with a significant number of hotels managed by the major foreign brands such as Intercontinental, Sheraton, Hilton, ACCOR, Radisson etc. . On the other hand, there are also two minor hotel chains with a strong regional focus based on Fiji: Warwick and Tanoa hotels, both managing (or planning to open) hotels in several Pacific countries.

Vanuatu

Half of Vanuatu`s more than 200,000 reported visitors are cruise ship excursionists, whereas the hotels, mainly concentrated in and around the capital Port Vila on Efate Island, only get about 100,000 overnight visitors. In addition to some fine beach tourism, Vanuatu`s tourism highlights are the unique cultural diversity with more than 100 different ethnic groups with their own languages, who in their majority have preserved their authentic cultures (such as the famous “Sky-diving” on Pentecost Island, which inspired the Bungee jumping), volcanic “hot spots” such as Yasur volcano on Tanna Island, and some fine diving for coral reefs and shipwrecks. Tourism development is very much focused on community and ethnic group involvement with community-run facilities (bungalows, cultural centres etc.). This is complemented by some bigger hotel investments planned on both the main Island, Efate, Espirito Santo an Tanna Islands. There is also some plans and necessity for mid-level and mid-size accommodation on several islands, which miss the chance of mid-sized (20-30 pax) group visits.

In both Fiji and Vanuatu, the local airlines (Air Pacific and Air Vanuatu) have so far managed to maintain a relatively good air connection coverage for all major islands and tourism sites.

Samoa

Samoa with more than 120,000 visitors is the third most important tourism destination with a similar mixture of beach and cultural tourism as Fiji and Vanuatu. Different to those countries, Samoa is quite famous for the beauty of its` people and their traditions, including the huge importance of traditional tattoos. Similar as Vanuatu, Samoa doesn`t have international brand hotels but some bigger local hotel owners and operators, lead by the famous Aggie Grey`s group

of hotels. There is no such concentration of hotels in one site as in Fiji and Vanuatu, although there is a tendency that such a “tourism cluster” has started to develop near the international airport of Apia which is about 1 hour drive west of the capital, on the northwestern shore of the main island,

Samoa has the disadvantage that it doesn't have its own international airline to connect it with its major source markets (New Zealand, Australia and the United States), and the fact that connections with Asian markets are difficult has led to very low visitor numbers from these growing markets, especially compared with other Pacific countries who have direct Asian air links, such as Palau.

Palau

Palau is one of the smallest Pacific countries especially in terms of population (about 20,000 inhabitants). Nevertheless Palau is both in absolute visitor figures (which vary for the last years between 70-90,000) and especially relative figures compared with the population (for every Palauan, 4 foreign visitors come to the country) among the Top 4 Pacific tourism destinations. Main source markets are Japan, Taiwan, Korea and the United States from where nearly 90% of their visitors come. The number one travel purpose is to experience the unique marine biodiversity of Palau which constantly ranks among the Top Three dive destinations in the world. This is also the reason why Palau is attracting smaller numbers of dive tourists from all over the world. Major hotel investments are from Japan, and the percentage of foreign hotel owners and operators is higher than in other Pacific countries, same as for tour operators especially those specializing in dive tourism. However, the strict rules on local ownership for tourism businesses and for local employment have created some very positive know-how transfer processes, but are also considered as an obstacle for foreigners to start a new business introducing expertise and know-how so far not developed in the country.

2.2 The consequences of the tourism climate change debate for Pacific Tourism

Although tourism is not among the 7 single sectors considered as the most relevant for climate change, it is directly composed of 4 of these sectors (transport, energy, buildings and waste) and has also direct linkages with 2 other sectors (agriculture since tourism is a major consumer of farm products, and forestry because tourism on the one hand creates risks for forests, especially mangroves when beach hotels are being built, and on the other hand can help to protect forests through sustainable ecotourism).

Climate Relevant Linkages of Tourism



Tourism with these sectoral linkages is a major emitter of greenhouse gases, especially from air and ground transport, energy consumption, buildings and waste. On the other hand, tourism, in particular sun&beach, nature and marine tourism (eco/forest, diving, cruise tourism etc.) is also one of the sectors most suffering from the impact of climate change: rising sea levels and increased storm/tide irregularities endanger beach-near tourism infrastructure, climate irregularities lead to water shortages, disappearing biodiversity, both marine (coral reefs and the immense marine species diversity) and land-based (rain- and other forests, wetlands, animal sanctuaries etc.) disattracts visitors etc. .

Therefore any approach to tourism and climate change will have to consider this ambiguous role of the world's most important economic sector in terms of turnover and non-agricultural jobs. This is especially true for the Pacific Region, where tourism is for most countries the biggest foreign

exchange earner, but highly vulnerable especially on low-lying island states, and on the other side – given the fact that tourism is overwhelmingly using mid- to long-haul flights, non-renewable energies etc. – also an important source of climate relevant emissions. However, this ambiguous role of tourism is hardly reflected in any of the Pacific countries' tourism development plans and strategies.

2.3 Climate change considerations in Pacific countries' tourism plans and strategies

In the Pacific region, although many countries offer similar experiences and have to deal with similar problems such as air access, lack of capacities in virtually all areas relevant for tourism including environmental and risk management including climate change risks, there has been so far no significant effort to establish a regional tourism (product) development strategy. Joint regional tourism efforts have so far focused on promotion and marketing, mainly the South Pacific Village at trade fairs, on joint projects and cooperation with development partners such as EU and on regional capacity building for product development.

South Pacific Tourism Organisation SPTO, the proposed regional counterpart organization for the tourism component, has started to look into climate change under their "South Pacific Action Strategy for Green Tourism", whose preparation has been supported by the EU under their PROINVEST program. However, the draft strategy report has not yet been approved and therefore climate change is not yet on SPTO's agenda to support tourism capacity building in their member countries. However, this indicates that, same as for the individual countries, sustainability issues have become a major part of SPT's agenda for regional tourism development support, and this would be the framework under which to integrate the focus on climate change in tourism.

For the 4 countries with most significant tourist arrivals (Fiji, Vanuatu, Samoa and Palau) which therefore are proposed to be supported through this climate change project, the consideration of climate change issues in the tourism plans and strategies is non-existing for 3 countries, or just mentioning it (case of Samoa), but without any proposal for action to address it:

The Vanuatu Tourism Development Masterplan 2004-2010 puts a lot of emphasis on a development strategy for both Efate, the main island with the capital Port Vila and most tourism infrastructures, Santo and Tanna Islands and the other outer islands so far not very developed for tourism, but it doesn't even mention the word "climate" at once, although environmental and socio-cultural sustainability are well addressed.

The most recent Vanuatu tourism analysis and planning document, the Febr. 2010 International Finance Corporation IFC's "Tourism Impediments Diagnostic – State of Play Assessment for

Vanuatu” does not mention climate change not even under the „Risk“ chapter, and the only concern with respect to climate is that the climate of Vanuatu because of a strong rainy season doesn't allow for the country to be well promoted as a year-around destination...

The situation with the Fiji Tourism Development Plan 2007-2014, that discusses growth scenarios to in between 750,000 and 1,35 Mio visitors for 2014, is very similar: sustainability is becoming more and more “mainstreamed”, but no mentioning of climate change at all;

The June 2008 Palau Tourism Action Plan's main concerns are similar; air access, quality of accommodation and services, lack of planning coordination, lack of protection of natural resources etc., but no hint on climate change and its impact to Palau tourism which is to more than 50% depending on well preserved coral reefs;

The only plan where climate change is mentioned as an issue and risk is the Samoa Tourism Development Plan 2009-2013, with two major concerns: On the one hand, it is stated that travelers from Europe, especially from Germany and United Kingdom do show a tendency to reduce long-haul travelling because of the huge carbon footprint of the flights and its critical impact to climate change. As a strategy to cope with these concerns, Samoa proposes to undertake efforts to reduce the carbon footprint of its tourism industry and to appropriately offset the emissions of long-haul flights to the country.

On the other hand, potential physical implications of climate change are considered an extreme risk, and as a response strategy, it is proposed to ensure accurate identification of potential changes in physical environment due to climate change, and factor it into planning and development decisions. However, under 'Key Actions and Priorities', there is no action proposed to address these climate change risks.

Even though climate change is not considered in tourism development plans, the fact that sustainability is considered for each of the 4 countries a key element for future tourism development and promotion gives a good basis to integrate climate change issues as part of sustainable development of tourism. All tourism plans are very clear in stating that the protection of natural and cultural resources and increased community involvement and benefits are key conditions to maintain the current level of attractiveness, and to expand and improve the tourism product diversity. And that critical environmental impact from other areas and industries such as destructive fishing practices, wastewater sent to the ocean, no solid waste management etc.) is a growing threat to an industry that has the highest prospects for future economic development.

In order to find out whether climate change is a greater concern for low-lying Pacific countries in their tourism development strategy, the Kiribati National Tourism Action Plan 2009-2014 was also screened on climate change considerations. Interestingly, it was equally not really considered as

a decisive factor for tourism planning and development and taken into account for the major infrastructure projects proposed, such as airport developments etc. The only mention of climate change was as a means to support the promotion of the country: *“Kiribati does have an opportunity to use tourism to reinforce its key international message relating to climate change and the rise of sea levels”*³.

3. Past and current development aid and technical assistance to address tourism and climate change in the Pacific

In difference to other climate change relevant sectors, there is by far not such a huge donor involvement for tourism and climate change in the Pacific, and especially not with respect to the direct involvement and cooperation with the private tourism sector.

At tourism climate adaptation policy and strategy level, AUSAID is financing a smaller (approx. 0,5 Mio Euro) project to develop strategies for tourism and climate change at country policy level. This project is lead by Victoria University of Melbourne and has as regional counterpart OSTA, Oceanic Sustainable Tourism Alliance which is under the Foundation of Peoples of the South Pacific FSPI. It will produce tourism climate strategy proposals for all Pacific countries, but doesn't have any funds for implementation. This project seems to be a very useful and complementary effort to the proposed approach of CCC-PIR.

Of the 4 Climate Change National Adaptation Plans of Action (NAPA) prepared for Pacific states, only those for Vanuatu and Samoa take tourism into consideration, with Vanuatu giving it equal priority to other sectors, whereas for Samoa it ranks 9th and last in their priority action list. For Vanuatu, EU has promised to support the implementation of the proposed sustainable tourism and climate change project of the NAPA, for which a budget of 1 Mio US\$ had been estimated. The proposed actions do not include the key area proposed for the CCC-PIR to make major tourism sites climate proofed, and possible joint areas of interest include community tourism and tourism policy mainstreaming. However, due to the fact that the EU support will only start under the next EDF which realistically will initiate project implementation not before 2013, and that the proposal in the NAPA is very general, this is a good chance for the CCC-PIR to start complementary action on the ground, and to help the country to prepare an appropriate (and complementary) proposal for EU for the NAPA implementation.

The third major regional project of relevance is the World Bank / IFC sponsored South Pacific Hotel Investment Vehicle, under which a hotel investment volume of up to 100 Mio US\$ shall be

³ From: 2009-2014 Kiribati National Tourism Action Plan, page 8, chapter 3.3

mobilized, to build a minimum of 1000 new hotel rooms in the South Pacific. For the preparation of this project, a comprehensive analysis of tourism investment financing opportunities in the region has been done which identified other important sources such as European Investment Bank (EIB), Asian Development Bank etc. . EIB is supporting single hotel and tourism investment projects with a minimum volume of 5 Mio Euros, and has recently financed the new Novotel in Nadi/Fiji with 11 Mio Euros. For smaller credits, EIB is using national banks to which credit funds are allocated for smaller national investment projects including tourism. None of these tourism investment vehicles and credit facilities has any consideration on climate change risks so far, meaning that the process proposed for the CCC-PIR to make new tourism/hotel investments climate proofed has a good chance to be considered as pilot experience to integrate climate change into the procedures and criteria for future hotel and tourism investments.

Proposed technical assistance

4.1 Expected Outcome

Pacific Island tourism entities (public/private) develop and partially implement novel climate change adaptation approaches.

4.2 Target Groups

Target groups in the private sector are small and medium tourism entrepreneurs, managers of major tourism companies (hotels, tour operators) and the employees of these companies in the 4 countries involved (Fiji, Vanuatu, Samoa and Palau). For the planned climate adaptation support to community-based tourism, the communities respectively the families and groups directly and indirectly involved in tourism in these countries are being supported. Target groups for the climate mainstreaming in tourism policies, strategies and plans are the regional, national and local government entities in charge of the development and implementation of these policies and their employees.

Intermediaries are the business organizations of the tourism industry (Hotel, tour operator, small and medium tourism business, community-based tourism organizations) and – as far as these are part of it – the Chambers of Commerce and Industry.

4.3 Regional coverage

The technical assistance to develop climate change approaches in tourism will focus on the 4 main tourist destinations: Fiji, Vanuatu, Samoa and Palau. However, the experiences and good practices developed can be taken to the regional level and other countries through the regional counterpart organization SPT, South Pacific Travel. Same applies to the recommendations and procedures to include the climate change challenges into national tourism development policies, strategies and plans.

4.4 Partner Institutions and other implementing agents/counterparts

As counterpart organization for the tourism component at regional level we propose South Pacific Tourism Organisation or SPTO. SPTO is „the mandated inter-governmental body for the tourism sector in the region, with the mission to market and develop tourism in the South Pacific“⁴. SPTO is mandated by the regional council of tourism ministers, but it has also significant private sector membership with 200 of the most important tourism companies (hotels, tour operators, airlines, consultings etc.) in the Pacific Region including their main source markets (especially Australia).

⁴ cited from south-pacific.travel website

SPTO receives a core annual budget of 1,500,000 Fiji\$ (more than 400,000 Euros) and covers with their 8 professional staff all relevant areas for the approach of this project, especially capacity building at regional level. All Pacific counterpart countries of the regional project are members of SPT except Palau who is in the process to become a member. In addition, there is a formal arrangement between Palau and SPTO underway to allow for their participation in the project.

4.5 Methodological approach and components of support

The tourism component of CCC-PIR assists on the micro, meso- and macro-level.

The planned assistance to develop novel climate change approaches for both major tourism sites and communities involved in tourism is required to create a critical mass of pilot experiences to integrate the climate change challenges into the local sustainable development agenda. At meso-level, these experiences are communicated for multiplication through the tourism business associations. At macro-level, the consequences from these pilot experiences plus the general know-how on tourism and climate change will be taken for tourism planning, policies and strategies at national level through the cooperation with the respective ministries and public entities and at regional level through the partner SPT and their governing body, the regional council of tourism ministers.

4.6 Key action areas with expected key outputs

Key action area 1: Addressing climate change for existing and new major tourism sites, surrounding communities and other areas under influence.

The project activities proposed for this area will support the public and private stakeholders in existing and newly planned major tourism sites, in the neighbouring communities and other areas under influence, such as those areas where the water is taken from, to cope with climate change, and at the same time minimize their own climate footprint. The support in this area should be matched by a significant contribution from the hotels and other major tourism companies involved in these tourism sites, in the form of an integrated PPP, Public Private Partnership component. In the talks with major hotel companies during the preparatory mission, these have reconfirmed their strong interest to participate and their readiness to contribute own resources. The indicator for this key area is:

- In at least 2 major new tourism investments and in at least 2 existing major tourism sites the CC adaptation approach developed by the project is used;

Main **Outputs** for this key action area are:

- An assessment is available of the impact and risks from climate change for the selected existing and new tourism sites and of the contribution to climate change from the tourism system in these sites, including supply chains.
- Innovative approaches to adapt the tourism system including surrounding communities to climate change, and to reduce its contribution to climate change (mitigation – GHG emissions etc.) have been identified together with private sector and communities;
- Private sector and communities in major tourism sites (existing and new) are receiving appropriate support to implement these approaches under a Public Private Partnership arrangement and take the „lessons learnt“ for both policies and regulations and other major tourism sites;

Key action area 2: Development and implementation of a climate change adaptation approach for community-based tourism (CBT) initiatives, as part of the overall sustainable development and climate change strategies of these communities.

Community involvement in tourism is the second important pillar of sustainable tourism development in the Pacific with a wide range of options from complete community development and ownership for tourism products to partial involvement as cultural components or for employment in tourism enterprises, and their possibilities to cope with climate change are even more limited than those in major tourism sites. The indicator for this key area is:

- At least 6 community-based tourism initiatives apply the community tourism CC adaptation approach developed by the project.

Main **Outputs** for this area are:

- An assessment of the risks and impact of climate change for the sustainability of Community-Based Tourism as part of the overall sustainable development in 6 villages and surrounding areas (*coastal zones, marine/land-based biodiversity, cultural heritage, water, energy, food security etc.*)
- A participatory appraisal with the communities to identify innovative approaches to adapt their sustainable economic development with focus on tourism to CC (*including mitigation*)
- Communities involved in tourism are receiving appropriate support to implement these approaches and to take the „lessons learnt“ for further dissemination under community support programmes;

Key action area 3: Mainstreaming Climate Change in tourism strategies

Tourism development policies and strategies in the Pacific so far do mainly exist at national level, especially for the 4 preselected countries, and with different focuses. Some are more comprehensive masterplans, others (such as for Palau) bring down such more general, mid-term plans to a Tourism Action Plan. However, in none of these strategies, climate change is mentioned as an important issue that needs to be taken into account, both for the management of existing tourism sites, the planning of new sites and the challenge of mitigation in a sector that highly depends on fossil fuel use (for air traffic and energy in hotels etc.) and other climate-critical practices.

This is especially critical since the process for mainstreaming climate change is more advanced in general policies and for many other sectors. However, this mainstreaming for instance for land-use policies, in water or energy sectors will not have the intended impact if tourism as the main driver of many of the Pacific economies with a huge impact on land-use, water, energy etc. is not involved from the very beginning. Therefore it is an urgent need to integrate climate change considerations in national tourism development strategies and plans, based on the lessons learnt from the climate change approaches developed in the pilot tourism sites and communities. The indicator for this key area is:

- In at least 2 countries tourism strategies take up / integrate the tourism climate change approach developed by the project.

Main **Outputs** for this area are:

- An assessment of the tourism development and related policy, strategy and regulatory issues (such as Environmental Impact Analysis for tourism developments) and the respective tourism development plans where climate change considerations are important;
- Priority issues are identified under the criteria of urgency (policies and regulations for instance for new developments which need immediate climate checks) and relevance
- Proposals to introduce climate change considerations into these priority tourism (and related, such as land-use, water etc.) policy, regulatory and strategy issues are developed
- The lessons learnt from the experiences with innovative climate change approaches for major tourism sites and community-based tourism are evaluated as input for climate mainstreaming in tourism development policies and strategies;

4.7 Expected Impacts and Result chains, DAC and BMZ coding

4.7.1 Expected impact on counterpart and intermediary organizations

South Pacific Tourism Organisation as regional counterpart organization will increase their capacity to assist the national public (such as tourism ministries) and private (such as tourism associations, chambers of commerce) entities in the assessment of relevant climate change issues and their consideration to develop an appropriate climate change response of the tourism sector. This will also enhance their role as a regional intermediary for sustainable development of tourism.

The national intermediary organizations of the private and public sector (tourism associations, ministry etc.) will use the experiences especially from the development and implementation of innovative tourism&climate change approaches in the major and community tourism sites to strengthen their role in helping their members or other government institutions involved to address climate change issues in their respective businesses and areas of work.

4.7.2 Results / Impact chain

Key outputs include a map of tourism & climate “hotspots” for existing and new major tourism sites, using existing risk profile information and vulnerability maps to assess their climate change impact and risks including all direct (such as rising sea levels, more and stronger storms and typhoons, higher temperatures, draughts and other meteorological irregularities) and indirect impact (coral bleaching, changes in marine biodiversity, erosion, less local food supply etc.).

For each site, a tourism climate action group with all relevant stakeholders (public and private sector, communities, NGOs) for sustainable development and climate change is established, and innovative climate change approaches in the form of a tourism & climate action plan are developed.

For community tourism sites, a similar climate change map is prepared and a local climate action group is established (wherever possible as part of the community adaptation activities supported through specific and targeted pilot projects under Component 3 of the program: “*Implementing adaptation to climate change activities at all levels, from government departments to communities*”). At policy level, a climate check of tourism development policies, strategies and guidelines and concrete proposals how to address priority climate issues within these policies, strategies and guidelines is the major output.

These outputs will be used by the tourism climate action groups as a basis to organize the required process to make their tourism system more climate resilient and to reduce its climate change impact, and to take the “lessons learnt” for the mainstreaming of climate change in

tourism development strategies, which will be used by policy makers to prepare proposals to introduce climate change considerations into tourism policies, strategies and guidelines (use of outputs).

The outcome/direct result of using these project outputs is that Pacific Island tourism entities (public/private) develop and partially implement novel climate change adaptation approaches.

Indirect result is that the private and public stakeholders of the tourism system in the sites with successfully implemented approaches to make it climate-proofed are able to maintain its role as driver of a sustainable, pro-poor economy and contributor to sustainable use and conservation of natural resources even under climate change conditions. This experience can be used by stakeholders in other tourism sites in the country and throughout the Pacific as a basis for coping with climate change. (impact).

4.7.3 DAC and BMZ coding

- Socioeconomic results (poverty index)

Tourism is a major driver for poverty reduction in the Pacific area, and after agriculture the second most important employer. This role of tourism is even much stronger than in other more mass tourism destinations, because the rather low numbers – high spending tourism in the Pacific region can sustain better working conditions, salaries and a relatively higher number of employment than elsewhere. The creation of climate change resilience of tourism and the minimization of its impact on climate change do have a direct impact on the sustainability of tourism. Therefore the intended results of the tourism component are very important to safeguard and even reinforce the role of tourism for poverty reduction. However, given the fact that the project support does not directly focus on tourism business and employment development but on an important precondition for it, the contribution category is : **MSA** (comprehensive poverty reduction at the macro and sector level)

- Participatory development and good governance

Successful sustainable tourism development requires a participatory process from the very beginning of planning. This is valid especially for major tourism developments, where issues such as land ownership, infrastructure, competition on water, energy, impact on biodiversity, coastlines, fishery etc. can only be resolved under a participatory multi-stakeholder approach as foreseen by the project. On the other hand, the approach of the tourism component does not directly influence governance structures and procedures, so a classification as **PG-1** is proposed.

- Gender equality

Tourism is a sector that offers specific opportunities for female employment both in more basic service jobs and in higher level positions. Many mid-level positions both in the hospitality industry, tour operators and travel agencies are already taken by women. In addition, most community-based tourism initiatives are initiated and successfully managed by female village entrepreneurs. However, although such positive effects on gender equality are reinforced; this is not a primary objective of the tourism component. Therefore the category **GG-1** is considered appropriate.

- Crisis and Conflict reduction

Although especially major tourism developments can produce conflicts such as about land ownership, this is not a common denominator for the Pacific region. There are also no major crisis areas in the region that would make a consideration on tourism and conflict senseful. Therefore the category **K-0** is appropriate.

- Environmental protection and resource conservation

The measure is oriented to ecological sustainability, environmental protection, climate change mitigation and natural resource conservation: **UR-2**, action required with to guarantee the minimization of environmental impacts in the new major tourism development sites for which a climate change strategy is to be developed. This action especially includes the adaption of current guidelines and regulations, such as EIA, Environmental Impact Assessment for tourism investments, which do not consider any climate issues, for coping with climate change.

4.8 Risk analysis

There is a certain risk with respect to a possible crisis in world tourism, especially mid- to long-haul which is most vulnerable to considerations of security, health and other risks including climate change. This would reduce the basis to develop a novel tourism&climate change approach and especially the possibilities of private companies to participate and contribute resources in the foreseen CC approach development for major tourism sites.

However, such risks are to be considered as middle-level due to the fact that the huge area covered by the tourism component and the diversity of landscapes, coastlines, marine areas, weather conditions etc. will help to balance these risks to a manageable level.

5 Cost estimates for proposed tourism component of CCCPIR (3 years)

Cost category	EUR
1 Personnel	1.200,000
2 Equipment and materials	50,000
3 PPP contribution	400,000
4 Other direct costs	300,000
5 Total direct costs	1,950,000
6 Overheads/profit/VAT	250,000
7 Estimated price of the offer	2.200,000

1 Personnel

- One long-term senior tourism expert 36 Person/months
 - Short term experts for different tasks up to 25 person/months
- (costs including extensive travel costs)

3 Financing/local subsidies including PPP contribution

It is expected that for the up to 4 existing and new major tourism sites, a contribution from private sector and third parties of up to 600,000 Euros can be achieved, which requires to reserve a project contribution as integrated PPP component of up to 400,000 Euros;

4 Other direct costs

includes all costs to support this project from the GTZ Head office, communication and publication costs, participation in climate and tourism events, trade fairs etc.

These costs can at this stage not be broken down into the costs of per-country implementation activities in the 4 selected countries (Fiji, Vanuatu, Samoa and Palau).