





Asian Development Bank


# Memorandum

Pacific Department  
Office of the Director General

15 December 2020

To: Leah C. Gutierrez  16 Dec 2020  
Director General, PARD

Through: Emma Veve   
Deputy Director General, PARD

From: Paul Curry   
Principal Operations Coordination Specialist, PAOD

Subject: **(54327-001) S-KSTA: Tourism Sector Assessment for the North Pacific  
—Approval of Small-Scale Knowledge and Support Technical Assistance**

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## A. Request for Approval

1. In line with the authority delegated to heads of department to approve small-scale technical assistance (TA), we request approval of the subject small-scale knowledge and support TA totaling \$225,000 to be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 6). This TA will become effective upon approval; such approval will be reported to the Board in the Quarterly Summary Report on Small-Scale and Supplementary Technical Assistance Projects not exceeding \$225,000.

## B. Rationale and Justification

2. **Pacific has high tourism potential.** Tourism holds great economic potential for the Pacific, owing to its natural beauty, ocean access, unique cultures and biodiversity, and history. Prior to the coronavirus disease (COVID-19) pandemic, a number of Pacific developing member countries (DMCs) already derived a significant proportion of economic earnings and employment from the tourism industry. This growth opportunity is particularly important in these small remote economies with limited natural resources and narrow economies. The ability of the tourism industry to spread economic opportunity across the country and provide small business and job opportunities for remote and rural communities is unique. Although COVID-19 has sharply reduced tourist arrivals in the Pacific in 2020, the tourism industry is expected to bounce back over the medium term, with new opportunities and different markets for small Pacific island countries. Pacific countries need to take stock of the impacts of COVID-19 on the tourism industry and develop recovery plans for the future.

3. **Mixed tourism growth success in the North Pacific.** The growth of the tourism sector varies across the North Pacific DMCs, comprising Federated States of Micronesia (FSM), Palau, and the Republic of the Marshall Islands (RMI). Among the three countries, Palau is the most advanced, deriving the majority of the country's economic growth from tourism, which contributed 40%–50% to gross domestic product (GDP).<sup>1</sup> The FSM has some tourism activity, specifically in the States of Pohnpei and Chuuk, but has struggled to stimulate growth primarily due to limited

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<sup>1</sup> ADB. 2020. *Pacific Economic Monitor* (July). Manila.

and high cost of air transport into the country, and the need to upgrade public infrastructure to ensure access, safety, and convenience of visitors. In RMI, tourism remains small and relatively underdeveloped compared to neighboring countries. Tourism infrastructure in Majuro, RMI has declined and there have been few new tourism investments in the outer islands.

4. **Multiple stakeholders make a coordinated approach difficult.** While tourism sector development is very attractive, success requires coordination across multiple stakeholders in both the public and private sectors. It also requires coordination both inside the country and across the region with policymakers, potential investors, and tourism industry stakeholders. This includes coordination with state-owned or private airlines servicing regional routes, national tourism promotion agencies, and global enterprises specializing in tourism marketing, among others.

5. **A comprehensive response to tourism development lacking.** ADB has previously supported the preparation of a National Tourism Policy<sup>2</sup> and State Tourism Investment Plans<sup>3</sup> in the FSM, as well as an analysis of visitor expenditure trends in Palau. The Private Sector Development Initiative has also conducted preliminary tourism sector analysis for Palau as part of a broader private sector assessment. However, a comprehensive assessment that considers both public and private sector constraints has not been done for these three countries.

6. The proposed small-scale knowledge and support TA will review and analyze the current environment of the tourism sector in each of the North Pacific DMCs, including potential economic impacts due to the COVID-19 pandemic; and conduct assessments on supply-and-demand and investment opportunities, including longer-term tourism-generated growth potential for the North Pacific DMCs; and prepare case studies (as appropriate). The TA supports the Strategy 2030<sup>4</sup> approach of expanding private sector operations and strengthening knowledge services in small island developing states. The TA at a Glance is in Attachment 1.

### C. Impact and Outcome

7. The TA is aligned with the following impact: tourism investments in the North Pacific Developing Member Countries increased. The TA will have the following outcome: increased awareness of the governments of FSM, Palau, and RMI of the potential opportunities and challenges in building the tourism sector in their respective countries. The increased awareness should lead to at least one new private sector investment in the tourism sector in one of the North Pacific DMCs by the end of 2023. The design and monitoring framework is in Attachment 2.

### D. Outputs and Activities

8. **Output 1: North Pacific Tourism Investment Opportunities Assessment completed.** The TA will finance a comprehensive analysis and investment opportunity assessment of the tourism sector in the North Pacific DMCs, especially in light of the impact of COVID-19 on the travel and tourism industries. A key objective is to evaluate and define the potential for new investments in hotels and resorts in the FSM, Palau and the RMI, based on country-specific reviews of travel and tourism demand compared to local hotel and resort supply.

<sup>2</sup> Government of the Federated States of Micronesia. 2015. *National Tourism Policy*. Pohnpei.

<sup>3</sup> Government of the Federated States of Micronesia. 2015. *State Tourism Investment Plans*. Pohnpei.

<sup>4</sup> ADB. 2020. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

9. **Output 2: Roundtable presentation and discussions with ADB and relevant stakeholders in the North Pacific DMCs conducted.** The TA will conduct at least four roundtable discussions on its findings on the tourism investment opportunities. Individual country consultations will be conducted in each of the three countries, including an information session within ADB.

#### **E. Cost and Financing**

10. The small-scale TA is estimated to cost \$225,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 6). The cost estimates and financing plan is in Attachment 3.

#### **F. Implementation Arrangements**

11. ADB will administer the TA. The Pacific Department's Office of the Director General (PAOD) will implement the TA from 1 March 2021 to 31 August 2022. Disbursement of the TA resources will follow ADB's *Technical Assistance Disbursement Handbook* (2020, as amended from time to time). The TA does not require logistical support and undertaking from the DMCs. Any necessary logistical support will be provided by the Pacific Country Offices.

#### **G. Consulting Services**

12. An output-based terms of reference with lump-sum contract will be considered in the engagement of a consulting firm. ADB will engage the consulting firm following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. The terms of reference are in Attachment 4.

#### **Attachments:**

1. Technical Assistance at a Glance
2. Design and Monitoring Framework
3. Cost Estimates and Financing Plan
4. Consulting Services Description
5. Comments Matrix
6. TASF Fund Commitment Registration

cc: Vice President, Operations 2; General Counsel; Director General, PPF; Deputy Director General, PPF; PARD RMT; Directors, PPFM, PPF2; Senior Advisor to VPO2; L. Halliwell/J. Sardona, CTLA-TA; M. Kim, PLCO; M.C. Cruz/J. Gabriel, PAOD; V. Akasam/F. Asistin/M. de Villa/F. Teves, PAOD-PRQ

## TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 54327-001</b>	
Project Name	Tourism Sector Assessment for the North Pacific	Department/Division	PARD/PAOD
Nature of Activity	Capacity Development	Executing Agency	Asian Development Bank
Modality	Small-Scale		
Country	REG (FSM, PAL, RMI)		
<b>2. Sector</b>		<b>Subsector(s)</b>	
✓ Industry and trade	Trade and services	<b>ADB Financing (\$ million)</b>	
		0.23	
		<b>Total</b> 0.23	
<b>3. Operational Priorities</b>		<b>Climate Change Information</b>	
✓ Addressing remaining poverty and reducing inequalities		GHG Reductions (tons per annum)	0
		Climate Change impact on the Project	Low
		<b>ADB Financing</b>	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		<b>Cofinancing</b>	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>	
SDG 1.b		No gender elements (NGE)	✓
SDG 8.9			
		<b>Poverty Targeting</b>	
		General Intervention on Poverty	✓
<b>4. Risk Categorization</b>		Risk Categorization does not apply	
<b>5. Safeguard Categorization</b>		Safeguard Policy Statement does not apply	
<b>6. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
ADB		0.23	
Knowledge and Support technical assistance: Technical Assistance		0.23	
Special Fund			
<b>Cofinancing</b>		0.00	
None		0.00	
<b>Counterpart</b>		0.00	
None		0.00	
<b>Total</b>		<b>0.23</b>	
Currency of ADB Financing: US Dollar			



- 1.5 Compile relevant information under each country assessment to draft a consolidated Tourism Investment Opportunities Assessment on the North Pacific (Q2 2022)
  - 1.6 Circulate draft North Pacific Tourism Investment Opportunities Assessment for ADB and country reviews (Q2 2022)
  - 1.7 Finalize the North Pacific Tourism Investment Opportunities Assessment, addressing comments received (July–August 2022)
- 2. Roundtable presentations and discussions to ADB and relevant stakeholders in the North Pacific DMCs conducted.**
- 2.1 Conduct a roundtable presentation of findings for ADB staff (July–August 2022)
  - 2.2 Conduct a roundtable presentation of findings for stakeholders in each country (July–August 2022)

#### **TA Management Activities**

Engage an international consulting firm.

#### **Inputs**

ADB: \$225,000

ADB = Asian Development Bank, COVID-19 = coronavirus disease, DMF = design and monitoring framework, FSM = Federated States of Micronesia, OP1.2 = jobs generated, PAL = Palau, R: risks, RMI = Republic of the Marshall Islands, TA = technical assistance.

<sup>a</sup> ADB. 2016. *Pacific Approach, 2016–2020*. Manila.

Source: Asian Development Bank.

### COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Amount
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	101.5
b. International and Domestic Travel <sup>b</sup>	30.5
2. Publications <sup>c</sup>	3.0
3. Training, Seminars, Workshops, Forum, and Conferences <sup>d</sup>	70.0
4. Contingencies	20.0
<b>Total</b>	<b>225.0</b>

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

<sup>b</sup> Includes costs for international travel and miscellaneous travel expenses.

<sup>c</sup> The published report is the major output of the proposed TA. An estimated 100 copies of the report is planned to be physically distributed to relevant stakeholders.

<sup>d</sup> Includes costs for venue and equipment rental, presentation materials, land transportation/in-city transport and other associated costs for conducting the roundtable presentations and discussions.

Source: Asian Development Bank estimates.

## CONSULTING SERVICES DESCRIPTION

<b>Project:</b>	(54327-001) S-KSTA: Tourism Sector Assessment for the North Pacific
<b>Title:</b>	Tourism Expert
<b>Source/Type:</b>	International / Firm
<b>Start Date:</b>	1 March 2021
<b>End Date:</b>	31 August 2022
<b>Contract type:</b>	Intermittent
<b>Objective and Purpose of Assignment:</b>	<p>The captioned technical assistance (TA) will finance a comprehensive analysis and investment opportunity assessment of the tourism sector in the North Pacific DMCs, especially in light of the impact of COVID-19 on the travel and tourism industries. A key objective of this assignment is to evaluate and define the potential for new investments in hotels and resorts in the Republic of Marshall Islands, Federated States of Micronesia, and Palau ("North Pacific DMCs"), based on country-specific reviews of travel and tourism demand compared to local hotel and resort supply (the "Investment Opportunity Assessment" or "Assessment"). "New investment" opportunities comprise commercially viable potential projects with positive "risk/return" metrics attractive to private sector investors. This may primarily include expansion or refurbishment of existing properties but may also consider new establishments.</p> <p>Specific tasks to be undertaken by the consulting firm include, but are not limited to:</p> <p><b>A. Introduction</b></p> <ul style="list-style-type: none"> <li>a) An assessment of constraints to tourism investment (including case studies as appropriate);</li> <li>b) Review and reference all available North Pacific country- or region-focused tourism studies;</li> <li>c) Coordinate and utilize information, resources, and analysis from the Pacific Private Sector Development Initiative (PSDI) Pacific Tourism Report (currently under way) and other ADB resources;</li> <li>d) Review recent (5–10 year) trends in international and regional travel and tourism and relate them to current and potential travel to each North Pacific DMC; and</li> <li>e) Address the effect of the coronavirus disease (COVID-19) crisis on the tourism and travel industry and any long-term effects it may have on travel and tourism to the North Pacific DMC.</li> </ul> <p><b>B. Country Travel &amp; Tourism Demand Assessment</b></p> <ul style="list-style-type: none"> <li>a) Prepare a detailed overview of the tourism assets of each of the North Pacific DMC, including key natural, historic, and cultural attractions, adequacy of tourism services, and relative attraction, prices and trends in comparison to competing destinations in Asia and the Pacific. Identify key distinguishing attributes or competitive advantages each country may present;</li> <li>b) Review/list hotel/resort government-sponsored investment incentives (if any) and financing sources (equity and debt);</li> <li>c) Review accessibility in terms of distance and cost of travel from regional and long-haul source markets: list historical and current airline services and frequency, number of available seats, seat load factors, potential for changes in services (increase or decrease);</li> <li>d) Identify and analyze visitor traffic over the past 10 years including the most recent (2018/19) information on international traveler arrivals, estimates of domestic tourism, types of visitors (according to United Nations World Tourism Organization definitions), main source markets, purpose of visit, mode of arrival, key demographic characteristics disaggregated by key markets, visitor type; estimate average length of stay and spending;</li> </ul>



- describe seasonality by region and country destination; estimate the percentage of international visitors travelling for leisure, business, visiting family; map the main visitor flows to the country, including by air and sea;
- e) Assess any long-term changes, challenges (e.g., health disincentive to travel), or opportunities (e.g., shift to smaller scale or health-oriented hotels) in demand for Travel and Tourism which COVID-19 may cause, including case studies as appropriate; and
  - f) Prepare 10-year (through 2030) forecasts (low, medium, high ranges) for international visitor arrivals, main source markets, preference for accommodation by category, average length of stay and spending; discuss possible changes in market composition.

**C. Country Travel & Tourism Accommodation Supply Assessment**

- a) For each North Pacific DMC, conduct an inventory review of hotels and tourist/travel accommodation supply by location, including accommodation capacity by quality category, target market segment (e.g., business/government/NGO, tourist, surf/diving, backpacker, etc.), adequacy of supporting public infrastructure (e.g. electricity, water supply, sanitation);
- b) For each North Pacific DMC, calculate overall room/night supply and demand, and average daily revenue by significant market segment;
- c) Based on discussions with local public and private stakeholders, describe the current country travel and accommodation situation and outlook, including the positive and negative economic, social, cultural and environmental impacts of tourism;
- d) Assess any long-term changes, challenges (e.g., health policies, training, supplies), or opportunities (e.g., specialized marketing/hotels/travel packages) to capitalize on demand for COVID-19 safe countries) Travel and Tourism which COVID-19 may cause, including case studies as appropriate; and
- e) Reflecting the 10-year demand forecasts in “B. Country Travel & Tourism Demand Assessment” above, forecast 10-year (through 2030) country requirements for accommodation by location, quality category, and number of rooms identifying new additions and required refurbishments.

**D. Country Travel & Tourism Investment Opportunities Assessment**

- a) Based upon the above, identify significant (i.e., >\$5 million) new investment opportunities in each North Pacific DMC, defining target market segment (e.g., business/government/NGO, tourist, surf/diving, backpacker, etc.), target customer (source geography/profile), target price category, and average length of stay. Investment opportunities may attach to specific existing properties/locations or relate to conceptual potential in specific locations.
- b) Identify any material conditions (flight frequency, enabling legislation, international brand association, COVID-19 health policies, etc.) which may be required to enable such investment; and
- c) Draft a general Feasibility Study outline, which potential sponsors may adapt as a guide for investment in a renovation or new hotel project.

**E. Longer Term Growth Potential for Country Travel & Tourism**

Country visitor numbers can be increased primarily by growing “holiday as purpose of visit” numbers:

- a) Is there a type of hotel, resort, or accommodation package (new or expansion) that could feasibly attract incremental holiday visitors, that is in addition to “base case demand” forecast in Section B above? What would it look like—location, size, characteristics, and target clientele?

	<p>Are there niche opportunities arising from the COVID-19 crisis? Provide examples from other Pacific DMCs.</p> <p>b) What geographical target markets would visitors originate from (usually determined by air service access)?</p> <p>c) Is there excess capacity on existing flights? If not, could air service access be arranged through government-sponsored “risk sharing”?</p> <p>d) What other material changes would be required to develop this incremental market demand, e.g., marketing, regulation, ground/island transportation or infrastructure, land restrictions, international brand connection?</p>
<b>Detailed Tasks and/or Expected Output:</b>	<p>The key deliverables and assignment milestones are as follows:</p> <ol style="list-style-type: none"> <li>1. Assignment research, initial contacts, planning, and completion of the Introduction Section. Summary of the consulting firm’s intended approach to deliver the expected outputs, travel plan, and annotated outline for each of the three countries’ “Assessments” (Q4 2021).</li> <li>2. Research and draft Country 1 Assessment (Q1 2022).</li> <li>3. Research and draft Country 2 Assessment (Q1 2022).</li> <li>4. Research and draft Country 3 Assessment (Q2 2022).</li> <li>5. Circulation to ADB of draft consolidated Assessment (Q2 2022).</li> <li>6. Final draft North Pacific Tourism Investment Opportunities Assessment, incorporating stakeholder and ADB comments (July–August 2022).</li> <li>7. Brief assignment cover report, in a format agreed with ADB (July–August 2022).</li> <li>8. Conduct a roundtable presentation of findings for ADB staff and stakeholders in each country (July–August 2022).</li> </ol> <p><u>Other duties include:</u>  All activities will be coordinated closely with ADB Head Office/Manila and Country teams.  The consulting firm will undertake his/her work as follows:</p> <p>I) Introduction (3 weeks) – Home office.</p> <p>II) Country Assessments:</p> <ul style="list-style-type: none"> <li>• Country 1 (4 weeks) – Home office and in ADB’s Country 1 office.</li> <li>• Country 2 (4 weeks) – Home office and in ADB’s Country 2 office.</li> <li>• Country 3 (4 weeks) – Home office and in ADB’s Country 3 office.</li> </ul> <p>III) Consolidated Assessment – Home office and ADB Head Office/Manila.</p> <p>IV) Assignment Cover Report – Home office.</p> <p>The consulting firm will report to Deputy Director General, PARD in Manila and work on a day-to-day basis with ADB staff, including ADB’s TA project officer and tourism specialists. ADB’s TA project officer will accept or reject any reports or related materials deemed to comply (or not comply) with ADB requirements.</p> <p>As COVID-19 travel restrictions will likely preclude travel to the North Pacific DMCs at least during the initial stages of this assignment, a more flexible approach to data gathering and country consultations will need to be developed. The consulting firm shall prepare to conduct virtual missions and discussions with government counterparts and relevant organizations from his/her home office.</p>
<b>Contract Type:</b>	The assignment will require 12 person-months’ work during an 18-month period.
<b>Performance Clause:</b>	The contract is subject to a performance evaluation review after the 18-month period. The review shall be based on achievement of assignment specific outputs on time and on

	<p>budget. Any changes in stated outputs need to be approved by ADB. ADB reserves the right to terminate the contract if:</p> <ul style="list-style-type: none"> <li>(i) outputs are not achieved on time and at a quality level acceptable to ADB;</li> <li>(ii) services are no longer required; or</li> <li>(iii) it is in the interest of the project for any other reason</li> </ul> <p>Pre-termination of the contract is subject to two weeks' notice.</p>
<b>Qualification requirements</b>	<p><u>Experience and skills</u></p> <ul style="list-style-type: none"> <li>• Minimum 10 years of relevant experience in tourism, with demonstrated success in evaluating tourism investment opportunities.</li> <li>• Relevant knowledge of and experience in tourism in the Pacific region, exposure to the FSM, Palau and RMI an advantage.</li> <li>• A tertiary degree in tourism, business, commerce, or related field.</li> <li>• Experience in managing a full array of responsibilities, with demonstrated understanding of communications tools and approaches.</li> <li>• Proven ability to handle multiple tasks simultaneously.</li> <li>• Excellent oral and written communication skills in English.</li> <li>• Strong research, writing and analytical skills.</li> <li>• Strong interpersonal skills and recognized as a team player.</li> <li>• Ability to work effectively with international and national staff in a multicultural environment.</li> <li>• Experience with social media and development communication an advantage.</li> </ul>

**REG (54327-001) S-KSTA: TOURISM SECTOR ASSESSMENT FOR THE NORTH PACIFIC**  
**Comments Matrix**

COMMENTS RECEIVED	REMARKS / ACTIONS TAKEN
<p><b>CTLA-TA</b> (J. Sardona)</p> <p>Attachment 3, Cost Estimates and Financing Plan, on publications – Please consider dissemination as an electronic documents. Please refer to OM D12 Attachment 1, Optional Provisions Under Technical Assistance Operations.</p> <p><b>K. Printed External Publications</b></p> <p>19. Any external publications arising from TA are disseminated as an electronic document (e.g., HTML and/or PDF) by default.<sup>16</sup> In compliance with the administrative order on environment, health and safety management system, printing of external publications is an exceptional arrangement—either (i) the TA report justifies the need for printed external publications with specific target readers, estimated number of copies, and printing and freight cost, or (ii) external publications are printed for a specific group of requestors on demand.<sup>17</sup></p> <p>Thank you for requesting our review.</p>	<p>Thank you. We will be distributing electronic copies of the report in parallel with printed ones. We wish to retain the option of having printouts of the reports as internet connectivity may not always be reliable in the North Pacific DMCs. These printed reports will only be provided to targeted stakeholders in the countries.</p>
<p><b>OGC</b> (J. Custodias)</p> <p><b><u>Fundamental Comments</u></b></p> <p>1. No-objection letter – Just a reminder that, this being a regional TA, para. 38, sub-para. (v) of Staff Instruction on Business Processes for KSTA determines that an activity in the territory of a DMC may only start upon receipt of a written confirmation from such DMC that the government does not object to ADB's financing of such TA. Please ensure the governments of DMCs where this TA will be implemented issue a no-objection letter before any activities funded by this TA start, particularly any missions to DMCs. There is no requirement to obtain the government's no-objection when the TA activities involve simple collection of information (or materials) that is either in the public domain or is from an official source (i.e. originating from the government or a public sector agency).</p>	<p><b><u>Responses to the Fundamental Comments</u></b></p> <p>1. Thank you. This is a small-scale KSTA. As per para. 41 of the SI, a TA letter is not required.</p> <div style="border: 1px solid black; padding: 5px;"> <p><b>4. Small-Scale Technical Assistance</b></p> <p>40. When knowledge and support TA does not require (i) ADB to finance or administer an amount exceeding \$225,000, (ii) substantial logistical support, and (iii) any specific undertaking or agreement by the government (para. 17(iv)), ADB may provide small-scale TA to the DMC. Small-scale TA may take the form of regional TA (when providing to more than one DMC), but cannot take the form of a TA cluster.</p> <p>41. To promptly respond to an unforeseen demand for immediate assistance, small-scale TA does not need to be programmed in the COBP or Management-approved annual work plan, nor does it require a TA concept paper, aide-mémoire, MOU, TA letter, or TA agreement.<sup>44</sup> For each small-scale TA proposal, the department prepares a memorandum seeking TA approval, which succinctly explains the following:</p> <ul style="list-style-type: none"> <li>(i) rationale (especially reason for urgency and small-scale TA);</li> <li>(ii) outputs;</li> <li>(iii) consulting services description (footnote 26);</li> </ul> </div>

2. Outcome – The current wording of the TA outcome seems to indicate that ADB will be a primary beneficiary of this TA alongside private sector and DMCs. Please note that under ADB's Operations Manual, Policies and Procedures applicable to TAs, and respective Staff Instructions, KSTA is to be provided to a DMC (or to more than one DMC in the case of regional KSTAs), for purposes of capacity development, policy advice, research and development, amongst others. Hence, ADB should only indirectly benefit from the DMCs increased awareness of opportunities and challenges in the tourism sector. Also, it is mentioned that, as a result of this TA, at least one new private sector investment in the tourism sector is expected, which is an atypical indicator for a KSTA. TRTA would be a more appropriate vehicle to achieve such goal. Please clarify.

### **Advisory Comments**

1. Para. 2, last sentence – As “North Pacific DMCs” appears here for the first time, specify which countries are included in this classification. Delete that information from para. 3, first sentence.
2. Para. 3 – Cite country data sources.
3. Para. 6, key activities with milestones – Clarify if there are any planned activities for dissemination of the report to ensure DMCs ownership over its recommendations. We noted that there is no planned activity for private sector engagement; clarify how you propose to link the release of this report to a new private sector investment. Also, for knowledge products, digital publication is the default approach. Since you are planning to print publications (as per DMF in attachment 2), extended explanation is required. Finally, note that when the output is an analytical study, the analytical method must be described.
4. Para. 9 – Clarify if the consultant will be required to travel, or if he/she will provide services remotely. If in-country missions are planned, please elaborate on how you plan to deliver this TA in a context of COVID-19 pandemic and ongoing flight restrictions.
5. Attachment 1 – Provide TA at a Glance.

2. Thank you. Outcome revised. Removed reference to ADB and private sector entities. While the primary output of the S-KSTA is to produce a consolidated report of the assessments made on the tourism sector in the North Pacific, it will also identify potential investment opportunities in each country.

### **Responses to the Advisory Comments**

1. Last sentence in para. 2 deleted. List of DMCs comprising the North Pacific defined in para. 3.
2. Done.
3. Yes. The SSTA will conduct roundtable discussions and presentations to ADB staff and key government stakeholders. We added this as an additional output.
4. We expect the consultant to travel into these countries once restrictions are lifted in 2021. However, in the event that it doesn't particularly during the initial stages of this assignment, we have added a provision in the TOR requiring for a more flexible approach on data gathering, i.e. conducting virtual missions from his/her home office.
5. Done.

<p><b>PFP2 (J. Doczi)</b></p> <p><b><u>Advisory Comments</u></b></p> <p>1. Para. 9, reference to “output-based contract” - Revise to read: “<a href="#">An output-based terms of reference with lump sum contract...</a>”</p> <p>2. Cost estimates and financing plan – Given ongoing consultant travel restrictions by ADB and its DMCs, the \$21k allocated to international travel could probably be reduced and reallocated elsewhere. Rather, costs for local administrative support to collect necessary data on the expert’s behalf or to facilitate virtual interviews may be considered.</p> <p>3. Terms of Reference – Given the total upheavals to the global tourism industry and global economy being presented by COVID-related travel restrictions, we wonder whether now is an appropriate time to be attempting to carry out activities such as 10-year tourism demand forecasting, flight frequencies, tourism infrastructure inventories, etc. – All of these may be subject to fundamental, long term changes for the Pacific moving toward an eventual “new normal” that may be impossible to predict within the timeline prescribed by the TA. Extrapolating from pre-COVID trends may be a fundamentally problematic approach if the entire structure of the industry and broader economy has changed emerging out into a “new normal”. These types of tasks could be deemphasized in favor of more prospective imagination or scenario development around possible economic futures in the “new normal” around which tourism levels and strategies would depend.</p>	<p>1. Revised.</p> <p>2. We are hoping travel restrictions to open in 2021. If travel restrictions are confirmed to continue at least by mid-2021, we can do a reallocation of cost allocated from international travel to other cost categories. We have added a provision in the TOR for the consultant to prepare for a more flexible approach to data gathering in the event the travel restrictions continue during the initial stages of the assignment.</p> <p>3. Thanks. It is not clear that given the COVID impact that there will ever be a perfect time to launch this analysis. Having said that, the travel/tourism industry is vital to these economies and gathering this data will support the recovery of this sector. Utilization of historical data will be augmented by future projections and the focus of the work is certainly on prospective scenarios.</p>
<p><b>SPRA (L.M. Renaud)</b></p> <p>1. DMF Impact – Cite source from which this was paraphrased. S2030, Pacific Strategy.</p> <p>2. DMF Outcome, Performance Indicator – Specify what about the private sector investments within the indicator. identified, approved etc.</p> <p>3. DMF, Contribution to S2030 OPs – Delete these. The output is a knowledge product so it'll provide the foundations for achievement of OP results but will not directly deliver any. The project overall can still be tagged to the relevant OP (at the project level) to which it will contribute, but based on your DMF, it will not contribute results to OP indicators and this is expected and OK for this type of project.</p>	<p>1. Done.</p> <p>2. Done.</p> <p>3. Deleted.</p>


[Manage Project Information](#)
[Project Tasks](#)

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Status of Request for TASF Registration **Registration Approved**Country **Regional**Project Number **54327-001**Cluster Subproject? **No**Project Name **Tourism Sector Assessment for the North Pacific**Product Name **Investment Opportunity Assessment for the Tourism Sector in the North Pacific**Type of TA **KSTA**Amount to be committed from TASF Budget **USD 225,000**☒ **TASF-6**☐ **TASF-IV**☐ **TASF-Others**☐ **TASF-V**

Date of Concept Paper Approval

\* To be charged against the planning figure of operational group **VPO2**Registration Number **PARD-22/2020**Registration Date **10-Dec-2020**

Note: Please also attach together with this form, the final document of the TA Report (For TRTA Cluster or Facility, TRTAs that will be approved by the Board, and KSTA), or project concept paper (for standalone TRTA), or RRP (for attached TA) or memorandum (for SSTA)

[Attachments](#)

Add Attachment

Desktop Files ▼

Name	Description	Attachment Category	Last Modified By	Last Modified Date	Details	Detach
<a href="#">Tourism Sector Assessment North Pacific</a>	SSTA	ADB Primary	Edelisa Ternida-Castillejos	10-Dec-2020 11:34:36		

[Workflow Actions](#)

Num ▲	Action Date	Action	From	To	Remarks
1	10-Dec-2020 12:01:42	Submit	Edelisa Ternida-Castillejos	Paul William Curry;	
2	10-Dec-2020 12:04:18	Endorse	Paul William Curry	Workflow System	
3	10-Dec-2020 12:04:18	Submit	Paul William Curry	Flordeliza Asistin;	
4	10-Dec-2020 12:31:11	Approve	Flordeliza Asistin	Workflow System	SSTA is included in the firm TA program for 2020 for financing under TASF6
5	10-Dec-2020 12:31:12	Submit	Flordeliza Asistin	Paul William Curry;Katherine Barrameda;Edelisa Ternida-Castillejos;Regina Angela Ladaban;Vanessa Agnes Dimaano;Marissa Barcenaz;Christine Marie Canilao;Ayato Kurokawa;Cheryll Quejada;	

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