Deep Dive Session 3:

Private Sector Development as an Enabler for Sustainable Tourism

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Think Like an Investor



Presented by:

Sara Currie,
Senior Tourism Consultant, ADB

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ADB SUSTAINABLE TOURISM FORUM

You are a private sector tourism investor with $20 million to invest in an emerging tourism destination. The government wants to attract your investment and can prioritize one intervention. Which government intervention would make you most likely to invest?



Edit slides
Add slides

0 0

Feedback and retake

Measuring Private Sector Competitiveness through the Travel and Tourism Development Index



Presented By:

Elizabeth Jung,
Urban Development Specialist, ADB

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The Travel & Tourism Development Index (TTDI) 2026 provides governments, businesses and destination leaders with comparable evidence to identify the conditions and policies that help travel and tourism grow sustainably, withstand disruption and support a country's development.

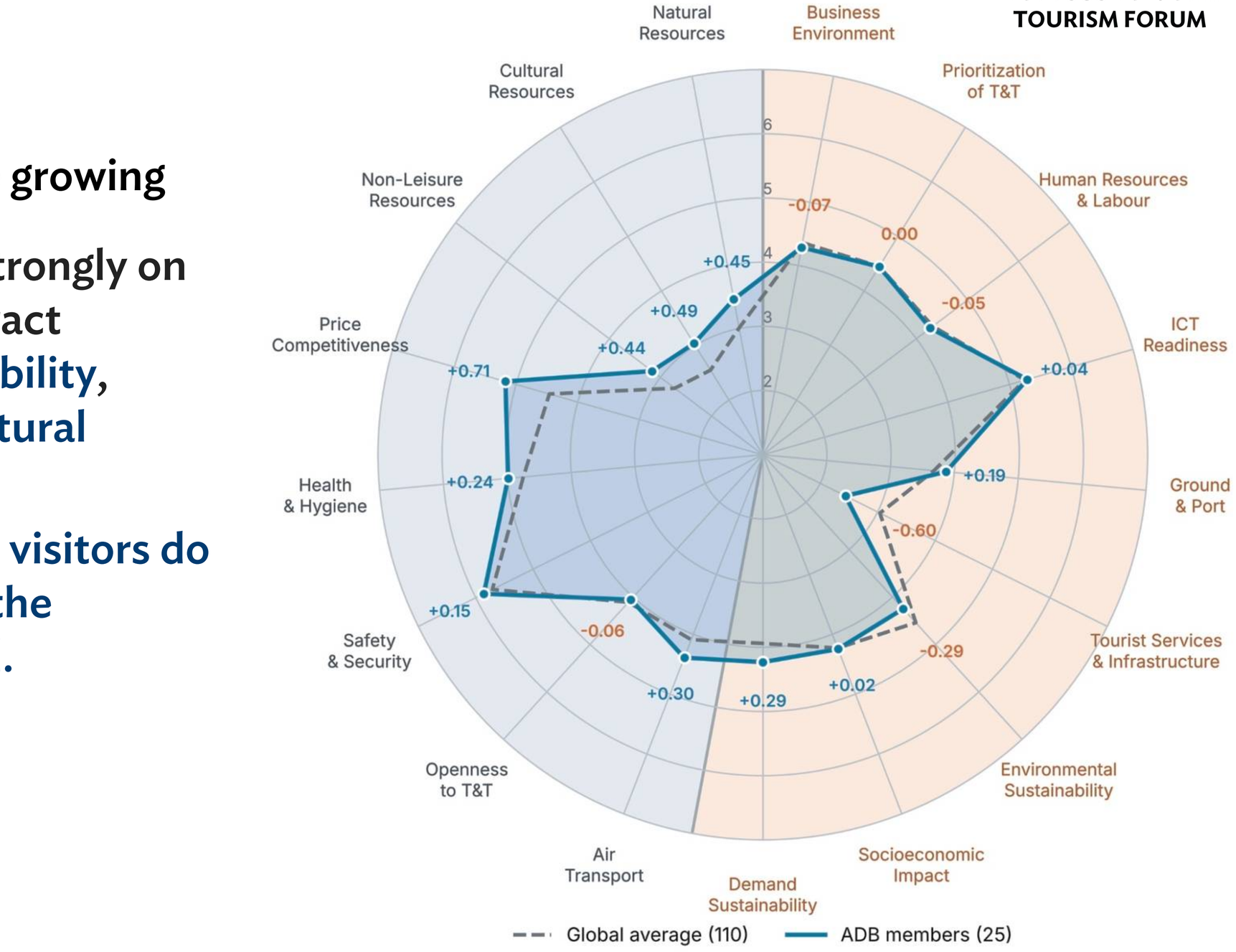


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ADB Member Country tourism opportunities are growing

ADB members perform strongly on many conditions that attract visitors, including **affordability**, **natural resources** and **cultural resources**.

But strengths that attract visitors do not automatically create the conditions investors need.



Source: World Economic Forum, Travel & Tourism Development Index 2026. Scores 1–7. ADB members = 25 members represented in the TTDI.

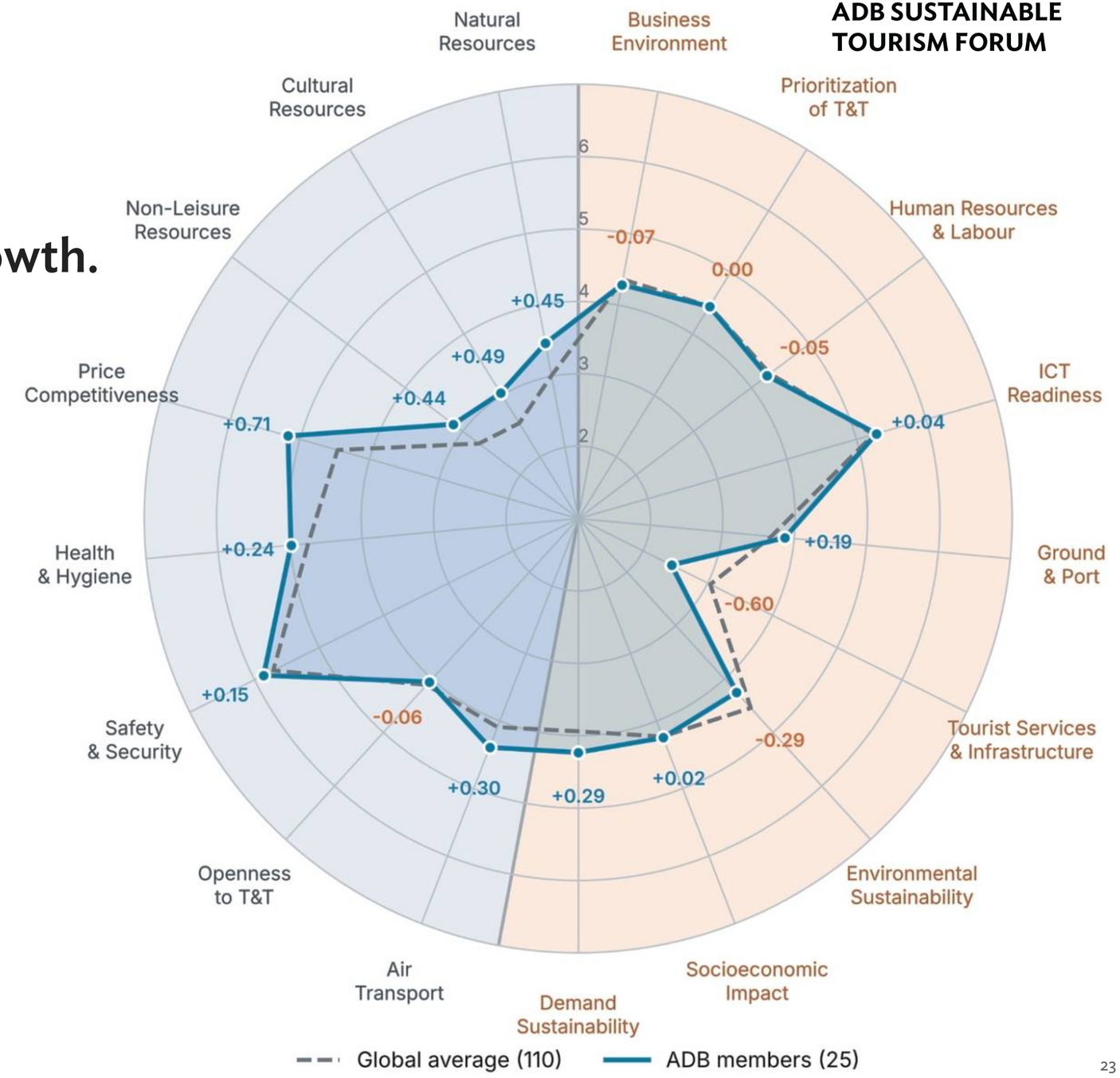
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ADB Member Countries are strong on attracting visitors, but lag in supporting tourism investment and sustainable growth.

Tourist services & infrastructure	−0.60
Environmental sustainability:	−0.29
Business environment:	−0.07

These gaps are signals. They are not automatic project recommendations.

Tourism potential does not necessarily mean the conditions for private investment are in place.



Source: World Economic Forum, Travel & Tourism Development Index 2026. Scores 1–7. ADB members = 25 members represented in the TTDI.

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What do the Three Investment Gaps Mean in Practice?

ADB Member Countries have strong tourism appeal. The challenge is converting that advantage into investable, productive and sustainable tourism businesses.

BUSINESS ENVIRONMENT

−0.07

TO GLOBAL AVERAGE

Can businesses invest with confidence?

- Rules and regulation
- Policy stability
- Access to finance
- Credit and openness

CAN BUSINESSES INVEST?

TOURIST SERVICES & INFRASTRUCTURE

−0.60

TO GLOBAL AVERAGE

Can the tourism sector convert visitor demand into viable businesses?

- Accommodation capacity
- Short-term rentals
- Business productivity
- Tourism capital investment

CAN THE SECTOR DELIVER?

ENVIRONMENTAL SUSTAINABILITY

−0.29

TO GLOBAL AVERAGE

Can tourism growth be sustained over time?

- Energy and emissions
- Pollution and water
- Environmental conditions
- Protection of nature

CAN GROWTH LAST?

Strong attractions bring visitors. Converting demand into sustainable private-sector growth requires capacity, investment and the right operating conditions.

Source: World Economic Forum, Travel & Tourism Development Index 2026.

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Private Sector Development as an Enabler for Sustainable Tourism



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Senior Tourism Consultant, ADB

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What should government do?

Tourism arrivals are stagnant. Businesses say they want to grow.

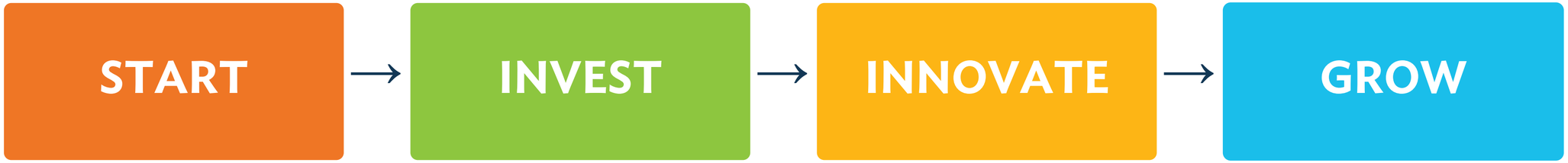
What would you recommend?

- A **Build tourism infrastructure**
- B **Launch a marketing campaign**
- C **Provide business grants**
- D ***Find out what is stopping businesses growing***

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Government doesn't need to 'do' tourism

It needs to create the conditions in which good tourism businesses can:



While protecting the places and communities tourism depends upon.

The question is not more government or less government — it is better government involvement.

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Start with the constraint — not the solution

What is stopping the market from working?

- Policy & regulation
- Finance
- Connectivity & infrastructure
- Data & market knowledge
- Skills & capacity
- Coordination

Different constraints require different solutions.

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Who is best placed to solve it?

GOVERNMENT

Policy & regulation
Infrastructure
Data systems
Planning & standards
Investment environment

SHARED

Destination management
Skills & workforce
Crisis preparedness
Sustainability
Connectivity

PRIVATE SECTOR

Products & service
Innovation
Investment
Commercial decisions
Customer experience

PALAU | whole-of-country destination management + locally owned businesses + finance + infrastructure + data

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Don’t assume. Ask.

Good tourism policy is informed by the people who have to make it work.

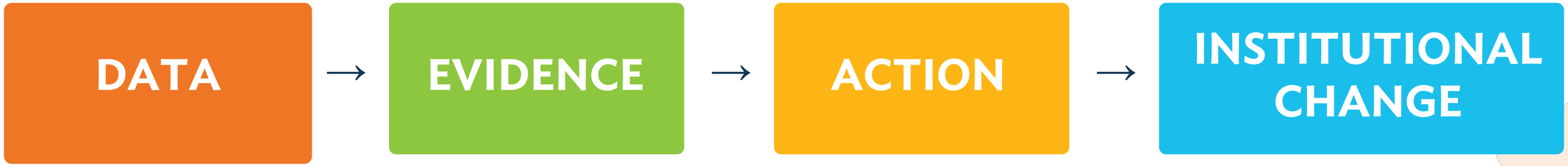
1. BUSINESSES
2. COMMUNITIES
3. WOMEN
4. GOVERNMENT
5. VISITORS

YASAWA IS, FIJI | What enabled a once-remote destination to develop over 70 years — and what are the lessons for policymakers?

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An enabling environment — for whom?

If some people face greater barriers to participating in tourism, the enabling environment isn't equally enabling.



REGIONAL GENDER & INCLUSIVE TOURISM |
9 audits → regional action plan → practical toolkit → implementation transitioning to SPTO and NTOs

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The best technical assistance project should make itself unnecessary

1

DIAGNOSE

Understand
the real constraint

2

CO-DESIGN

Build the response
together

3

BUILD CAPABILITY

Strengthen
people & systems

4

TRANSFER OWNERSHIP

Local institutions lead

STRATEGY ≠ OUTCOME

IMPLEMENTATION = OUTCOME

Leave institutions stronger than you found them.

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Five lessons from the Pacific

1. **START WITH THE CONSTRAINT:**
   Not a predetermined solution

2. **ASK WHO IS BEST PLACED TO SOLVE IT:**
   Government does not have to do everything.

3. **LISTEN TO THE PEOPLE EXPERIENCING THE PROBLEM:**
   Particularly smaller businesses and underrepresented groups

4. **BUILD SUSTAINABILITY & INCLUSION INTO THE SYSTEM:**
   Not at the end.

5. **LEAVE INSTITUTIONS STRONGER THAN YOU FOUND THEM:**
   The report is not the outcome.

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Designing Sovereign Tourism Projects for Private Sector Development in Cambodia and Lao PDR



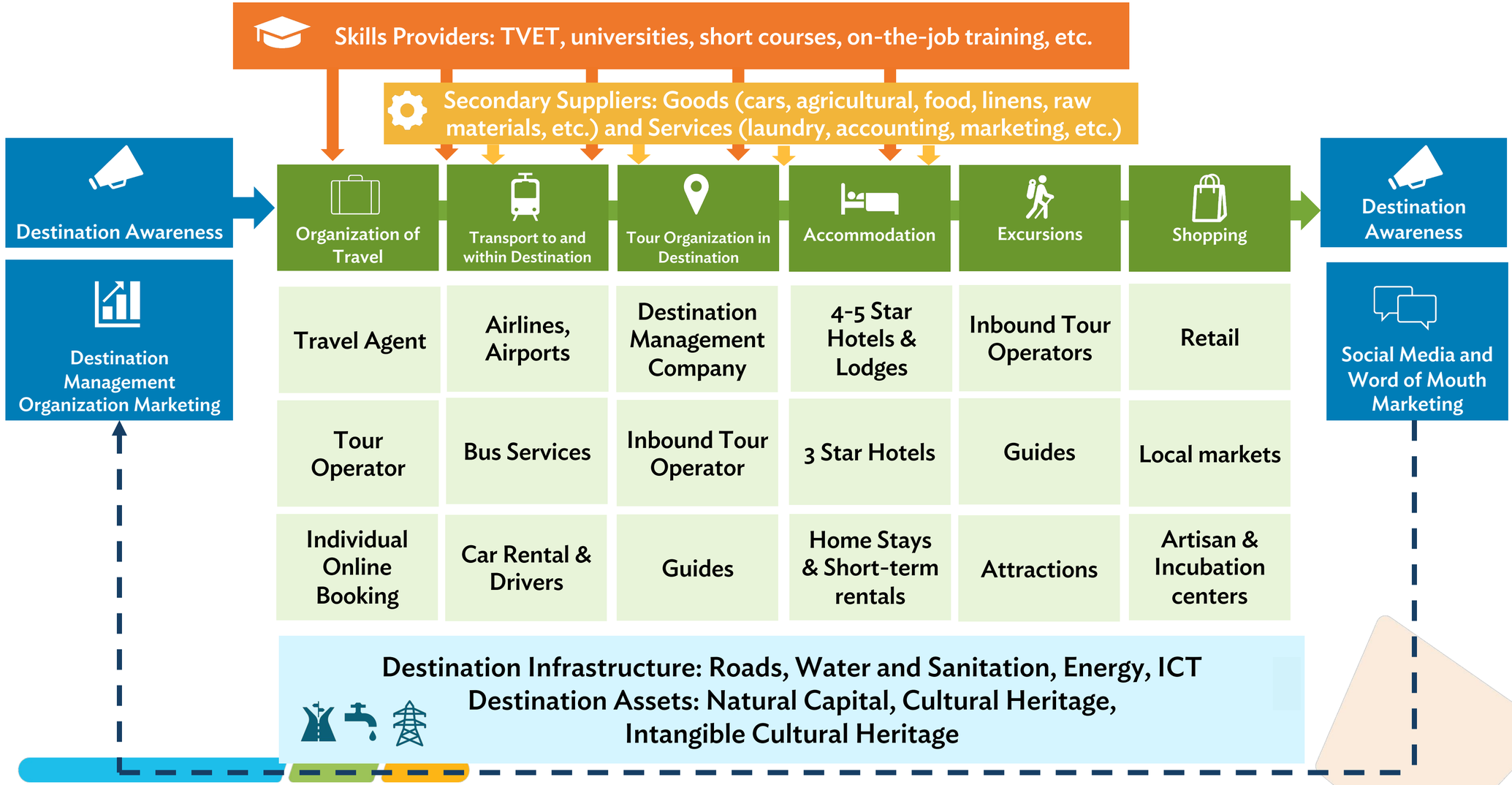
Presented by:

Elizabeth Jung,
Urban Development Specialist

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Tourism is a Private Sector Driven Industry

Governments guide vision and development through policy and infrastructure, but private enterprises create, sell and deliver visitor experiences across an interconnected value chain.



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Private Sector is the conduit for Development Outcomes

Visitor numbers alone do not guarantee development. What matters is how, where and when tourism businesses employ, source, invest and operate.



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Private Sector relies on a robust enabling environment

Businesses need predictable rules, reliable information and viable investment conditions. Even strong demand may not translate into investment if land access, regulations, financing, market intelligence or institutional coordination are weak.



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A provision of public goods and services

Destination competitiveness depends on systems that individual businesses cannot efficiently provide alone.



Natural Capital & Cultural Heritage



Climate Resilience



Energy & Digital Infrastructure



Connectivity



Water & Sanitation

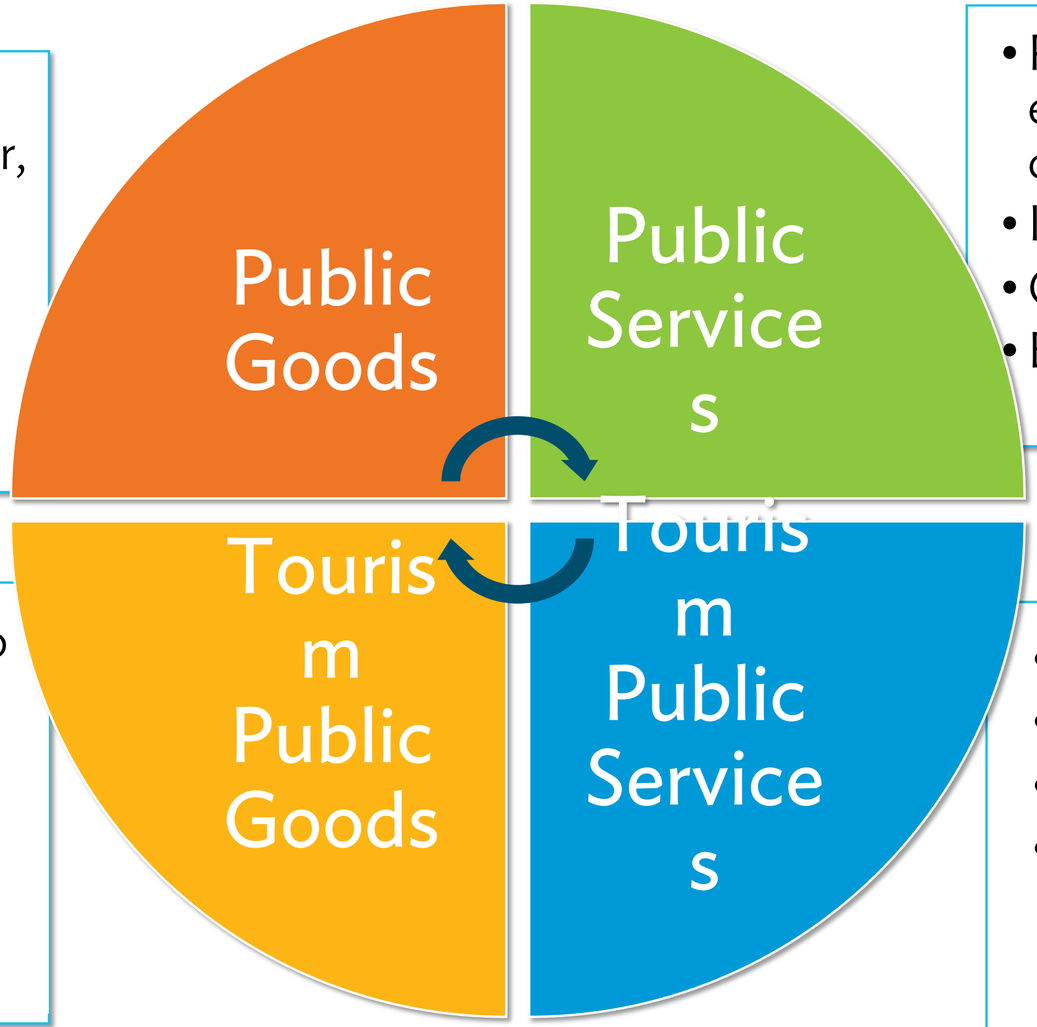


Education

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Public sector's role is to address constraints and catalyze private sector growth

- Essential services infrastructure for water, sanitation and electricity
- Connectivity
- Urban development



- Regulations to mitigate externalities and drive community benefit
- Immigration
- Competition policy
- Education and training

- Trunk infrastructure to open investable sites
- Natural capital development
- Cultural heritage development

- Setting sector vision
- Sector coordination
- Market intelligence
- Destination awareness and branding

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Cambodia Tourism Infrastructure for Inclusive and Resilient Growth



Development Objective & Tourism Challenge

- Cambodia's international tourism arrivals were growing but revenue per arrival was stagnating due to low average length of stay and limited travel outside of Angkor Wat area.

More Jobs and Even Benefit for Secondary Destinations

Diagnostic

- Limited investment in secondary destinations
- Undiversified tourism products
- Poor destination management and marketing
- Limited connectivity, poor sanitation services, and inadequate conservation

Market Sounding, Demand Analysis and Investor Consultations

Project Interventions

- Destination planning enhanced and tourism investment increased
- Climate-resilient tourism infrastructure and management, operations, and maintenance plans strengthened.
- Destination management capacity enhanced and tourism product diversity increased.

Jobs, Increased Investment, and Enterprise Growth

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Lao PDR Smart and Sustainable Tourism Infrastructure for Inclusive and Growth



Development Objective & Tourism Challenge

- Secondary destinations have untapped potential to attract higher-value visitors and generate local economic opportunities.
- Inadequate infrastructure and limited private sector participation constrain tourism development and local business growth.

Inclusive Tourism Growth and Local Jobs

Diagnostic

- Limited private investment and investment-ready tourism opportunities
- Weak destination management, marketing, and public–private coordination
- Infrastructure gaps, limited tourism product diversity, and inconsistent service quality reduce destination competitiveness

Investment Opportunities and Public–Private Coordination

Project Interventions

- Strengthen destination planning through zoning plans, regulations, and investor engagement
- Improve climate-resilient tourism infrastructure, connectivity, and environmental services
- Establish DMNs, strengthen digital marketing, and support MSME capacity building and tourism standards certification

Increased Private Investment, Business Growth, and Employment

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Tailoring Finance for Tourism SMEs

Lessons from ADB Frontier



Presented by:

Dominic Mellor,
Principal Investment Specialist,
ADB Private Sector Operations Department

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Why tourism SMEs matter for development

Across Asia and the Pacific

$3.3 trillion — Travel and tourism GDP in Asia-Pacific in 2025, the fastest-growing region (+8.1%)

80% — of tourism businesses are small and medium-sized enterprises

54% — of the tourism workforce are women, compared with 39% across the wider economy

In SIDS, tourism often is the economy

~64% — Maldives: tourism's total share of GDP, 2025

~34% — Fiji: average contribution to GDP, 2010–2018

>20% — Cook Islands, Palau, Vanuatu, Niue: share of GDP before the pandemic

With few other private sector engines, tourism SMEs link farmers, fishers, artisans and transport to visitor spend, and keep that spend local.

Tourism SMEs are how destination investment turns into local jobs, incomes and tax revenue.

Sources: WTTC Economic Impact Research (2026); UN Tourism; UNWTO Global Report on Women in Tourism (2019); ADB Pacific Economic Monitor (Dec 2021); ADB Maldives CPS 2027–2031.

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Conventional capital does not serve many tourism SMEs

Why conventional capital is not a fit

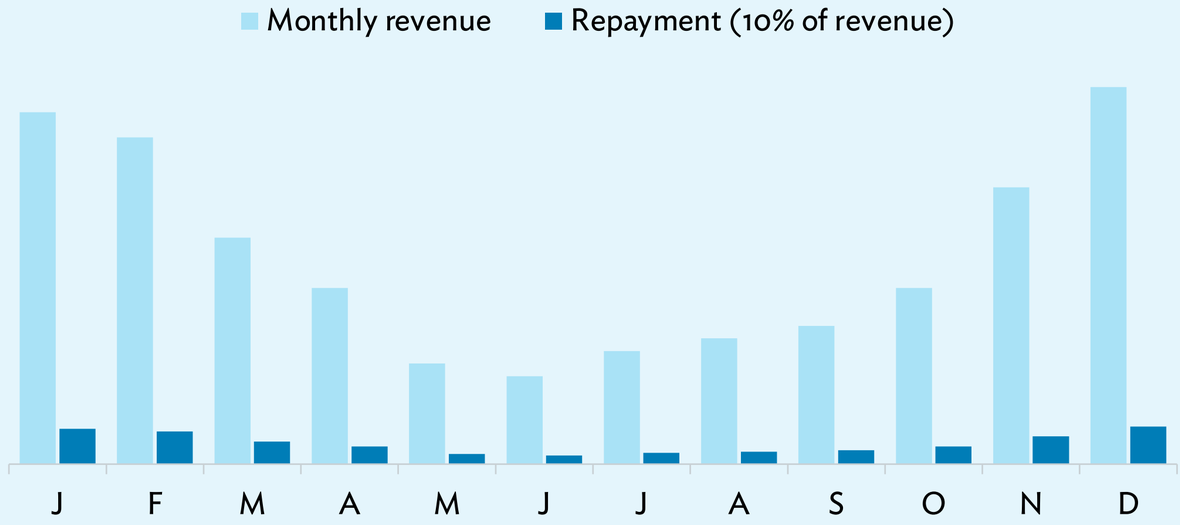
1. **Seasonal revenue**
   Most income arrives in a few peak months; banks expect fixed monthly repayments

2. **Little hard collateral**
   Leased premises, vehicles and intangible assets do not meet bank requirements

3. **Informal, cash-heavy records**
   Hard to prove creditworthiness through standard underwriting

4. **Exposure to shocks**
   Pandemics, cyclones and border closures make lenders wary of the whole sector

The fix: cashflow-based lending + data



Repay as a share of cashflow/revenue: more in peak season, less in the low season, until the agreed amount is repaid

Reduced asset collateral needed: underwrite on cashflow, not assets

Data makes it work: digital payments, POS, OTA bookings and hotel offtake contracts verify revenue and cut monitoring cost

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ADB Frontier tourism portfolio spans the value chain

Tourism SME: any MSME earning a meaningful share of revenue from visitor spend, directly or by supplying businesses that serve tourists

Getting around	Staying	Eating	Experiences	Shopping	Behind the scenes
Ride-hailing, rental, transfers	**Guesthouses, eco-lodges, resorts**	**Restaurants and their suppliers**	**Tours, guides, culture**	**Crafts, fashion, local goods**	**Waste, energy, water, logistics**
Loca Lao PDR · EV ride-hailing	Leaf Capital Pacific · off-grid solar for remote resorts	SeaPac Fiji · prawns for hotels, replacing imports	Walks & Trails Fiji · walking tours VOU Fiji · performing arts	Manini Cook Islands · clothing for visitors	Save the Lives Cambodia · tourism waste to fertiliser

Tailored to cashflow of tourism SMEs

We take a share of revenue until an agreed multiple is repaid. Levers are set by seasonality, margins, growth stage and data quality.

1 Revenue share
% of revenue repaid periodically

2 Amount
sized to revenue and growth

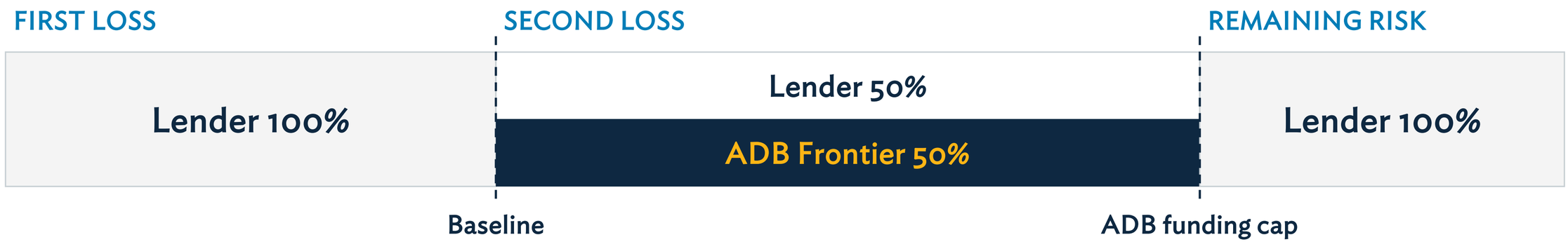
3 Repayment multiple
caps total repayment, priced to risk

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Going forward: risk-sharing to scale cashflow-based lending

The lender funds 100% of the loans from its own capital. ADB Frontier absorbs part of the credit losses, so the lender can move from collateral to revenue-based and cashflow lending.

Loans follow agreed criteria: ticket size, business segment and no collateral.



Losses up to the baseline stay with the lender. The baseline covers normal, expected losses and is agreed by ADB and the lender.

Losses above the baseline are split 50/50 between the lender and ADB Frontier, until ADB's funding cap is reached.

Once the cap is hit, every further loss goes back to the lender.

Cumulative credit losses on the loan portfolio (illustrative, not to scale)

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Pipeline case study: Thailand tourism SMEs

The ministry brings SMEs in, technology turns their daily operations into data, and a lender finances them against that data

ADB Frontier shares part of the losses, which triggers the lender to start lending

Gets: evidence that cashflow lending works, to scale through ADB operations

1 Ministry of Tourism and Sports

Promotes the platform and helps onboard and build the capacity of tourism SMEs

Onboards SMEs →

2 Hotels and tourism SMEs

Run bookings, pricing and finances on the platform, and take direct bookings

Daily operations →

3 Hotel technology company

Provides the hotel operating system and AI platform, and shares booking and revenue data with the lender

Revenue data for scoring →

4 Lender and partner bank

Lender scores SMEs on that data and funds loans; partner bank collects a share of daily income

Loans without collateral, repaid as a share of daily income

WHAT EACH GETS

More competitive tourism SMEs, and more visitor spend kept in Thailand

Lower OTA commissions, and working capital without collateral

More hotels on its platform, with financing to offer them

A new SME segment repaid daily, with part of the losses shared

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Synergies with ADB sovereign tourism operations

ADB Frontier is a flexible modality that allows ADB to engage with the private sector during the design and implementation phase of tourism sovereign projects to crowd in private capital and know-how

01

Market intelligence

During project preparation, map the constraints to private sector participation around the infrastructure we build

02

Shape project design

Inform finance components, especially FI or guarantee components designed with government and state-owned entities (e.g. credit guarantees, policy banks, etc.)

03

Sustainable infrastructure

SMEs within tourism value chains around infrastructure have increased access to finance to increase effectiveness and sustainability of infrastructure built by ADB

On-going pipeline projects: ADB Frontier is now engaging with SD2-WUD and SD2-ANFR on tourism related infrastructure projects in Thailand and Lao PDR.

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You're the Project Team Leader



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Networking Break

Time: 3:00 PM – 3:15 PM

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