



FUTURE TOURISM: Rethinking Tourism and MSMEs in times of COVID-19

Tourism Diagnostic Report Saint Kitts & Nevis

United Nations Development Programme



FUTURE TOURISM: TOURISM DIAGNOSTIC REPORT SAINT KITTS AND NEVIS

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ACRONYMS & ABBREVIATIONS

ACS	Association of Caribbean States
CARPHA	Caribbean Regional Public Health Agency
CBI	Citizenship by Investment
CBT	Community Based Tourism
CCPF	Compete Caribbean Partnership Facility
CDB	Caribbean Development Bank
CHTA	Caribbean Hotel and Tourism Association
CTO	Caribbean Tourism Organization
EC	Eastern Caribbean
eWoM	Electronic Word of Mouth
ECCB	Eastern Caribbean Central Bank
GDP	Gross Domestic Product
GTRCMC	Global Tourism Resilience and Crisis Management Centre
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
IMF	International Monetary Fund
ITU	International Telecommunications Union
MSME	Micro, Small and Medium Enterprise
NASPA	Nevis Air and Sea Port Authority
NTA	Nevis Tourism Authority
OECS	Organisation of Eastern Caribbean States
OTA	Online Travel Agency
SCASPA	St. Christopher Air and Sea Ports Authority
SDC	Sustainable Destination Council
SEDU	Small Enterprise Development Unit
SIDS	Small Island Developing States
SME	Small and Medium Enterprise
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	United Nations World Tourism Organization
USA	United States of America
UWI	University of the West Indies
WB	World Bank
WTTC	World Travel and Tourism Council
XCD	Eastern Caribbean Dollar
YTD	Year to Date

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EXECUTIVE SUMMARY

Tourism has been one of the most affected economic sectors due to the COVID-19 pandemic. The Caribbean, as the most tourism dependent region in the world, was particularly hard hit. Travel & Tourism Gross Domestic Product (GDP) contribution in Saint Kitts and Nevis declined 72.3 per cent, and tourism employment dropped 29.5 per cent in 2020. Tourism MSMEs and women were particularly impacted by the pandemic.

The “FUT-Tourism: Rethinking Tourism and MSMEs in times of COVID-19” Project was established by the United Nations Development Programme (UNDP) in Barbados and the Eastern Caribbean in January 2021, to revamp the tourism sector through regional dialogues and policy solutions, and technical and financial assistance for Micro, Small, and Medium Enterprises (MSMEs) within the sector.

This report focuses on Output 1.2 of the overall project and seeks to develop a country specific tourism diagnostic for Saint Kitts and Nevis. The diagnostic builds on the findings of the UNDP Regional Policy Dialogues on Tourism held between May and June 2021. Through desk research, a tourism MSME focus group and virtual interviews with six tourism officials, the report provides data and compiles information on impacts, current policies, ongoing efforts, needs and opportunities that could have a catalytic impact on the tourism sector in Saint Kitts and Nevis. The report analyses three priority areas that were identified in the UNDP Regional Policy Dialogues:

I. Digital Transformation of MSMEs, including the informal sector

Saint Kitts and Nevis has very good digital infrastructure- a front-runner in the Americas and among the best in the Eastern Caribbean region- characterised by high Internet usage (81 per cent of the population), 148 mobile cellular subscriptions per 100 inhabitants and 56 fixed broadband subscriptions per 100 inhabitants. While it is difficult to assess digital skills without the assessment of individuals, the lack of online selling could be attributable to a lack of know how. It is quite possible that MSMEs are using their mobile devices for basic functionalities

such as making and receiving calls and sending text or WhatsApp messages. MSMEs, particularly older tourism operators, may need basic ICT skills before they can master social media marketing or online selling. The high percentage of women artisans in Nevis points to digital entrepreneurship opportunities to improve market access and on-line selling for the creative sector. These opportunities naturally extend to Saint Kitts. Without addressing awareness, know-how and access, the full potential of digital financial services such as DCash (launched in 2021) will not be maximized. At the national level, policy interventions for digital transformation include incentivising digitalization through taxes credits or financial support; re-designing training; creating flexible and targeted programmes at various levels; and improving access by creating ICT hubs in marginalized communities.

II. Diversification of the Product Offering: Product and Market Development

Saint Kitts’ existing product offering is quite diverse and includes golf, dive, romance, cruise, yachting, culture and heritage, sports, education, spa and wellness, medical, eco-tourism and meetings and incentives. Nevis’ niche markets include heritage, arts, and craft, culinary, wedding and romance, wellness, and eco-tourism. Product development opportunities exist in all areas and with adequate airline networks and increased capacity, market expansion beyond the USA, could also be achieved. The Nevis Island Administration is also partnering with filmmakers to develop the entertainment industry which presents opportunities for the growth of events, the travel trade, transportation, and the tourism services sub-sectors. Additionally, the global trends for growth in the wellness market offer opportunities for women-owned MSMEs in the travel trade, the food and beverage sub-sector

including agro- processing. Strategies to grow the yachting sector are critically needed, given this market's economic value and lower environmental impact compared to cruise passengers. Policy interventions should include the development of a National Tourism Policy that covers the two islands- a policy that articulates the development of niche markets that are sustainable and promote environmental conservation, minimise impacts and maximise benefits to the local population. Saint Kitts Tourism Strategy needs updating and Nevis needs to establish its own Strategy and Action Plan for the sector. Saint Kitts' current volume driven strategy is incompatible with a sustainable tourism agenda. Therefore, Saint Kitts should consider placing an annual cap on cruise ship passengers to protect the island's fragile marine environment (including coral reefs); provide some destination exclusivity; and create greater compatibility with its thrust to be a sustainable tourism destination. More emphasis needs to be placed on developing community-based tourism activities for domestic and international tourists, and growing the creative sector to support culture, heritage, and the arts, as well as the events market. Product and market development should focus on attracting longer stay visitors and providing more authentic Kittitian and Nevisian experiences. Inclusivity and the empowerment of women will be further enhanced through strengthening the on-line presence of tourism MSMEs, given that 70 per cent of visitors research a destination on-line, before booking.

III. Stakeholder Engagement and Regional Coordination

Saint Kitts' Sustainable Destination Council provides an excellent mechanism for stakeholder engagement and implementation of its pro-people and pro-planet agenda. Additionally, the Saint Kitts Resident Perception Survey gives residents an avenue to provide feedback about tourism; helps to identify opportunities for improvement; garner qualitative data about residents' feelings, interest, needs and concerns; and guides inclusive tourism development and decision making. Nevis' approach to stakeholder engagement appears to be more ad-hoc than Saint Kitts and there was the

perception by the focus group that there was a bias towards larger, more established players in the industry and not enough was being done to include Nevis. Officials in both islands expressed the desire for improved inter-agency cooperation in the public sector. At the regional level, it was felt that there should be renewed marketing thrust to promote the Caribbean brand and harmonize policies for easier intra-regional travel. Recommended policy interventions include reducing regional airline ticket fees and taxes, developing environmental policies for marine tourism, and capacity development and funding mechanisms for MSMEs.

Saint Kitts and Nevis is well poised to take advantage of emerging consumer demands and travel trends. However, the destinations must ensure that their strategies for tourism growth and development are genuinely compatible with a sustainable agenda. Monitoring and evaluation are critical not only for the residents, but the assets that form part of the country's patrimony-land and marine based assets. Access to financing and capacity building of Saint Kitts and Nevis' tourism MSMEs would be key areas to accelerate the transition towards a more inclusive and sustainable tourism industry and progress toward the Sustainable Development Goals (SDGs). Additionally, the future of tourism in Saint Kitts and Nevis requires a greater concentration on authentic experiences, tourism value over tourists' volume, natural hazard and climate change resilience, and concerted actions for greater inclusivity.



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1. INTRODUCTION

1.1 The FUTURE-Tourism Project

The “FUT-Tourism: Rethinking Tourism and MSMEs in times of COVID-19” Project was established by the United Nations Development Programme (UNDP) in Barbados and the Eastern Caribbean in January 2021, to revamp the tourism sector through regional dialogues and policy solutions, and technical and financial assistance for Micro, Small, and Medium Enterprises (MSMEs) within the sector. The following ten (10) countries and territories in the Eastern Caribbean were targeted: Anguilla, Antigua and Barbuda, Barbados, the British Virgin Islands, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

The project aims to technically and financially support MSMEs that are directly or indirectly linked to the tourism sector or have been significantly impacted by the COVID-19 pandemic. With gender equality and empowerment of women at its core, the project seeks to promote economic diversification, job creation and resilience with the “Blue Economy for Green Islands” approach in the tourism sector, thereby boosting recovery and supporting the digitally enabled transformation of the business processes and value chains of MSMEs.

There are three (3) main project outputs:

- (i) **Output 1:** Regional dialogue and policy solutions for the tourism sector enhanced through sub-regional and national diagnostics using consultative and participatory approaches:

Output 1.1: This output will create regional dialogues bringing together governments, regional organisations, big tour operators and anchor companies with MSMEs and other relevant stakeholders.

Output 1.2: Building on 1.1, this output seeks to develop or enhance country specific diagnostics in at least 5 countries, and one sub-regional analysis for the Eastern Caribbean. Consultations will provide data and compile information on the current situation, existing policies, ongoing efforts, needs, trends, scenarios and opportunities

that could have a catalytic impact on the sector.

- (ii) **Output 2:** Technical support for MSME retooling and access to markets within tourism value chains:

Focuses on the development of environmentally sustainable value chains with an inclusive business approach where MSMEs, women-owned businesses, producers’ associations and cooperatives that operate either as suppliers, manufacturers, distributors and/or commercial channels receive the support required to adapt to the new market conditions.

- (iii) **Output 3:** Financial assistance for the economic recovery of MSMEs affected by the impact of COVID-19:

Provision of grants to MSMEs to facilitate strategic investments and to further support resilience recovery from the impact of COVID-19. This may include investments to repurpose production facilities to manufacture high demand goods and services related to the tourism industry and/or transition from an in-person, physical interaction business model to a virtual and online one.

This report focuses on Output 1.2 and builds on the findings of the UNDP Regional Policy Dialogues on Tourism held between May and June 2021 and provides data and compiles information on



impacts, current policies, ongoing efforts, needs and opportunities that could have an impact on the tourism sector.

1.2 Project Context

Tourism has been one of the most affected economic sectors due to the COVID-19 pandemic. The Eastern Caribbean saw its first set of COVID-19 cases being reported in March 2020 with travel restrictions instituted shortly thereafter. According to the World Tourism Organisation (UNWTO, 2020)¹, by April 6th, 2020, **96 per cent of all worldwide destinations had introduced travel restrictions** in response to the pandemic and around 90 destinations had completely or partially closed their borders to tourists. The Caribbean, as the most tourism dependent region in the world, was particularly hard hit.

The World Travel & Tourism Council (WTTC) reported that COVID-19 stripped the region's economy of US\$33.9 billion in 2020. The Caribbean Travel &

Tourism sector's contribution to Gross Domestic Product (GDP) dropped 58 per cent, higher than the global average. Travel & Tourism's impact on the region's GDP fell from USD\$58.4 billion (14.1%) in 2019, to USD\$24.5 billion (6.4%) in 2020. Heavy reliance on international travel made Caribbean countries even more vulnerable. Travel and tourism GDP contributions in countries of the Organisation of Eastern Caribbean States (OECS), such as Saint Kitts and Nevis saw a steep decline of 72.3 per cent, Dominica 64.6 per cent, Saint Lucia 71.7 per cent, Grenada 65.5 per cent and Saint Vincent and the Grenadines 67 per cent (WTTC, 2020)².

Over 680,000 Caribbean Travel & Tourism jobs were lost, the majority in the Small and Medium Enterprise (SME) sector (WTTC, 2020)² with many of these businesses owned by or employing women. Across the world, women make up most workers in the tourism industry, more than half in the accommodation and food services sectors.

Women are more likely to undertake entrepreneurial

¹ UNWTO (2020) https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-04/TravelRestrictions_0.pdf

² World Travel and Tourism Council, WTTC (2020) <https://wtcc.org/Portals/0/Documents/Press%20Releases/WTTC%20research%20reveals%20Travel%20Tourism%20sectors%20contribution%20to%20Caribbean%20GDP%20dropped%20by%2034%20billion%20in%202020.pdf?ver=2021-05-27-121243-767>

activities in tourism than in other sectors and many women hold low skilled jobs in the tourism sector, making them vulnerable to shocks (UNCTAD, 2020)³. Given the increasing care responsibilities of women, exacerbated by closures or lockdowns and online learning during the pandemic, it is anticipated that women's livelihoods in the tourism industry will not be easily rebuilt.

Micro, Small and Medium-sized Enterprises (MSMEs) which play a major role in most economies and represent about 90 per cent of businesses and more than 50 per cent of employment worldwide⁴ are equally challenged to rebuild post-pandemic. In the Caribbean, MSMEs account for 1 in 2 jobs and more than one-third of output. However, narrower profit margins and lower liquid reserves than other businesses, make it more difficult for MSMEs to withstand economic shocks. Additionally, MSMEs are characterised by many players operating informally and therefore some are unable to participate in social protection programmes such as unemployment benefits. One approach proffered to build the resiliency of MSMEs, is to build capacity for electronic commerce so businesses can engage suppliers and customers in real-time, while supporting health protocols and reducing supply chain delays that can lead to operational challenges.

While the anticipated travel and tourism rebound in the Caribbean started in 2021, recovery has taken much longer than anticipated as some countries experienced a resurgence of the virus amidst new variants and vaccine hesitancy. As part of COVID-19 recovery efforts, the United Nations Development Programme (UNDP) Barbados and the Eastern Caribbean, in collaboration with ten countries and territories and partners, launched the "FUT-Tourism: Rethinking Tourism and MSMEs in times of COVID-19" Project to support governments, national institutions and the private sector including MSMEs, to quickly adapt and respond to the contemporary needs of tourism demand.

1.3 Objectives of the Diagnostic Report

The main objectives of the diagnostic report are:

- To assess digital infrastructure at country level
- To examine opportunities for digital entrepreneurship for MSMEs in the tourism sector
- To identify market trends and opportunities for MSMEs in the tourism sector
- To identify catalytic interventions which are gender-responsive and reflect on specific women's needs to access training, financing or technical support
- To identify initiatives that will accelerate the transition towards a more inclusive and sustainable tourism industry and progress towards the Sustainable Development Goals (SDGs)

1.4 Diagnostic Methodology

The country selection for the diagnostic study was determined through consultations with the UNDP FUT-Tourism Project Coordinator and based on the timely response by the ten (10) countries to the invitation to participate in a country-specific diagnostic study.

The diagnostic study employed secondary and primary data collection methods. Secondary research included a literature review and analysis of tourism and related sector strategies and action plans, including for the digital economy; tourism demand, market assessment and performance reviews; statistical analysis; and competitive analysis.

³ https://unctad.org/system/files/official-document/ditcinf2020d3_en.pdf

⁴ <https://www.worldbank.org/en/topic/sme/finance>



The primary data collection and consultative process included an all-female virtual focus group of tourism MSMEs from Saint Kitts and Nevis (1 from Saint Kitts and 2 from Nevis) and virtual interviews with six (6) senior tourism officials from the Ministry of Tourism in Saint Kitts, the Saint Kitts Tourism Authority, Nevis Ministry of Tourism, and the Nevis Tourism Authority (NTA).

Focus group participants were selected from the UNDP's Tourism MSME database which was created for the FUT-Tourism Project. The database for Saint Kitts and Nevis comprised 105 MSMEs⁵. Invitations were issued to thirty (30) tourism MSMEs and five (5) of them accepted the invitation

to participate but only three (3) attended on the designated date (one from the informal sector). The participants were purposively selected to ensure representation from Caribbean tourism's 8 sub-sectors (**See Figure 1- Caribbean Tourism Sub-sectors**). These sub-sectors represent the key players in the regional tourism value chain. Focus group participants were anonymized and their names coded (e.g., SKN01) to protect their identity. **See Appendix 1 - Interviewee Profiles.**

Two (2) interview requests were sent to the Saint Kitts and Nevis Hotel and Tourism Association, but no response was received.

⁵ The St. Kitts and Nevis MSME database had a high percentage of double registrants for a single business, this, combined with other database errors means that the sample population is much less than reported. It was beyond the author's scope of works to sanitize the database.

Figure 1- Caribbean Tourism Sub-SectorsSource: CTO⁶, 1999

1.4.1 Limitations

The diagnostic report is not meant to be an in-depth analysis of every aspect of the tourism sector in Saint Kitts and Nevis but focuses on the themes and related issues that emerged during the project's Regional Policy Dialogues, with special emphasis on MSMEs in the tourism sector. The report does not, for example, include a diagnostic on institutional arrangements, air and maritime sectors, funding mechanisms or tourism legislation.

Desk research and virtual collection methods do not provide a verification means or an evaluation of the state of the tourism product or the opportunities for diversification. Conducting a virtual focus group, though practical in the COVID-19 era, is not an inclusive consultative process particularly if the informal sector is to be captured in the diagnostic. Lack of connectivity, devices and/or digital skills

may have prohibited participation by some MSMEs. Furthermore, tourism MSMEs lack of participation in the virtual interviews could also be attributed to some level of fatigue with consultations or research/report preparations. Many tourism MSMEs across the sub-region described themselves as being in "survival mode", therefore income generating opportunities may have been prioritized over engaging with the Consultant.

Additionally, the Consultant was constrained by time as six (6) diagnostic studies, including this report for Saint Kitts and Nevis, were to be researched, drafted, and finalized in eighty (80) workdays (4 months). The primary data collection commenced during the start of the busy winter-tourism season and continued during the Christmas season, which made key informants/potential interviewees tardy or unresponsive.

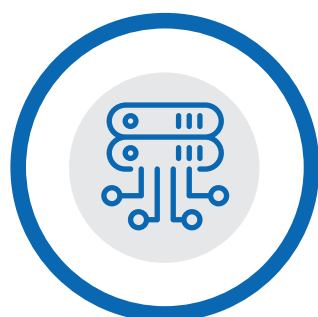
⁶ Caribbean Tourism Organization (1999). A Guide to Tourism Careers, Education and Training in the Caribbean.

1.5 Structure of the Report

The diagnostic report for Saint Kitts and Nevis focuses on three (3) of the four (4) priorities identified in the Regional Policy Dialogues (See Figure 2). The fourth area identified in the Regional

Policy Dialogue- Monitoring Key Performance Indicators, is treated as a cross cutting issue, as monitoring and evaluation are central to programme management; and project planning, implementation, and closure.

Figure 2- Areas of Focus for Diagnostic Study



Digital Transformation of MSMEs,
including the informal sector



Diversification of the product offering:
Product and Marketing Development



Stakeholder engagement
and regional coordination

The three (3) priority areas form the core diagnostic areas and sections of the report. Each focus area includes stakeholder perspectives and policy interventions. Additional resources are provided at the end of each focus area. The diagnostic focus areas follow the introduction and the country profile. The report ends with recommendations and conclusion.

Cognizant of the significant role that women play in the Caribbean MSMEs and the tourism sector, and the need for a gender-sensitive approach to the reporting and analysis, the current initiatives and policy solutions proffered in the study also highlight linkages with the SDGs. Throughout the report one or more of the following seventeen (17) symbols related to the SDGs are highlighted:



Source: UNDP Barbados and the Eastern Caribbean⁷, 2021

⁷ <https://easterncaribbean.un.org/en/sdgs>



The remaining sections of the report are structured as follows:

Section 2- Country Profile

This section includes a review of tourism performance by source markets, category of visitors, purpose of visit and assessment of the economic contribution of tourism to the economy. The impact of COVID-19 on tourism demand, international and regional tourism trends are also provided.

Section 3- Focus Area I: Digital Transformation of MSMEs, including the informal sector

This section provides a detailed digital diagnostic for the country using the World Bank's (WB) Digital Economy Levers. The chapter also includes a SWOT analysis for Digital Transformation of Tourism MSMEs and stakeholder perspectives about the challenges, opportunities, and barriers they see for their businesses. Policy interventions are also provided.

Section 4- Focus Area II- Diversification of the product offering: Product and Market Development

This section Includes an assessment of the country's core tourism products and a competitive analysis

that considers changing consumer behaviour and travel trends. Stakeholder perspectives of the country's product offerings and opportunities are also included. A SWOT analysis for product and market development and policy interventions are also provided.

Section 5- Focus Area III- Stakeholder engagement and regional coordination

The third and final focus area provides an account of stakeholder engagement and examples of regional coordination that has been strengthened since the pandemic. Stakeholder perspectives are presented, as well as policy interventions.

Section 6- Recommendations and Conclusion

The final section of the report provides overarching recommendations for a more adaptive and responsive tourism industry. The chapter stresses the need to de-emphasize volume driven strategies and to embrace quantitative and qualitative indicators of tourism's performance and benefits.

2. COUNTRY PROFILE

2.1 Saint Kitts and Nevis in Brief

The twin island of Saint Kitts and Nevis is the smallest country in the Americas in both land area (269 sq km) and population (52,834).



Saint Kitts and Nevis endured several joint island administrative configurations under British colonial rule, commencing in 1671. These administrative unions changed over time until independence from Britain on September 19, 1983. The country's constitution established a federal body consisting of two constituent units – the island of Saint Kitts and the island of Nevis. The federal system established by the constitution provides Nevis with its own government, the Nevis Island Assembly (NIA) headed by the Nevis Island Administration led by a Premier and located in the capital, Charlestown⁸. Consequently, there are separate entities in each island for the administration and marketing of tourism.

After defeating the French in 1690, the British began construction of the Brimstone Hill Fortress which stands today as a UNESCO World Heritage Site of historical, cultural and architectural significance and an important tourism attraction in Saint Kitts. The capital of Nevis, Charlestown, is also on UNESCO's tentative list for properties that are considered to be of cultural and/or natural heritage of outstanding universal value and therefore suitable for inscription on the World Heritage List.

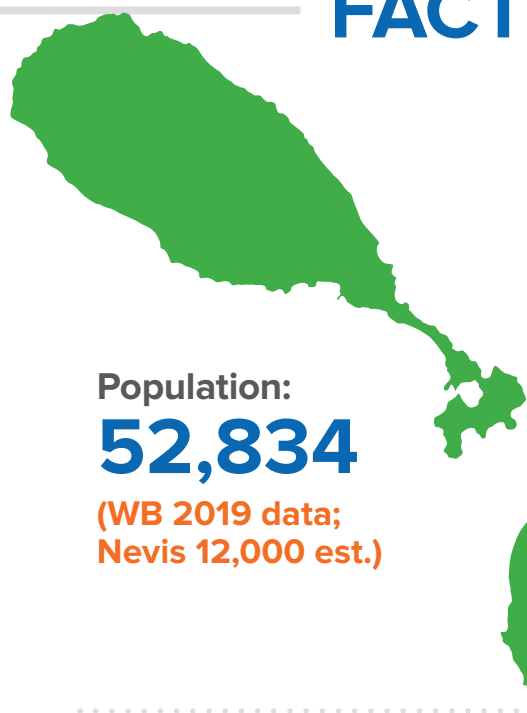
Pre-independence and post-independence, Saint Kitts and Nevis had a plantation economy derived from sugarcane production, accounting for 20 per cent of GDP before sugar operations ceased in 2005. As the economic base widened post-independence, Nevis grew a small offshore sector with around 18,000 companies registered by 1999, and in 2005 St Kitts initiated a registry of ships and yachts, registering 1,000 vessels by the end of the decade. Tourism gradually grew and became the largest foreign exchange earner, but growth was interrupted by five hurricanes in five years in the mid-1990s. Investments in plant and facilities in 2000 and beyond were soon interrupted by the global financial crisis in 2008, and the accompanying reduction in visitors from its major source market, the United States of America (USA)⁹. These events and more recently, the COVID-19 pandemic highlight the vulnerabilities of the twin-island country.

As a Small Island Developing State (SIDS), Saint Kitts and Nevis' vulnerabilities include size, inability to capitalize on economies of scale, distance from international source markets, limited economic diversification and climate change. Tourism is both a victim and a contributor to climate change. A tourism product predicated on natural assets is a fragility that SIDS must contend with, as climate change impacts can lead to bio-diversity loss, loss of forest cover, loss of aesthetic appeal and a general imbalance in ecosystems, thereby threatening the livelihoods of already vulnerable communities. Additionally, the loss of ecological assets and historical monuments represent lost opportunities for tourism and a diminished visitor experience.

⁸ Knowledge Walk Institute. *Caribbean Elections - Independence in St. Kitts and Nevis*

⁹ Economy in St Kitts and Nevis (commonwealthgovernance.org)

FACT SHEET



Population:
52,834

(WB 2019 data;
Nevis 12,000 est.)



Gross Domestic Product (GDP):
USD 1.011 BILLION
(WB 2018 data)



Income Group:
HIGH INCOME
(WB, 2021)



CO2 Emissions
(metric tonnes per capita):
4958
(WB 2018 data)



Agriculture, forestry and
fishing value added:
(% OF GDP): 1
(WB 2020 data)



Total Contribution of Travel
& Tourism to Employment:
9,800 JOBS,
41.6 % OF TOTAL
EMPLOYMENT
(WTTC 2020 data;
29.5 % decline from 2019)



Active mobile broadband
subscriptions per
100 inhabitants:
51.6
(ITU 2020 est.)



Industry (including
construction)
value added:
(% OF GDP): 26
(WB 2020 data)



Individuals Using
the Internet:
(% OF
POPULATION): 81
(ITU 2019 est.)



Total Contribution
of Travel & Tourism
to GDP:
22 % OF
TOTAL
ECONOMY
(WTTC 2020 data; 72.3 %
decline from 2019)



Mobile Cellular
Subscription
(per 100
inhabitants):
148
(ITU 2019 data)



Fixed-broadband
subscriptions per
100 inhabitants:
56
(ITU 2019 data)

Sources: World Bank (WB, 2021)¹⁰; International Telecommunications Union (ITU, 2021)¹¹;
World Travel and Tourism Council (WTTC, 2021)¹²

¹⁰ St. Kitts and Nevis | Data (worldbank.org)

¹¹ Digital trends in the Americas region 2021 (itu.int)

¹² <https://wtcc.org/Research/Economic-Impact>

2.2 Tourism in St Kitts and Nevis

2.1.1 Significance of Tourism to the National Economy

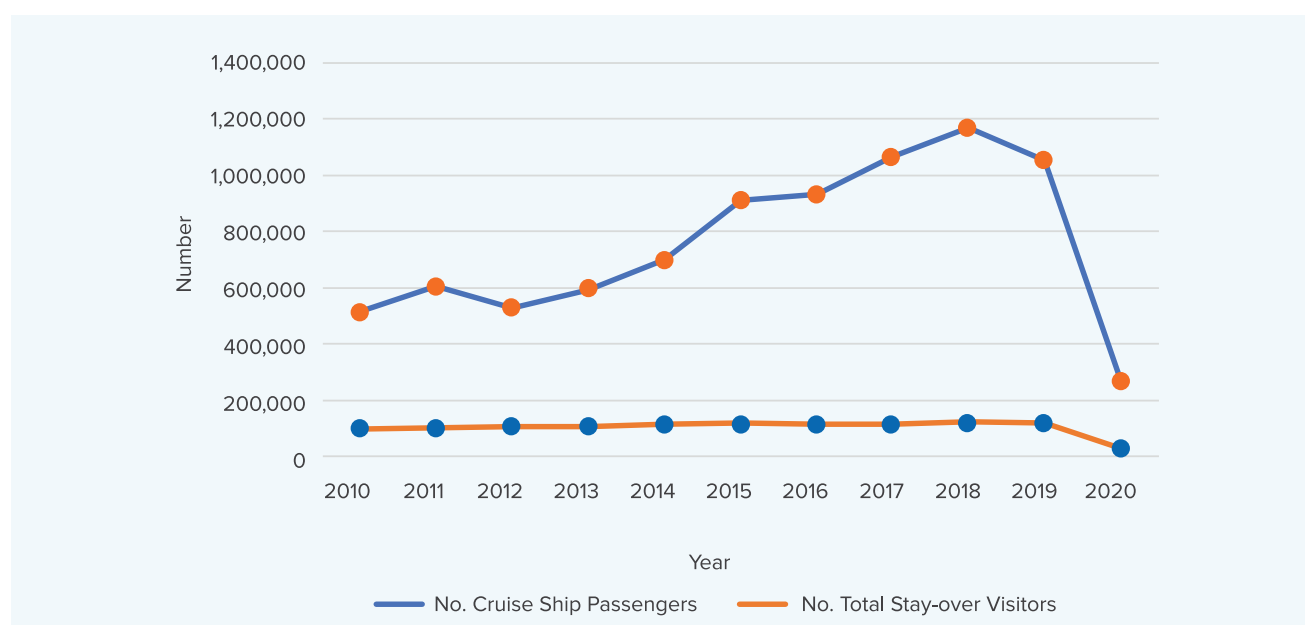
After the cessation of sugar production in 2005, the Government of Saint Kitts and Nevis signalled through its National Adaptation Strategy 2006–2013, its intent to transform the local economy by developing tourism, financial services, agriculture, offshore education and information technology. Today, the offshore education sub-sector is viewed as an integral part of the tourism sector where accommodation, entertainment, goods and services are provided to students of the Ross University School of Veterinary Medicine and Windsor University School of Medicine in Saint Kitts and the Medical University of the Americas in Nevis.¹³

WTTC research reports that in Saint Kitts and Nevis, Travel & Tourism accounted for 58.6 per cent of employment (13, 900 jobs) in 2019 and contributed 52.2 per cent to GDP, amounting to XCD 1,460.4MN (USD540.9MN).¹⁴

2.2.2 Tourism Demand & Trends

The Saint Kitts Tourism Sector Strategy and Action Plan 2014–2019 had set a target of 1 million cruise passengers by 2019 and a 10 per cent increase in visitor arrivals (stay-over) by 2019. The cruise passenger target was met and surpassed with a recorded 1,067,412 cruise passengers in 2017¹⁵. The target proved to be quite realistic given the upward trajectory of cruise arrivals for almost 10 years, followed by a precipitous decline in 2020 due to the COVID-19 pandemic and the country's border closure. The upward trend line in **Figure 3** illustrates the steady increase (up to 2018) in cruise passengers versus a relatively flat line for stay-over visitors.

Figure 3 - St. Kitts and Nevis Cruise Ship Passengers vs Stay-Over Visitors 2010-2020



Source: ECCB

According to data from the Ministry of Sustainable Development (revised in 2022) annual cruise passenger visitation declined by 72 per cent in 2020 when compared with 2019. The number of calls and passengers over the last three (3) cruise

seasons (2018 to 2021) is presented in **Table 1** and reflects the severe impact of the COVID-19 pandemic. The cruise season typically runs from November to April¹⁶.

¹³ St. Kitts Tourism Sector Strategy & Action Plan 2014– 2019

¹⁴ <https://wttc.org/Research/Economic-Impact>

¹⁵ ECCB data (2021) <https://eccb-centralbank.org/statistics/tourisms/comparative-report>

¹⁶ The cruise season in the Caribbean typically runs from November to April and overlaps two calendar years, therefore cruise season passenger numbers and annual passenger numbers differ.

There is limited published data on cruise passenger expenditure for Saint Kitts and Nevis. Comparative data on cruise expenditure from other Eastern Caribbean countries demonstrate that cruise passengers only contribute between 5-7% of the total visitor expenditure. The government's

statistics department reports an estimated XCD 500 million in tourism receipts in 2018 and 2019¹⁷. Assuming a 7% contribution of cruise passengers in 2018 to the total visitor expenditure, 1,145,424 cruise passengers would have contributed XCD 35 million, while 122,896 stay-over visitors (ECCB, 2021)¹⁸ would have contributed XCD 465 million.

Table 1 - St. Kitts Cruise Calls and Passengers 2018-2021 Cruise Seasons

Cruise Season	Number of Calls	Number of Passengers
2018-2019	415	1,140,240
2019-2020	279	544,972
2020-2021	13	2,575

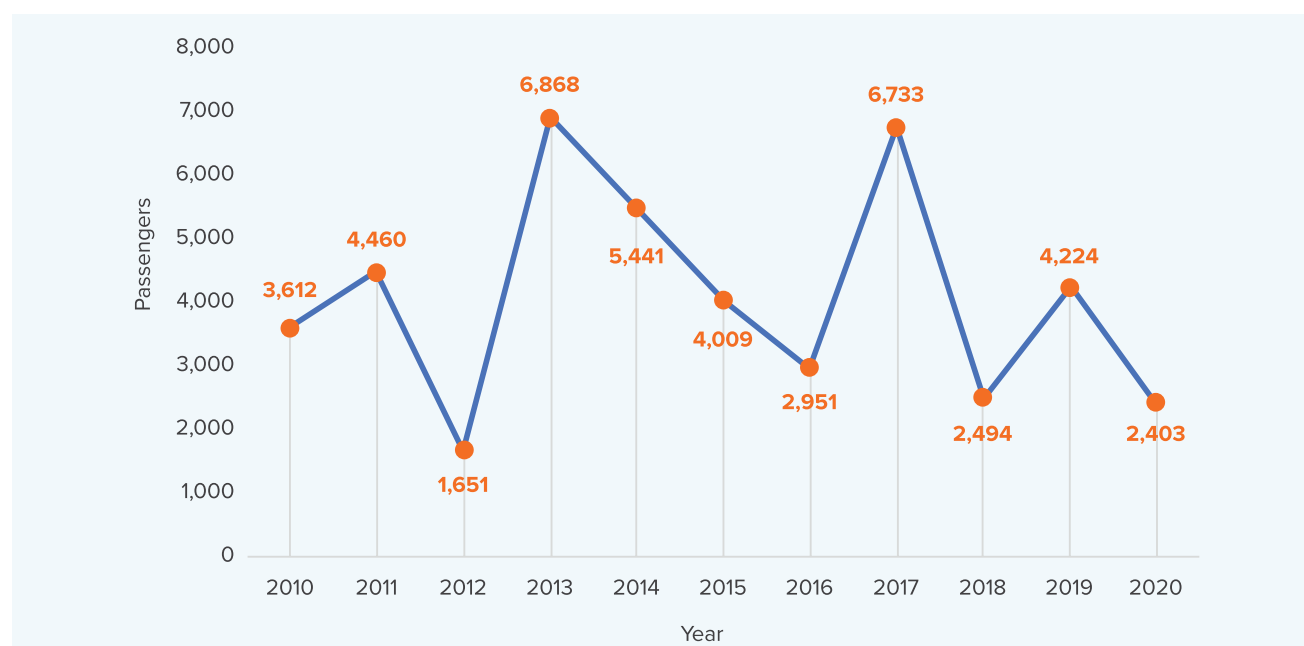
Source: St. Christopher Air and Sea Ports Authority (SCASPA)

The over-reliance on cruise visitors is unsustainable and has environmental repercussions. Research conducted in 2017 by the Duke University Global Value Chains Center on the Caribbean cruise industry noted that only 48 per cent of cruise passengers would be willing to return for a land-based vacation in the next three years.¹⁹ Without data on conversion rates of cruise passengers to land-based tourism; passenger expenditures;

environmental impact (marine and land) and a fair cost-benefit analysis of port expansion - the overall impact of cruise tourism is unknown.

The trend in yacht arrivals has been less consistent than cruise passenger arrivals as **Figure 4** demonstrates. These inconsistencies should be interrogated by tourism officials to devise strategies to grow the sector.

Figure 4- St. Kitts and Nevis Yacht Passengers 2010 - 2020



Source: ECCB

¹⁷ Figure quoted is in Eastern Caribbean dollars. The COVID-19 Pandemic impact on Tourism Industry in St. Kitts and Nevis. (stats.gov.kn)

¹⁸ <https://eccb-centralbank.org/statistics/tourisms/comparative-report>

¹⁹ <https://gvcc.duke.edu/cggclisting/barbados-in-the-cruise-tourism-global-value-chain/>

There is a dearth of data on the economic contribution of the yachting sector throughout the Eastern Caribbean, but it is well established that yachties stay longer and spend on yacht repairs, fuel, tours, restaurants, groceries, and other areas in the retail sector. Data for cruise passenger and yacht arrivals were highlighted earlier (see Figures 3 and 4) but **Table 2** highlights the comparative volume of cruise calls versus yacht calls. Given the

higher volume and value of yacht calls relative to cruise, policy makers should seek to capitalize on the repeat visitation of yachties and electronic Word of Mouth (eWoM) to grow the sector. Comparative data on expenditure from each type of visitor would also be illuminating to policy makers.

Table 2 - Comparison of Cruise and Yacht Calls in St. Kitts and Nevis 2019 - 2020

	Year 2020	Year 2019
Cruise ship calls	168	470
Yacht calls	567	1,082

Source: Ministry of Sustainable Development

The island of Nevis does not have the physical infrastructure to accommodate large cruise ships and it has not been the administration's strategy to vigorously pursue this market. The yachting sector is deemed more practical and lucrative, but authorities recognize that in the absence of a marina, there isn't adequate infrastructure to fully benefit from the market. Unlike the sister island of Saint Kitts, Nevis depends more on stay-over visitors, but the island does receive cruise

passengers from direct cruise calls and indirectly through cruise tours originating from Saint Kitts.

Tourists air arrivals for the federation decreased by 75 per cent in 2020 when compared to 2019. Disaggregated air arrivals data for Saint Kitts and Nevis up to September 2021 is presented in **Table 3**. As global tourism demand remains suppressed, stay-over arrivals in the two islands continue to struggle to return to pre-pandemic levels.

Table 3 - Disaggregated Tourists Air Arrivals for St. Kitts and Nevis 2019-2021

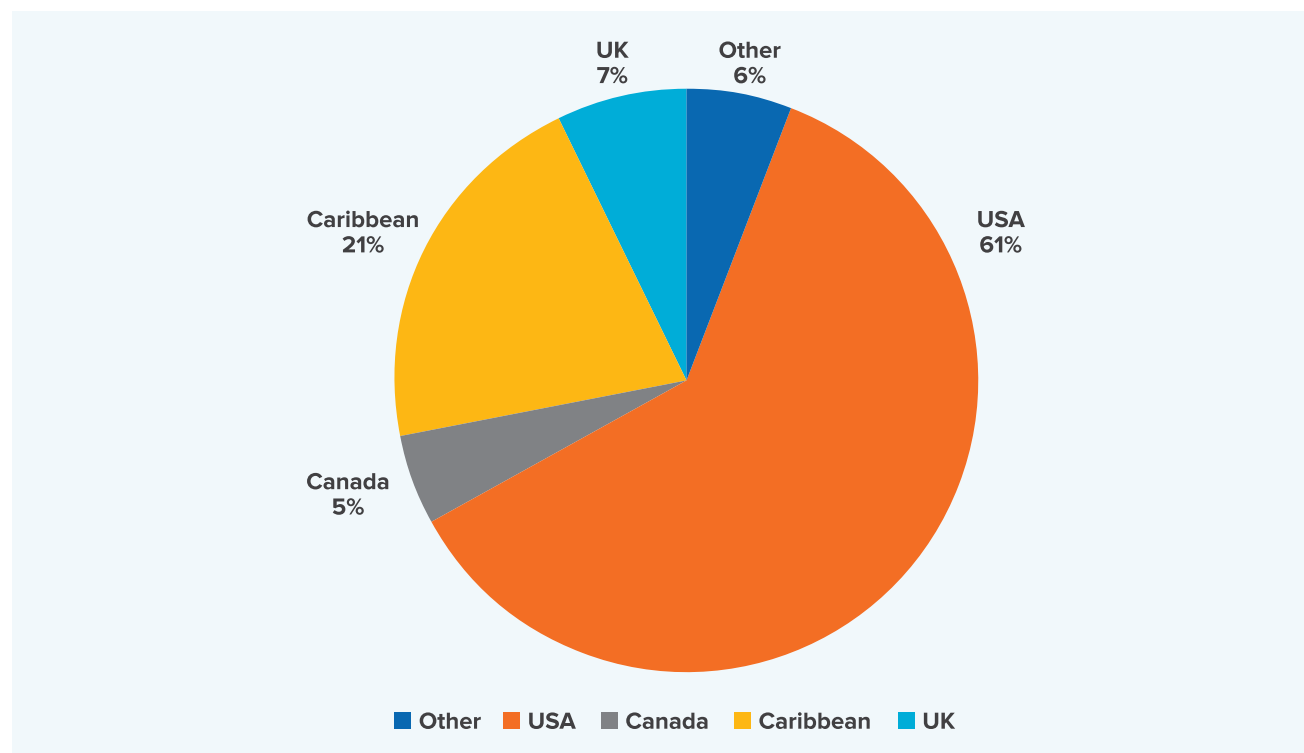
Year	St. Kitts Tourist Air Arrivals	Nevis Tourist Air Arrivals
Y-T-D September 2021*	9,621	416
2020	28,848	972
2019	116,110	4,030

Source: Ministry of Sustainable Development *Estimated

The main source market for both islands is the USA with the Caribbean being the second major

source market. A distribution of total arrivals by main source markets for 2019 is illustrated below.

Figure 5 - St. Kitts and Nevis Main Tourism Source Markets in 2019



Source: ECCB

Data for the main purpose of visit for stay-over arrivals was unavailable. Lack of collection and/or reporting on this type of data is a missed opportunity to gain qualitative data about tourists' motivations which should inform marketing strategies. Data on average length of stay was limited and the most recent data from the CTO (2016) showed that stay-over visitors stayed an average of 11 nights. This was generally higher than other Eastern Caribbean countries, with the exception being Saint Vincent and the Grenadines where the average length of stay was 13 nights in 2016.

2.2.3 Impact of COVID-19

Like many destinations in the region and internationally, Saint Kitts and Nevis has been severely impacted by the COVID-19 pandemic. The

Ministry of Tourism, Transport and Ports conducted a COVID-19 Economic Impact Survey in May 2020 to ascertain the impact that the pandemic had on the tourism and hospitality sectors. The main challenges businesses faced due to the COVID-19 pandemic were, "Cash flow to maintain business and operations" and "Customers/clients have been affected and demand is lower than normal". Some stakeholders in response to what type of assistance that they would have found most useful during the pandemic, expressed in the main, the need for "Greater access to financial resources" and secondarily, more "Information of clarification about government policy changes and how they affected my business."²⁰

Tourism MSMEs benefited from financial support to persons who were rendered unemployed due

²⁰ Ministry of Tourism (2020). COVID -19 Economic Impact Survey Report.

to the pandemic. Support was provided through the Government's XCD 120 million COVID-19 Economic Stimulus Package. The Social Security Special Fund of XCD 15 million provided income support for workers whose income was affected by the COVID-19 pandemic. These workers, many from the tourism sector, received XCD 1000 per month for three (3) months in the first instance. The Ministries of Tourism and the Tourism Authorities in both islands also provided Covid-19 sensitization workshops to prepare sector workers for the partial reopening of the sector in October 2020. Over 5,200 persons were trained cross the Federation and training is ongoing.

The International Monetary Fund (IMF) in its October 2021 press release on its Article IV Consultation with Saint Kitts and Nevis, noted that "St. Kitts and Nevis entered the Covid-19 pandemic from a

position of fiscal strength following nearly a decade of budget surpluses. A significant part of the large CBI revenues was prudently saved, reducing public debt below the regional debt target of 60 percent of GDP and supporting accumulation of large government deposits". However, the lack of cruise ship arrivals and sharp decline in stayover arrivals combined with reduced economic activity in the domestic market resulted in a 14 per cent decline in annual GDP. While tourism activity has slowly resumed the IMF projected a small decline in GDP of 1 percent for 2021 and a 10 percent growth in 2022 but noted that any further pandemic induced disruption will also dampen domestic activity. Additionally, financial sector uncertainties, natural disaster and lower than expected revenues from the Citizenship by Investment (CBI) programme could slow recovery.²¹



²¹ International Monetary Fund (IMF), 2021. IMF Executive Board Concludes 2021 Article IV Consultation with St. Kitts and Nevis

2.3 International & Regional Trends

The World Tourism Organisation (UNWTO) reported a modest improvement in international tourism arrivals in June and July 2021. However, for the first 7 months of 2021, arrivals were 40 per cent below 2020 levels, and down 80 per cent pre-pandemic levels of 2019. Small islands in Africa, Asia and the Pacific, and the Caribbean, as well as a few small European destinations, recorded the best performance in June and July, with arrivals coming close to, or sometimes exceeding pre-pandemic levels. The UNWTO Panel of Experts continue to expect a rebound in 2022, driven by unleashed pent-up demand, mostly during the second and third quarters of the year (UNWTO, 2021).²²

According to the World Travel and Tourism Council (WTTC), which represents the global Travel & Tourism private sector, the Caribbean's Travel & Tourism sector is recovering at a faster rate than any other region in the world, with its contribution to GDP expected to rise more than 47 per cent in 2021, compared to just 30.7 per cent globally. The Caribbean is now benefiting from more relaxed restrictions around the world and vaccine availability, which is in turn boosting international travel spend and aiding the region's economic recovery.

While the global economy is set to receive a modest 30.7 per cent year-on-year increase from Travel & Tourism in 2021, representing USD 1.4 trillion and is mainly driven by domestic spending, the Caribbean region can expect a year-on-year increase of 47.3 per cent, representing an increase of nearly USD 12 billion, driven by both international and domestic travel spend. However, while the Caribbean is recovering faster than other regions, this is still below its performance in 2019, a record year for the sector, where Travel & Tourism represented more than 14 per cent of the region's GDP, contributing more than USD 58 billion to its economy.

WTTC's research reveals that at the current rate of recovery, Travel & Tourism's contribution to the Caribbean economy could see a further year-on-year rise of 28.7 per cent in 2022, representing a boost of USD 10 billion.

After a 680,000 Travel & Tourism jobs were lost in the Caribbean in 2020, a 12 per cent rise in jobs (compared to 0.7% globally) was expected in 2021, with a similar potential year-on-year jobs rise across the sector in 2022 by 11.5 per cent (WTTC, 2021)²³.

The CTO expects 2021 tourist arrivals to the region to exceed 2020 levels by 60 to 70 per cent but still 23.3 per cent below 2019 levels.

²² World Tourism Organization (2021). World Tourism Barometer. Volume 19 (5) September 2021

²³ World Travel & Tourism Council. Caribbean Travel & Tourism sector recovering faster than any other region in the world. <https://wttc.org/News-Article/Caribbean-Travel-and-Tourism-sector-recovering-faster-than-any-other-region-in-the-world>

3. FOCUS AREA I: DIGITAL TRANSFORMATION OF MSMEs IN THE TOURISM SECTOR

3.1 Overview

The tourism and hospitality industry has long been transformed by Information and Communications Technologies (ICT). The industry continues to use innovative ICT tools along the tourism value chain- from the Online Travel Agencies (OTAs), to pre- and in-trip virtual tourism experiences, to artificial intelligence, to geo-tagging, to social media, and contactless transactions.



The industry continues to innovate in the pandemic era, using ICT tools to map and control the risk of diseases by contact tracing, mapping COVID-19 hotspots and sending mobile alerts for tourists and residents to avoid crowded areas and practice social distancing

The use and adoption of digital technologies provide new opportunities to improve productivity and increase the market access of the private sector. Many MSMEs that had the capacity to improve their on-line presence during the pandemic, did so, others were unable to transition largely due to a lack of know-how, devices and/or connectivity.

On the public side, digital technologies increase the efficiency of public expenditure and enhance

the cost effectiveness of public services. Overall, digital technologies have been proven to boost growth, expand opportunities and improve service delivery (World Bank, 2020)²⁴.

The COVID-19 pandemic created innovation in the private and public sectors, where many services became accessible and payable online. Simultaneously, the move to more online services brought the digital divide into greater focus, as those without connectivity were left behind. Even registration for COVID-19 vaccines in some Caribbean territories were initially on-line which meant only those who were connected moved ahead in the queue, irrespective of health or age vulnerability. The education sector also continues to be challenged globally, where disadvantage communities, cannot easily adapt from face-to face

²⁴ World Bank (2020). Acceleration Digital Transformation in Zambia. Digital Diagnostic Report. The World Bank

learning to on-line learning, whether synchronous or asynchronous, due to the lack of connectivity and/or devices.

The International Telecommunication Union (ITU) views technology as a major accelerator of economic growth and development and an important driver of progress towards the 17 SDGs. Their 2020 edition of Measuring Digital Development: Facts and Figures highlights some global trends:

- **Mobile phone ownership widespread-** Ownership of mobile phones has been shown to be an important tool to empower women. In almost one third of the economies for which data are available (31 out of 69), women's mobile phone ownership is close to parity with that of men.
- **Rural areas continue to face greater challenges** than people in urban areas in terms of remaining connected during lockdowns, especially in developing economies. Large swathes of the rural landscape are still not covered by mobile broadband networks, and fewer households in these areas have access to the Internet.
- **The rollout of communications infrastructure is slowing** - observed since 2019 but too early to say if it has stalled because of the pandemic.
- **Mobile cellular subscriptions have been declining for** the first time in history, and the growth in mobile broadband subscriptions is levelling out. It is uncertain if this is due to the COVID-19 crisis.
- **Young people are enthusiastic adopters of technology** and have relatively high levels of Internet use. This trend is observable where

connectivity is available and affordable. Young people aged 15 to 24 have a 70 per cent usage rate. This trend is encouraging in view of the fast-growing youth demographic in much of the developing world.

- **International bandwidth usage growth accelerated in 2020.** International bandwidth usage is estimated to have grown globally by 38 per cent. Growth of international bandwidth usage in developing countries outstripped growth in developed countries (ITU, 2020).²⁵

Recent research by the ITU (2021)²⁶ points to gender parity in Internet usage in the Americas, a region of 35 countries, which includes Saint Kitts and Nevis and 15 other Caribbean SIDS. In fact, a very small inverse gender gap was observed in the Americas region in 2020, where an average 77 per cent of women and 76.3 per cent of men used the Internet. The ITU also noted that the COVID-19 pandemic has had an accelerating impact on digital development in the Americas region in many sectors, including retail, public services, education, health and agriculture.



The World Bank has identified five (5) key levers that drive the growth of a digital economy and serve as diagnostic tools. These levers- digital infrastructure; digital skills, digital entrepreneurship, digital platforms and digital financial services- are the foundation of digital transformation opportunities that can be applied in many social and economic sectors such as tourism and agriculture. **Table 4** presents the digital economy levers and a description. These levers have been used to provide a digital diagnostic for Saint Kitts and Nevis in Section 3.2.

²⁵ Measuring Digital Facts and Figures 2020. International Telecommunications Union. <https://www.itu.int/en/itu-d/statistics/pages/facts/default.aspx>

²⁶ ITU (2021) Digital Trends in the Americas 2021. International Telecommunications Union

Table 4 - World Bank's Digital Economy Levers

Digital Economy Levers	Description
Digital Infrastructure	Examines connectivity (mobile and Internet), the Internet of Things (mobile devices, computers and geospatial instruments) and data repositories (e.g. data centres and clouds)
Digital Skills	User skills for effective use of ICT tools, systems, and devices. Business skills to identify how digital technologies can create new opportunities or new business models
Digital Entrepreneurship	The process of designing, launching and running a new business, new product or new service where creating or using digital technology is a driver of new value creation
Digital Platforms	Digital channels that offer products and services including government services and systems, as well as commercial platforms products and services
Digital Financial Services	Provides individuals and households with convenient and affordable digital channels through which to pay, save, borrow, and insure. This can be firms or government digital channels that transact with customers and suppliers.

Source: World Bank (2020)²⁷

3.2 Saint Kitts and Nevis Digital Economy

In 2019, the Government of St Kitts and Nevis established a strategic path to accelerate toward an innovative digital economy through the implementation of its digital transformation strategy (2020-2022). The vision is to make Saint Kitts and Nevis a world leader in digital services delivery for citizens, residents, the private sector, and investors. The Government believes that its continued path will help grow the economy and contribute to national development.²⁸

Digital infrastructure- data compiled by the ITU (2021)²⁹ demonstrates that Saint Kitts and Nevis is a front-runner in the Americas on several key digital performance indicators:

- **148 mobile cellular subscriptions per 100 inhabitants** – this is above the global rate and in the top tier in the Americas, surpassed only by Trinidad and Tobago, Costa Rica and Antigua and Barbuda
- **51.6 active mobile broadband subscriptions per 100 inhabitants** – this is country's area of weakest performance, and the ITU notes a decline in mobile broadband subscriptions
- **56 fixed-broadband subscriptions per 100 inhabitants** – this is the highest rate in the Americas
- **81 percent of individuals use the Internet** (compared to 70 percent in Dominica and less than 30 percent in St Vincent and the Grenadines)

²⁷ World Bank (2020). Acceleration Digital Transformation in Zambia. Digital Diagnostic Report. The World Bank

²⁸ Minister of Information and Communications Technology, Akilah Byron-Nisbett. <https://www.thestkittsnevisobserver.com/covid-19-slowed-progress-but-federation-on-track-to-create-a-digital-economy/>

²⁹ ITU (2021) Digital Trends in the Americas 2021. International Telecommunications Union

Digital skills assessment is highly subjective as it often based on self-reporting. The ITU considers the value for basic ICT skills as the average value of available recent data for 4 computer-based activities: copying or moving a file or folder; using copy and paste tools to duplicate or move information within a document; sending e-mails with attached files; and transferring files between a computer and other devices. Using either ITU's definition or WB's definition of digital skills, in the absence of data, an assessment of Saint Kitts and Nevis tourism MSMEs cannot be made. It is quite possible that MSMEs are using their mobile devices for basic functionalities such as making and receiving calls and sending text or WhatsApp messages. MSMEs may need basic ICT skills before they can master social media marketing or online selling.

Digital entrepreneurship- Anecdotal evidence from tourism officials in Nevis, suggest that the age of some of the key tourism players and a dependence on word-of-mouth advertising from repeat visitors may have made technology adoption and digital skills development slow. The high percentage of women artisans in Nevis points to digital entrepreneurship opportunities to improve market access and on-line selling for the creative sector. These opportunities naturally extend to Saint Kitts. Strides are being made to enhance the digital presence of tourism MSMEs through the UNDP FUT-Tourism Project and training provided by the Ministries of Tourism, the Nevis Island Tourism Administration, the Ministry of Gender Affairs and the Ministry of Trade, Small Enterprise Development Unit (SEDU). The Federation has received funding from the Government of the Republic of China (Taiwan) to provide training to MSMEs. Digital skills development is included in the training.

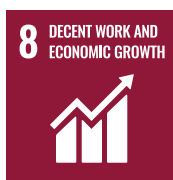
Digital Platforms and Digital Financial Services- Saint Kitts and Nevis is ranked 95 out of 193 countries globally on the 2020 United Nations

E-Government Survey and is considered among the higher performing group of SIDS countries for e-government services. Infrastructure and human capital development are more advanced than on-line service provision in Saint Kitts and Nevis, which means there are still strides to be made with online service delivery including e-government services.³⁰ Saint Kitts and Nevis is one of the pilot countries for the implementation of the Eastern Caribbean Central Bank's (ECCB), DCash, a digital version of the EC dollar. The pilot was launched on 31st March 2021. DCash provides an opportunity for businesses, including tourism MSMEs, to conduct financial transactions, including receive instant payments from customers through smart devices. With a significant intra-Caribbean tourism market and tourism becoming increasingly contactless, digital payment platforms such as DCash can be a potential game changer. The Saint Kitts Co-operative Credit Union is the only participating financial institution (as at December 2021), which is an implementation gap, as it makes it difficult for MSMEs in Nevis to adopt the digital payment system.

No data is currently available about the adoption of DCash in Saint Kitts and Nevis, but stakeholders indicated that they make use of various digital financial services including Paypal, Payoneer, JAD Cash and mobile banking. After a 12-month implementation period the ECCB will assess the potential efficiency and welfare gains that could be achieved, i.e., deeper financial inclusion, economic growth, resilience, and competitiveness in the currency union.³¹

3.3 Stakeholder Perspectives

Since the pandemic, all the focus group participants have taken measures to digitally enhance their operations through online promotion and in one case, steps to include an online payment system for the business' clients. One participant has also taken part in the UNDP-UWI training through the FUT-Tourism Project. The focus group participant whose business is in the informal sector, has been trying to develop her own skills independently, and has started promoting her services via WhatsApp.



³⁰ United Nations E-Government Survey 2020. Digital Government in the Decade of Action for Sustainable Development. 2020 UN E-Government Survey (Full Report).pdf

³¹ <https://www.dcashec.com/about>

While all the focus group participants had heard of DCash they were not currently using it. One of the participants had enquired about DCash for her

business but found that no financial institution was providing support for implementation in Nevis. One would have to go to Saint Kitts to sign-up.

“DCash is not happening in Nevis- you have to go to St. Kitts, you have to physically go over to St. Kitts and sign up through the credit union. It would have been nice to use something local but it’s not convenient. Most people use Paypal. You have to have a business account for DCash and you have to open it with \$400. We know of it, it’s not in our face. I don’t know anybody in Nevis using it.”

Focus Group Participant, SKN02

“... it’s based in St Kitts. I do not see it economical every time I have an issue. Maybe if they are based in Nevis, it would be better.”

Focus Group Participant, SKN01

Connectivity and access to devices are two main barriers impeding the digital transformation of MSMEs in Saint Kitts. The Ministry of Tourism itself is challenged with the availability of devices, but there have been discussions about the possibility

of establishing an ICT hub in the Ministry of Tourism for MSMEs, however, in the absence of funding, the project remains at the idea stage.

“A lot of the MSMEs don’t have laptops, don’t have the Internet and that of kind thing...they don’t have emails so that automatically excluded a lot of them from the UNDP-UWI training. Some wanted to know if they could use their phone but that training being offered required that they had emails and a computer or laptop.”

Senior Tourism Projects Officer, St. Kitts Ministry of Tourism

Prior to the pandemic the NTA had been engaging with hotels to enhance their digital profile on the NTA’s website with videos. Apart from relaunching its website during the pandemic, the NTA hosted a number of virtual tourism events including the Mango Festival which provided awareness, visibility and an ongoing connection with past and prospective visitors to the island of Nevis. The NTA also recognized there was a lack of digital presence by tourism MSMEs, who were relying on business cards, brochures, or word-of mouth

advertising. To address this problem, the Authority conducted a series of digital marketing courses for tourism MSMEs. One official suggested that the age-group of some tourism stakeholders in the public and private sectors was a factor contributing to the slow adoption of digital technologies. It was also suggested that the Government also needed to attract and retain younger personnel with the requisite skills to harness the opportunities in the digital economy.

“A lot of the stakeholders within the tourism industry are small mom and pop entrepreneurs and so forth, and I mean quite a few elderly persons who I mean...they’re not a 20-year-old or 21-year-old, who are more in line with the social media- the digital, the website and so forth. So, you find that a lot of these stakeholders, even though they have been in the industry for quite a while, they still have not caught on to the whole aspect of using digital ways to get their message across, so I think that is the biggest barrier. The stakeholders themselves. They are not of that mind frame to embrace the whole aspect of digital.”

Director of Sales & Marketing, Nevis Tourism Authority

3.4 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

A SWOT Analysis for key digital transformation issues in the tourism sector is summarized in

Table 5. When the Digital Economy Levers are analysed in the context of the tourism MSMEs, there are significant opportunities for digital skills development and digital entrepreneurship in Saint Kitts and Nevis.

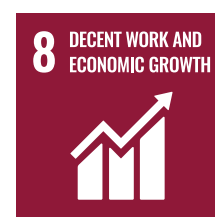
Table 5 - Overall SWOT Analysis for Digital Transformation of Tourism MSMEs



3.5 Policy Interventions

It is often difficult in SIDS to separate tourism players from non-tourism players, as many businesses are directly or indirectly connected to the tourism sector. Additionally, tourism has many inter-sectoral linkages. Therefore, a whole-of-society approach is needed when an area significantly impacts the population and digital transformation is an area of development that will impact all businesses, government, and society. The following proposed policy interventions will impact all levels of society including tourism MSMEs:

- **Incentivize Digitalization:** Provide tax incentives for private citizens and businesses to acquire digital devices and tax credits and/or other forms of financial support for MSMEs to digitize their accounting systems, improve online presence including website development, e-commerce, and inventory management.
- **Make digital skills a pillar of entrepreneurial development.** The Government should develop programmes to promote digital entrepreneurship in tourism and related sectors. The government can harness the country's high internet usage and strong digital infrastructure. The Ministries of Tourism and the Tourism Authorities should ensure that entrepreneurial skills development for the tourism sector incorporates digital skills and demonstrable opportunities for digital entrepreneurship. Train-the-Trainer programmes should be rolled out for MSMEs to ensure wide and fast capacity development.
- **Flexible and Targeted Programmes:** Revamp school curricula to enhance digital skills at all levels- from primary to tertiary, as well as in academic and vocational programmes. Ensure women and marginalized communities have access and digital literacy; and rural and urban children have equal opportunities to gradually transition to blended learning environments.
- **Improve Access:** Create ICT hubs with free Internet and access to devices in marginalized communities. Hubs may be sponsored by large businesses including those in the tourism and hospitality industry.



Additional Resources

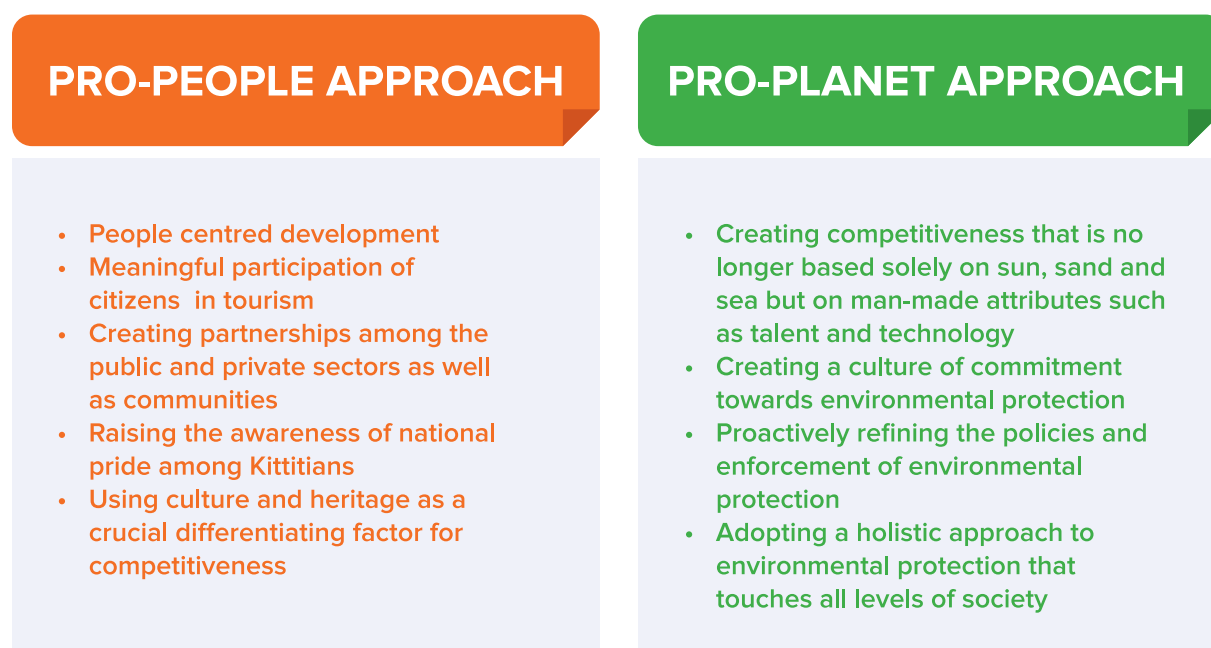
- Giga Project in the OECS
<https://gigaconnect.org/oecs/>
- Connect2Recover
[Connect2Recover Initiative \(itu.int\)](https://connect2recover.itu.int/)
- Caribbean Tourism Organization's Digital Tourism Toolkit
[Digital Tourism Toolkit – OneCaribbean.org](https://www.onecaribbean.org/digital-tourism-toolkit/)

4. FOCUS AREA II: DIVERSIFICATION OF THE PRODUCT OFFERING: PRODUCT AND MARKET DEVELOPMENT

4.1 Overview

Saint Kitts Tourism Sector Strategy and Action Plan 2014-2019 is anchored in the Government's sustainability philosophy with a vision, since 2006, "To be a quality tourism destination that is people-centred, and economically and environmentally sustainable". The tourism strategy adopts a pro-people and pro-planet approach, which focuses on the key strategic areas highlighted in Figure 6.

Figure 6 - St. Kitts Tourism Strategy Approach



Saint Kitts' existing product offering is quite diverse and includes golf, dive, romance, cruise, yachting, culture and heritage, sports, education, spa and wellness, medical, eco-tourism, and meetings and incentives. Cruise, culture and heritage and education are among the more developed offerings.

The Ministry of Tourism in Nevis does not have a working strategy document or fully articulated tourism policy, and this is something the island

administration needs to address. Perusing the destination's website one can glean that Nevis' niche markets are heritage, arts and craft, sports, culinary, wedding and romance, wellness, and eco-tourism. Product development opportunities exist in all areas and with adequate airline networks and increased capacity, market expansion beyond the USA, could also be achieved. The Nevis Island Administration is also partnering with filmmakers to develop the entertainment industry. MSR Media announced that two (2) of its four (4) movies being

filmed in the Caribbean in 2021 would be in Nevis.³² Development of the entertainment industry, which forms part of the creative economy, presents opportunities for the growth of events, the travel trade, transportation, and the tourism services sub-sectors. MSMEs stand to benefit from most of these areas.

4.2 Product & Market Trends

Though small in size, Saint Kitts and Nevis has the opportunity to capitalize on its twin-island status. This fact was recognised when its international borders were closed in March 2020 due to the COVID-19 pandemic. The unique character of each island offered residents the opportunity to enjoy different experiences on each island. Tourism officials promoted domestic tourism within and between the islands which provided a fillip for the destinations during a period of depressed tourism demand. The increase in domestic tourism would have also reduced the use of foreign exchange by locals for out-bound tourism. As part of its 2021 Tourism Awareness Month of activities, the Ministry of Tourism in Nevis held a two-day tourism small business workshop under the theme “Fostering Domestic Tourism”. Tourism officials in Nevis noted that quite a few hotels were able to remain open during the pandemic because of the domestic tourism traffic.

At the international level, the growth in nature-based tourism and outdoor recreation, also serves

to enhance the wellness market. According to Winter et al (2019) nature-based tourism and outdoor recreation provide benefits to individuals, communities, and society and thereby contribute to sustainability. These tourism niches support conservation and provide mental and physical health benefits³³— benefits that have been amplified since the COVID-19 pandemic. Beyond the opportunities for MSMEs in the travel trade, there are also opportunities to grow the food and beverage sub-sector through agro-processing and the provision of products to support the wellness market- an area in which the aloe-rub vendors and beauty spas in Saint Kitts and Nevis can tap into.

The CEO and founder of Responsible Travel, Justin Francis believes that post-pandemic trends will see an increasing role for expert tour guides who can provide opportunities for tourists to gain experience about traditional crafts, cooking skills and receive personalized and inclusive tours. There will be a focus on nature and small islands, as people will increasingly crave space and a slower pace. While there will be a greater tendency to travel close to home, getting off the beaten track will appeal to the majority, and tourists will attach increasing value to sustainability measures³⁴. These trends are consistent with the 2022 trends in changing consumer behaviour and travel demand identified by a WTTC and Trip.com Group Report³⁵ and research conducted by Google and Ipsos³⁶. **Figure 7** below represents the author’s compilation and analysis of the trends identified in the reports.

³² <https://www.investnevis.org/en/Our-services/investment-sectors>

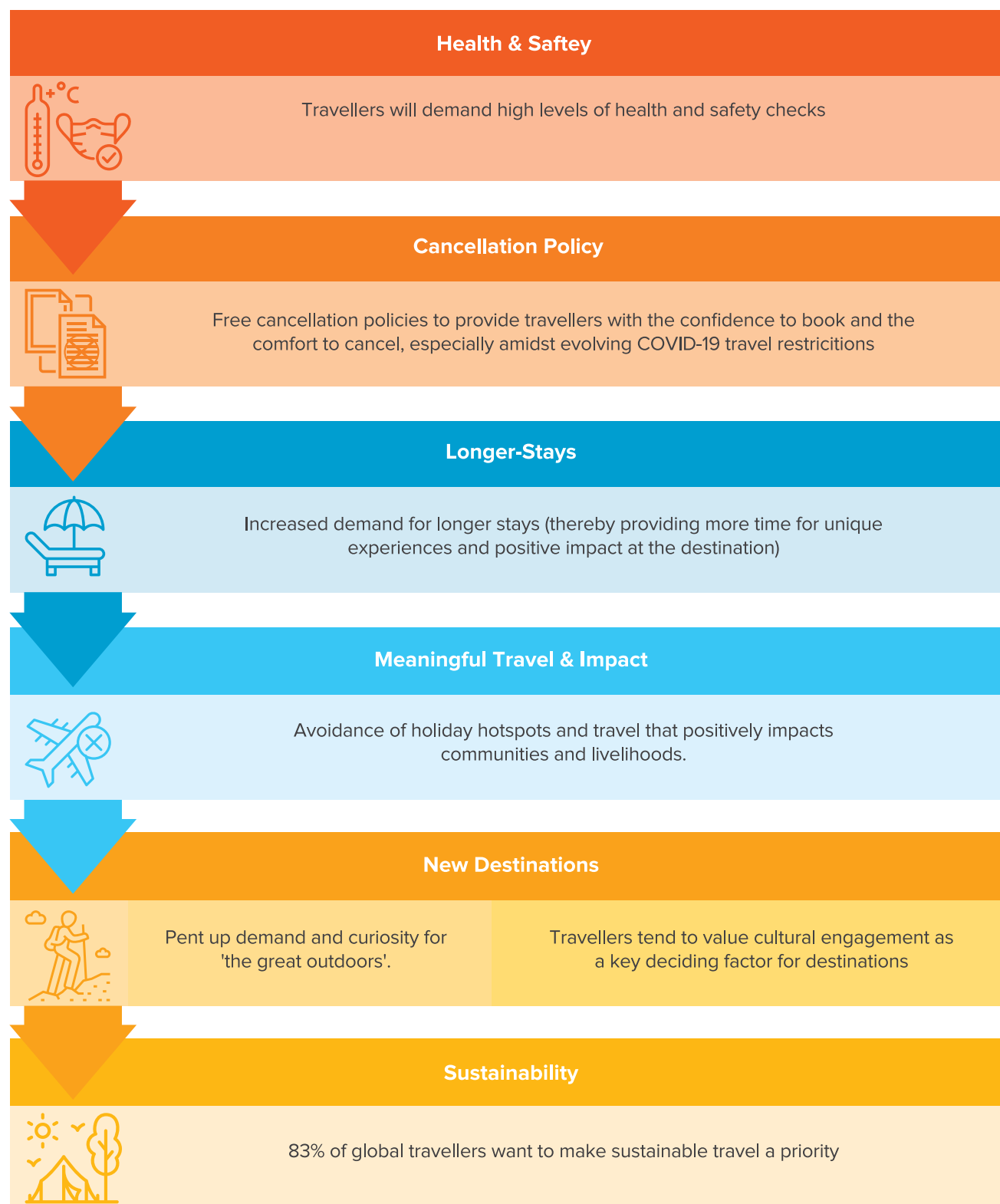
³³ Winter et al (2009). Outdoor Recreation, Nature based tourism and Sustainability. Sustainability 2020 12, (81) pp. 1-12

³⁴ Top 10 Travel Trends 2021 <https://www.responsibletravel.com/copy/travel-trends>

³⁵ News Article | World Travel & Tourism Council (WTTC)

³⁶ Google highlights 2022 travel trends - Travel Talks Platform

Figure 7 - Major Trends in Consumer Behaviour and Travel Demands in 2022



Research conducted in 2019 by Compete Caribbean Partnership Facility (CCPF) entitled, ***Diversification of Caribbean Tourism Experiences***³⁷ (even though the research was conducted before the COVID-19 pandemic) provides some useful insights that can be beneficial to the further development of Saint Kitts and Nevis' tourism product offering. The CCPF report identified four (4) Community Based Tourism (CBT) activities for Caribbean MSMEs to prioritize based on high benefits and high US interest:

- **Local tourism-** community experiences with local people.
- **Food and beverage tours-** rum, coffee, and chocolate tours.
- **Traditional Cuisine-** Offered at family-run or local restaurants.
- **Farm to Table-** Culinary experience involving locally grown and prepared food.

Saint Kitts recognises that providing an authentic Kittitian experience was one area that needs improvement (2017 Resident Perception Survey). CBT is also largely untapped in Nevis. There is ample opportunity for development in Saint Kitts and Nevis, but specific projects must be developed and promoted. Saint Kitts currently offers rum distillery tours and both islands offer plantation tours but ways to innovate can be examined. Offering traditional cuisine is a low-hanging fruit for tourism MSMEs in Saint Kitts and Nevis but due attention must be given to quality standards, including food safety.

The CCPF research also highlighted that beach tourism will continue to remain a feature of Caribbean tourism, as sun, sea and sand are still motivating factors for travel to the Caribbean, but other factors highlighted earlier, are fast emerging. Tourists expressed a preference for transportation to be combined with packaged activities and were generally willing to pay more than current prices, as much as, USD 300 per CBT activity.

The thrust to develop and promote CBT experiences should be reflected in the destination's promotional

website and a menu of options/experiences should be highlighted. The current Saint Kitts Tourism Authority's website www.stkittstourism.kn does not have an "experience" menu option. "Our island" menu option includes "Voluntourism" through The Heart of Saint Kitts Foundation. The "Gone Limin" menu option includes "Farm-to Table Dinner" and "Spend a Day on the Farm" – these experiences and others, may be better positioned under a distinct "Community Based Tourism Experiences" menu option.

On the NTA's website (www.nevisisland.com), the "About Nevis" has an eco-tourism menu option which only features "coastline/sea turtle experience". The culinary experience option's landing page provides a short narrative with an embedded link for dining and drinking experiences (which takes you to bars and restaurants). The Nevis Mango Festival is featured under Annual Events, this event features several international chefs and cannot be deemed a CBT experience. Again, the marketing strategy should be assessed based on the destination's product strengths and diversification strategy. Menu options that feature only one activity suggests that there is room for development.

CBT experiences in Nevis and Saint Kitts can also be showcased across the destinations' various social media platforms.

4.3 Stakeholder Perspectives

The focus group felt that Saint Kitts and Nevis does not need to diversify its product offering but improve on what it has to offer, particularly in Nevis. Participants felt that not enough was being done to develop and promote CBT activities. The focus group participants from Nevis felt that the education niche was largely untapped, and the youth market could be further developed through the Medical University of the Americas (MUA), based on the island.

Nevis' tourism officials hope to strengthen the domestic tourism market, develop CBT activities and the yachting sector but the latter is limited due to a lack of adequate infrastructure. As part

³⁷ <https://traveltalksplatform.com/google-highlights-2022-travel-trends/>

of the Ministry of Tourism's product development strategy, it has been working with a consultant to develop its CBT offerings. Training has been undertaken in three communities- Butlers, the Saint Thomas parish community, and the Baths Village community. The Baths' hot sulphur spring was also identified by the focus group as

an area ripe for product development. As part of the CBT developmental process the Ministry is examining how to support local artisans, help the community develop their own activities and how to monetize their tourism attractions or heritage sites. The Permanent Secretary also highlighted the significance of the domestic market:

"In the early days of COVID probably one of the things that we saw was that there is quite a serious market in terms of domestic tourism, and that is often an untapped portion that we tend to overlook. So, we emphasised heavily on that, and we have seen a great improvement in terms of interest. Persons who every summer were accustomed to going to the UK and the US, because they were restricted in their travel, they were able to visit our sites for the first time, and you know they discovered things that that they hadn't discovered before and that gave a lot of opportunity for our local entrepreneurs."

Permanent Secretary, Ministry of Tourism, Nevis

While Saint Kitts does have a diversified product offering, all areas are not fully developed, the wellness niche is one identified by officials for expansion. Beyond this, there was no expressed need for different product offerings or market development. Saint Kitts tourism officials felt that

with relatively low air arrivals they would continue on a path to grow tourism through cruise arrivals but suggested it was not a mass tourism strategy due to the seasonality of the market and how they manage cruise passenger tours on days when ships are in port.

"As it relates to cruise tourism, in 2019 a second pier was actually built to accommodate additional cruise visitors and one of the things we have observed at the Tourism Authority is that we do have a lot of high volume tourists but we do have the capacity to take what the cruise lines bring and also those tours are very dispersed across the Federation so it's not like you have saturation in one particular area, so in terms of our, I think, with what you're leaning towards is whether or not we've done like a carrying capacity study. That has not officially been done as far as I know, based on the information that we do have, and based on what we've seen from the sector the destination is not saturated on any given cruise day because of the availability of what we have to offer and the way that the tours are disbursed on the timings and the volumes and so forth."

Deputy Chief Executive Officer, St. Kitts Tourism Authority

4.4 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

A SWOT Analysis was conducted for Saint Kitts and Nevis in order to determine the opportunities for diversification of the product offering- product and

marketing development. The opportunities are not limited to women owned MSMEs but to all MSMEs, however, there is a high percentage of women artisans in Nevis who need enhanced market access, and this is an area of support that the local administration could provide. The assessment for tourism product diversification is provided in **Table 6**.

Table 6 - SWOT Analysis for Tourism Product & Market Development



4.5 Policy Interventions

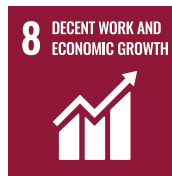
The following interventions are considerations for policy makers. These suggestions are not limited to agencies with responsibility for tourism, because strong inter-sectoral linkages are needed for the success of a destination:

- **Tourism Policy, Strategy and Action Plan Formulation:** There should be a National Tourism Policy that covers the two islands- a policy that articulates the development of niche markets that are sustainable and promote environmental conservation,

minimise impacts and maximise benefits to the local population. Saint Kitts Tourism Strategy needs updating and Nevis needs to establish its own Strategy and Action Plan for the sector. Current strategies in Nevis in particular, are reactive rather than proactive; lacking in product innovativeness and foresight. For Saint Kitts, a volume driven strategy is incompatible with a sustainable tourism agenda. The country should consider placing an annual cap on cruise ship passengers. This may be considered a bold move for any Government that seeks to satisfy grass-root “constituents” of craft and food vendors, taxi drivers, tour-guides, and others. However, this type of policy would serve to protect the island’s fragile marine environment (including coral reefs); provide some destination exclusivity; and create greater compatibility with its thrust to be a sustainable tourism destination.

- **Focus on Value over Volume, Packaging, and Inclusivity:** Product and market development should focus on attracting longer stay visitors and providing more authentic Kittitian and Nevisian experiences. More emphasis needs to be placed on developing community-based tourism activities for domestic and international tourists, and growing the creative sector to support culture, heritage, and the arts, as well as the events market. Inclusivity and the empowerment of women will be further enhanced through strengthening the on-line presence of tourism MSMEs, given that 70 % of visitors research a destination on-line, before booking.
- **Strengthen Evidence Based Approaches to Decision Making:** The implementation of a Tourism Satellite Accounting (TSA) system will provide a better picture of the economic contribution of tourism. The CTO suggests that countries can conduct “simulated” TSA exercises where TSA tables are populated using available data after which data gaps and weaknesses in survey processes can be identified. Data is needed on the value

of different categories of visitors, that is, expenditure data and length of stay; data on consumer demand trends in the regional travel market including the yachting sector. The monitoring and evaluation of on-line marketing strategies must also be supported by digital analytics.



- **Institute Measures to Address Solid Waste Management.** There is a litter problem on the island which is inconsistent with the destination’s commitment to environmental care and protection and sustainability. Measures could include a national anti-littering campaign, creation of branded garbage receptacles co-sponsored by the private sector, establishment of a recycling programme, enforcement of the Litter Act/ review of fines, and review and revamping of a litter warden programme.



Additional Resources

- Community Based Tourism Enterprise Handbook and Training Materials <http://ourtourism.onecaribbean.org/cbt-toolkit/>
- The Development of a Strategic Business Management Model for the Development of Heritage Tourism Products in the Caribbean [CRSTDP Heritage Tourism Report.pdf \(onecaribbean.org\)](#)

5. FOCUS AREA III: STAKEHOLDER ENGAGEMENT AND REGIONAL COORDINATION

5.1 Overview

Saint Kitts has undertaken several strategic actions to promote its pro-people approach which strives to place its people at the centre of development, allow them to participate in a meaningful way in tourism, and to create partnerships among the different stakeholders. Some of the initiatives undertaken by the tourism officials also speak to concerted actions to monitor and evaluate tourism development, social, environmental, and cultural impacts. Two programmes/activities are noteworthy:

I. Saint Kitts Sustainable Destination Council (SDC):

Saint Kitts and Nevis were early adopters of the Global Sustainable Tourism Council (GSTC) Destination Criteria. The SDC serves as an advisory council for the Ministry of Tourism with the aim to increase opportunities for locals and tourists to act as destination stewards. Currently, SDC instills sustainable tourism practices across public and private sectors, builds agencies' capacity to incorporate sustainability into daily operations, and creates opportunities for increased collaboration³⁸. Current activities that allow local stakeholders to be engaged in destination stewardship include marine and coastal conservation and reforestation; rails-to-trails project (re-purposing of the old sugar railway into a multi-recreational trail for tourists and residents) and other community tourism projects. The Heart of Saint Kitts Charter is one of the SDC's tools for promoting sustainable tourism management. The Charter aims to:

- Celebrate local businesses who commit to sustainability and help tell their unique sustainability story
- Harness collective action across the private sector to achieve positive impacts in the community

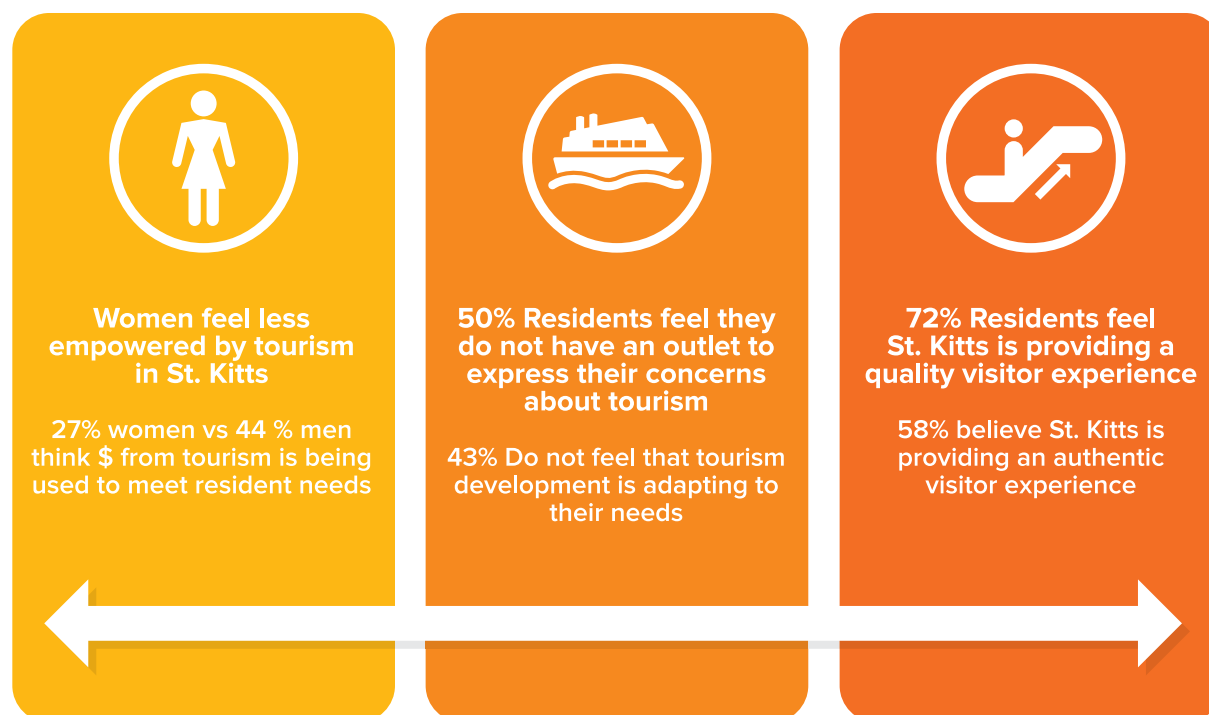
- Advance the objectives and impacts of Saint Kitts' SDC to improve the quality of life of all residents and enhance the tourism experience for all visitors.

A tourism satisfaction resident survey forms part of the monitoring activities of the SDC.

II. The Saint Kitts Resident Perception Survey:

The survey gives residents an avenue to provide feedback about tourism; helps to identify opportunities for improvement; garner qualitative data about residents' feelings, interest, needs and concerns; and guides inclusive tourism development and decision making. The last Resident Perception Survey was conducted in 2017 and the intention then was to conduct the survey every three years to monitor and evaluate changes. The survey was delayed in 2020 due to the pandemic but an updated survey was conducted in the last quarter of 2021, with results anticipated in the first quarter of 2022. Highlights of the 2017 Survey are presented in **Figure 8** (author's depiction). Among other things, the 2021 survey should seek to evaluate the progress made on the identified areas for improvement- to increase rural tourism activities, increase residents' involvement in tourism planning, and greater public awareness and education opportunities.

³⁸ St. Kitts' Sustainable Destination Council (SDC) Joins GSTC | GSTC (gstccouncil.org)

Figure 8 - Some Highlights from St. Kitts 2017 Resident Perception Survey

Nevis' approach to stakeholder engagement appears to be more ad-hoc than Saint Kitts and there was the perception by the focus group that there was a bias towards larger, more established players in the industry. This should be addressed to ensure greater inclusivity.

At the regional level, collaboration and coordination have been heightened between international and regional organisations since the pandemic. Collaborative efforts by countries and institutions sought to provide technical, social, and financial support in response to individual and business needs. As part of the FUT-Tourism Project, the UNDP Barbados and the Eastern Caribbean office has engaged in significant stakeholder consultations and collaborated with regional and tourism players in the public and private spheres (including MSMEs). Training and financial support have also been provided to tourism MSMEs.



The following examples of regional coordination and collaboration are also noteworthy:

- World Tourism Day Conference 2021 (September 27) – Virtual Caribbean Tourism Conference jointly hosted by the CTO, University of the West Indies (UWI), Caribbean Regional Public Health Agency (CARPHA), CHTA, OECS, Association of Caribbean States (ACS), Caribbean Development Bank (CDB), Inter-American Development Bank (IDB), UNDP, Global Tourism Resilience and Crisis Management Centre (GTRCMC), Organization of American States (OAS) and Compete Caribbean.
- Guidelines and Checklists for Safely Resuming Business Operations and Restoring Caribbean Tourism in 2020 – developed by CTO, CHTA, CARPHA, OECS and the GTRCMC.
- CARPHA's Tourism and Health Program (THP): Provides regional guidelines for response to traveller health issues in accommodation and

passenger ship settings, capacity building in food safety, hospitality health, safety and environmental standards. The Tourism and Health Information System (THiS)- is a web-based application for syndromic surveillance of populations in tourist accommodations. The system was developed by CARPHA in partnership with the CHTA, CTO and the IDB. This real time, early warning system is confidential and only accessible by national authorities. **See Appendix II- Coordination and Surveillance Pathway for THiS Web App** which illustrates the coordination required. The early warning system forms part of the approach to comprehensive disaster

risk management. The accommodation sector in Saint Kitts and Nevis is currently not participating in the implementation of THiS.

5.2 Stakeholder Perspectives

None of the focus group participants belonged to any type of business association, therefore opportunities to engage with other stakeholders would largely be initiated through government entities. While all participants acknowledged that the pandemic may have reduced the level of stakeholder engagement, one participant felt that tourism officials' invitations were selective:

"I would like to see the small businesses involved in certain governmental things for instance... invitations go out to big businesses, the hotels. I would like to see small businesses included."

I hope the Tourism Ministry include the smaller businesses at every level and not just the big businesses. I hope they can do more for the small businesses as much as they do for the big businesses because they get so much more from the government than the smaller guys. I just hope that they can be included in these kinds of things. People from the Ministry need to go around and see what is happening on the island they can't just sit in their offices."

Focus Group Participant, SKN01

SKN01 believed that co-ordination maybe happening but it doesn't reach down to the small businesses. Another participant questioned the necessity for four (4) tourism agencies for Saint

Kitts and Nevis and felt that more needed to be done to include Nevis. She also suggested that there were opportunities to have twinning events.

"I don't know if with the level of activities... we need four, two of everything on each island. I don't think the linkages between the two really works that much. If something is planned for St. Kitts, Nevis will hear about it by the way, after the fact. We had a night market in Nevis earlier this year and the overall Minister, the Minister of Tourism came over from St. Kitts. There are opportunities for that kind of linkage, but nobody bothers to push. I haven't heard of twinning something, everything is basically done separately."

Focus Group Participant, SKN02

Tourism officials in Saint Kitts have had ongoing engagement with stakeholders throughout the pandemic. In May 2020, the Ministry of Tourism conducted a COVID-19 Economic Impact Survey aimed at measuring the impact of the pandemic. The survey outreach also served to direct its stakeholders to avenues where they could receive assistance and access resources. The Ministry sought to engage as many stakeholders as possible by using office staff to complete the survey via telephone for stakeholders without email addresses.

Sensitization workshops are on-going for stakeholders to operate in the travel bubble- safe zones for tourism activity. COVID-19 Sensitization Workshops and training related to customer service in the COVID-19 environment have also been

taking place on an on-going basis in Saint Kitts and Nevis. Some taxi operators in St. Kitts felt that preference was being shown to “big companies” to operate in the travel bubble, but a meeting held, in November 2021 with the Saint Kitts Ministry of Tourism, the Tourism Authority and the Minister sought to address the perceived lack of inclusion and to explain the operation of the travel bubble.

The two islands are also benefitting from programmes to develop women owned MSMEs, with the support of the Ministry of Gender Affairs, the Small Enterprise Development Unit and funding from the Government of the Republic of China (Taiwan). Nevis also conducted training in May 2021 and noted the profile and interest of the women participants:

“We continue to push and promote the women entrepreneurs within the business. Through the Artisan Village, we continue to encourage and build them up. When the UNDP project came on stream, we reached out to many of them and sadly, some did not stay the course. But we see the potential for it, and we have begun to already consider what additional training that we would need to do within the sector. So, when we started with the small enterprise workshop earlier this year, we were very much surprised to have at least 22 persons come on board and a lot of these were new businesses, many of them were young female or partner owned so we wanted to enhance this with new topics. Some of them spoke about doing more financial management, some talked about the social media, of course, and digitalization and then surprisingly, some also talked about copyrights and infringement kind of topics as major, and the branding and standards. So those areas we may have to look at for our industry-specific training. So out of that we’re seeing these different skills and different concepts coming through. We’re hoping just to build on it.”

Product Development Officer, Nevis Ministry of Tourism

Officials in both islands expressed the desire for improved inter-agency cooperation in the public sector. One Saint Kitts Tourism Official noted:

“I think we’ve spent a lot of time, focusing on public-private sector partnerships and relationships, but very often we have the challenge of public sector to public sector cooperation or collaboration missing, it is a gap. We still tend to operate in silos not recognising that everything is integrated and the thing about it is, it affects us a lot in tourism, because all the other things impact tourism.”

Assistant Secretary, St. Kitts Ministry of Tourism

Nevis officials highlighted the need for greater cooperation on the collection of data (the statistic unit resides in the Ministry of Sustainable Development) and discussion with the Ministry of Finance on tourism sub-sector taxation issues. Saint Kitts officials believe that greater synergies could be derived from cruise tourism – improved

coordination could see more cruise passenger tours going to Nevis. At the regional level, it was felt that there should be continued marketing efforts to promote the Caribbean brand and while it would be a great to have a regional cruise tourism policy, one of the tourism executives noted the following:

“It would work if we can get all of the destinations to be on the same page. I mean COVID already proved difficult in just us identifying protocols, harmonized protocols for vessels that would have had several destinations on the same itinerary. Yes, so already we know that there is a challenge because each city is suffering so each destination makes their own decisions based on what may be happening on the ground at that particular point in time.”

Deputy Chief Executive Officer, St. Kitts Tourism Authority

5.3 Policy Interventions

The pandemic has highlighted how difficult it is to harmonize certain policies at the regional level. Arguably COVID-19 health and safety protocols governing border entry must be based on the current sources and level of transmission of the virus from the tourism generating region and the host population, respectively. However, contemporary challenges should not deter attempts to tackle some long-standing issues that hinder the development of Caribbean tourism and the protection of its ecological assets. These interventions will benefit Saint Kitts and Nevis and other destinations:

- Reducing regional airline ticket fees and taxes.** The cost of regional travel has been a perennial problem. For some Caribbean destinations, it has proven to be cheaper to travel to Florida than to fly to other regional destinations. Research and analysis conducted by the ACS reveal that intra-regional flights among Caribbean SIDS for extra-regional flights originating from outside of the Caribbean is weighted approximately 13 times heavier per nautical mile travelled than for its extra-regional counterpart. (Although the distance travelled on intra-regional flights is much shorter). On average, the base fare
- Developing Environmental Policies for Marine Tourism:** There has been a few unsuccessful attempts to develop a Regional Cruise Tourism Policy dating back to the 1990s. In the end the cruise-lines pit island Governments against each other and quickly trade one port of call for the next, resulting in the loss of revenue from head taxes and loss of income for hair-braiders, vendors, tour operators, guides, taxi-drivers, and others. A lower hanging fruit could be policies for environmental protection and polluter pay-

for a short-haul intra-regional flight, which excludes taxes and fees, costs an average of 4.8 times more per nautical mile than an extra-regional flight³⁹. Regional airlines and other tourism players such as the CTO have long argued that the fees and taxes on airline tickets are hampering the development of the intra-regional travel market. It is an issue that the former Chairman of CARICOM, Prime Minister Gaston Browne had placed on his agenda and made a reality in July 2021 for Antigua and Barbuda, which reduced airline ticket taxes by 50 per cent. The Government of Barbados has also reduced taxes on regional airline tickets. These recent initiatives illustrate what is possible, but more harmonization and cooperation is needed.

³⁹ Aviation Taxation Burden: An Examination of Caribbean SIDS | ACS-AEC

mechanisms to protect the region's blue economy- not only for touristic pursuits but also for food security. The Caribbean Sea is a common regional asset, threatened by climate change and needs protection. There must be greater stakeholder engagement, education, coordination and commitment to environmental monitoring and protection.

- **Capacity Development and Funding Mechanisms for MSMEs:** Ongoing strategies to empower women and enhance digital skills are needed. MSMEs need a more expanded view of what going digital means- not limited to social media marketing or online sales but for accounting, records management, and forecasting. Public and private sector leaders have noted that MSMEs need handholding, which means that more incubator programmes are needed. Even with funding from external sources, MSMEs need to know where funding is available and how to develop winning proposals. National and sub-regional financial institutions need to reassess what it means to be credit worthy. These institutions should work with Governments to provide guarantees and /

or reimagine financial mechanisms that could give MSMEs greater access. Targeted programmes for women entrepreneurs should consider their expressed needs and opportunities. Saint Kitts and Nevis can build capacity through financial management training, the development of the creative industries and related training in understanding intellectual property rights.

Additional Resources

- UNDP Finance Hub for SDGs and COVID-19 Recovery
[SDG Finance | \(undp.org\)](#)
- Integrated Policy Practitioners Network
[Integrated Policy Practitioners' Network | SDG Integration \(undp.org\)](#)
- Resuming Tourism Operations in Era of COVID-19
[Guidelines and Checklists – Resuming Operations – OneCaribbean](#)

6. RECOMMENDATIONS AND CONCLUSION

Saint Kitts and Nevis is well poised to take advantage of emerging consumer demands and travel trends. However, each destination must ensure that its strategies for tourism growth and development are genuinely compatible with a sustainable agenda- they must guard against “green-washing”.

Monitoring and evaluation are critical not only for the residents but the assets that form part of the country’s patrimony- land and marine based assets. Regional and international tourism trends are encouraging, and tourism businesses are cautiously optimistic for 2022 and beyond, but technical and financial support is needed for the digital transformation and product diversification of tourism MSMEs in the Caribbean, as too many remain off-line. The lessons learnt during the Covid-19 pandemic and the future of tourism in Saint Kitts and Nevis requires:

- (i) Robust health and safety protocols: if harmonized at least across the OECS, this will bolster intra-regional tourism
 - (ii) Further development of the intra-regional travel market given the global trends to shorter travel distances and longer stays
 - (iii) Agile tourism strategies that are anticipatory of hazard events arising out of climate change impacts, global economic shocks, and other crises
 - (iv) Inclusive and sustainable tourism that supports the development of niche markets with lower environmental impacts and products and markets that make a greater contribution to the local economy
 - (v) Strengthening of inter-sectoral linkages to increase GDP contributions and reduce leakages
 - (vi) Use of ICT tools and applications for marketing including crisis communication; and stakeholder engagement and collaboration with public, private, and community-based organisations
 - (vii) Market and product development to reduce the seasonality of demand of the various categories of visitors
 - (viii) Evidence-based decision making
- Value must take precedence over volume. Countries in the Caribbean, and even more so the smaller islands of the Eastern Caribbean, must recognize there is an incompatibility with a volume driven tourism development strategy and sustainability. The unmanaged expansion of cruise and air arrivals has incremental social and environmental impacts with implications for overcrowding, traffic management, sewage treatment, waste management, domestic transport, water demands, health, safety, security, and other issues. There must be a shift away from arrivals as a key performance benchmark to other quantitative and qualitative benchmarks that balance economic contributions with the social and physical/ ecological carrying capacity of the destination.

ANNEXES

Annex I- Interviewee Profiles

(a) Summary Profile of Saint Kitts and Nevis Tourism MSME Focus Group

Coded Name	Tourism sub-sector	Woman-Owned business	Business Registered	Business' On-line presence	On-line orders/ reservations	Process Payments On-line
SKN01	Tourism Services	Partially	Yes	Facebook, Instagram	N/A	No
SKN02	Attraction	Yes	Yes	Facebook	No	No
SKN03	Adventure Tourism & Recreation	Yes	No	No	No	No

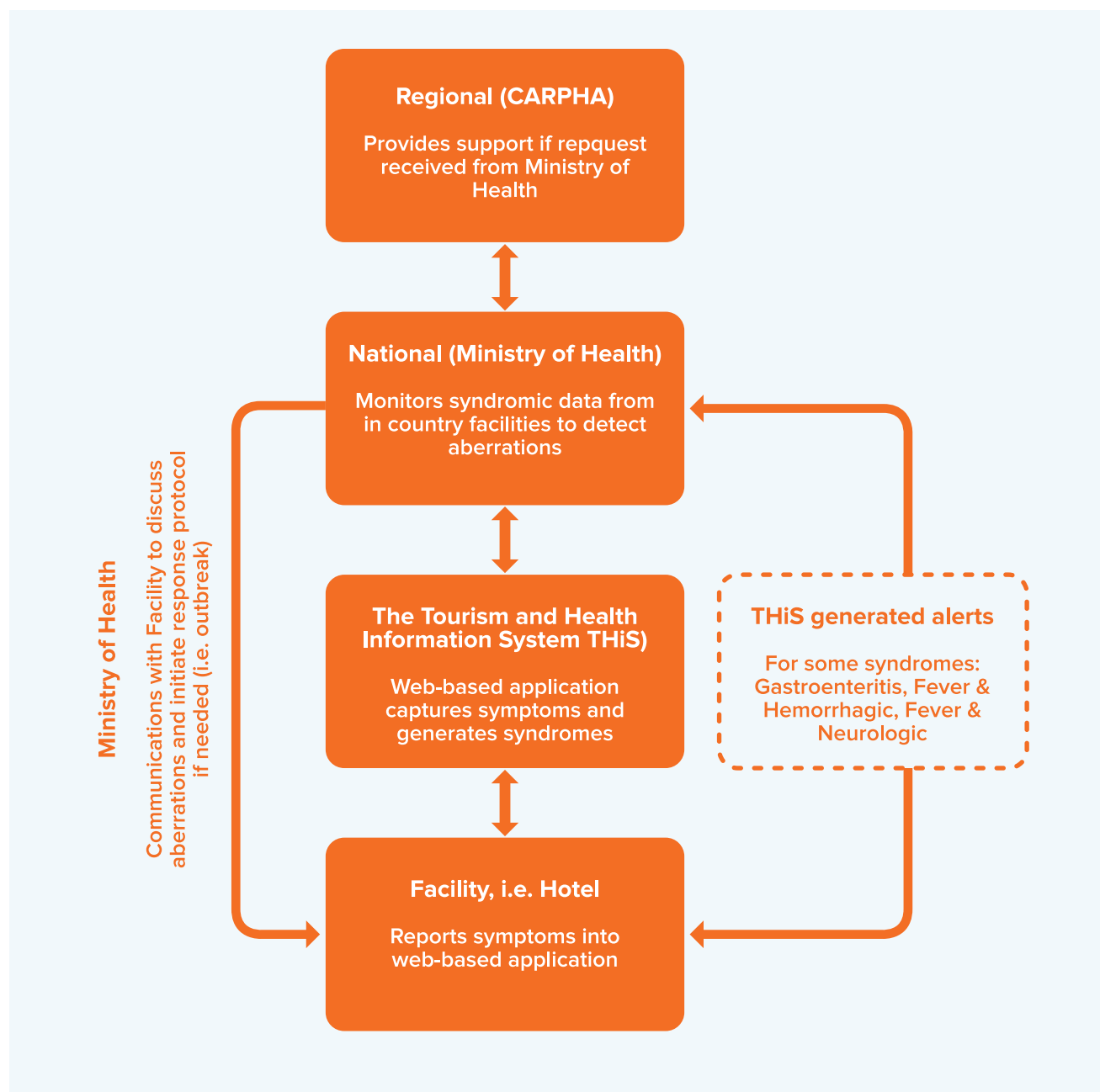
The focus group took place on November 24, 2021.

(b) Tourism Officials Interviewed (November 28th and November 29th, 2021)

- Diannille Taylor-Williams, Assistant Secretary, Ministry of Tourism,
- Novelette Morton, Senior Tourism Projects Officer, Ministry of Tourism,
- Melnecia Marshall, Deputy Chief Executive Officer, Saint Kitts Tourism Authority
- John Hanley, Permanent Secretary, Ministry of Tourism, Nevis
- Nicole Liburd, Product Development Officer, Ministry of Tourism, Nevis
- Devon Liburd, Director of Sales & Marketing, Nevis Tourism Authority



Annex II- Coordination and Surveillance Pathway for THiS Web App



Source: CARPHA, 2021⁴⁰

⁴⁰ CARPHA > THiS Hotel Based Surveillance





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