



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

**Tourism Diagnostic Report
Saint Vincent and the Grenadines**

United Nations Development Programme



FUTURE TOURISM: TOURISM DIAGNOSTIC REPORT SAINT VINCENT AND THE GRENADINES

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UNDP Barbados and the Eastern Caribbean
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ACRONYMS & ABBREVIATIONS

ACS	Association of Caribbean States
CARDTP	Caribbean Digital Transformation Project
CARPHA	Caribbean Regional Public Health Agency
CHTA	Caribbean Hotel and Tourism Association
CTO	Caribbean Tourism Organization
EC	Eastern Caribbean
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
NGO	Non-Governmental Organisation
NIS	National Insurance Scheme
NPRBA	National Parks, Rivers and Beaches Authority
OAS	Organization of American States
OECS	Organisation of Eastern Caribbean States
OTA	Online Travel Agent
SIDS	Small Island Developing State
SME	Small and Medium Enterprise
SVG	Saint Vincent and the Grenadines
SVGHTA	Saint Vincent and the Grenadines Hotel and Tourism Association
SVGTA	Saint Vincent and the Grenadines Tourism Authority
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNWTO	United Nations World Tourism Organization
USD	United States Dollar
UWI	University of the West Indies
WB	World Bank
WTTC	World Travel and Tourism Council
XCD	Eastern Caribbean Dollar

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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 Vincent and the Grenadines declined 67 per cent in 2020. A large percentage of the unemployed in the tourism sector would have been women in the accommodation and food service sub-sectors (approximately 54.9% of women in the labour force have been employed in these sub-sectors). The eruption of the La Soufrière Volcano in 2021 on mainland Saint Vincent, compounded the pandemic's effects of depressed tourists' arrivals.

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 diagnostic report focuses on Output 1.2 of the overall project and seeks to develop a country specific tourism diagnostic for Saint Vincent and the Grenadines. 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 other private sector interviews, 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 Vincent and the Grenadines. 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 Vincent and the Grenadines has a weak digital infrastructure characterised by low Internet usage in the population (21 per cent); low mobile cellular subscriptions (93 per 100 inhabitants) and low fixed broadband subscriptions (20 per 100 inhabitants). Additionally, a high percentage of residents are employed in the informal sector-representing approximately 38.1 per cent of the

entire economy and includes family businesses and self-employed owners of the businesses (majority MSMEs). While a large informal sector compounds other SIDS-related vulnerabilities, it also amplifies the needed for digital transformation. Since 70 per cent of visitors research a destination on-line before booking, opportunities for digital entrepreneurship starts with online service and product launches. However, the relatively high cost of connectivity, access to devices and a lack of knowledge or know-how are barriers for technology adoption and digital transformation. Without addressing affordability and connectivity, it is uncertain what type of traction mobile payment systems such as the recently launched DCash will gain. There are opportunities for digital entrepreneurship by tourism MSMEs in the creative sector to support festival and events tourism and opportunities for youths to support the digital transformation of MSMEs, given their high affinity to technology adoption. 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 communities.

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

As a tourism brand, the country has a diversified product mix, but would benefit from product and market development. The changes in travel demand and consumer behaviour brought on by the COVID-19 pandemic, point to growing interest

in sustainability, outdoor activities and travel to new destinations. This creates opportunities for the country in nature-based tourism, adventure tourism, eco-tourism, the wellness market and voluntourism. Opportunities in the latter niche being amplified due to the recent volcanic activity at La Soufrière. Community-based tourism (CBT) activities should also be developed given the potential interest and higher visitor spend from the United States market and the strong linkages that can be made with agro-tourism and the creative economy. Women can play a significant role in CBT activities, craft, culinary tourism, and agro-processing, but would need access to training, technical and financial support for quality standards, packaging, and promotion. Saint Vincent's expanding room stock and increasing international connections suggest that there are opportunities to grow the North American, European and intra-Caribbean markets.

III. Stakeholder Engagement and Regional Coordination

Several stakeholder consultations were held with various tourism sub-sectors in the lead up to a Virtual Tourism Stakeholder Conference held from 4-5 August 2021. However, the diagnostic study's focus group participants felt that there was a lack of genuine stakeholder engagement. While significant investments are being made in the development of tourism in Saint Vincent and the Grenadines, the state also needs to ensure that there is a balance and distribution of benefits between rural and urban communities, and mainland Saint Vincent versus the Grenadines. This was an issue that arose during the interviews and during the Question & Answer session of the August 2021 conference. Stakeholder engagement must lead to genuine participation and input by the citizenry, as such, key policy interventions are an updated Tourism Policy and the establishment of a mechanism for stakeholder engagement e.g. a Sustainable Destination Council or some other locally engineered partnership between the residents and the private and public sector tourism stakeholders. This will build awareness; encourage

buy-in; promote entrepreneurship; and inclusivity. At the regional level, the calls for a regional air transportation policy and a reduction of regional airline ticket taxes to boost intra- Caribbean travel, continue.

Mobile phones are an important tool to empower women, and technology is viewed as a major accelerator of economic growth and development, and an important driver of progress towards the 17 Sustainable Development Goals (SDGs). A whole of society approach is needed if the country is to make significant strides in digital transformation. Sustainable tourism development in Saint Vincent and the Grenadines requires a greater concentration on unique 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 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 (EC) 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), 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 tourists¹. 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 & Tourism GDP contributions in countries of the Organisation of Eastern Caribbean States (OECS), such as Saint Vincent and the Grenadines declined 67 per cent, Saint Lucia 71.7 per cent, Dominica 64.6 per cent, Saint Kitts and Nevis 72.3 per cent and Grenada 65.5 per cent (WTTC, 2020)².

Over 680,000 Caribbean Travel & Tourism jobs were lost, the majority in the Small & Medium Enterprise (SME) sector (WTTC, 2020) 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 activities in tourism than in other

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/Research/Economic-Impact>

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/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% of businesses and more than 50% 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 & Tourism rebound in the Caribbean started in 2021, recovery has taken much longer than anticipated as some countries have 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, has 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 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-male virtual focus group of tourism MSMEs, two from Saint Vincent and one from the Grenadines, and a virtual interview with two (2) representatives from the Saint Vincent and the Grenadines Hotel and Tourism Association (SVGHTA).

Focus group participants were selected from the UNDP's Tourism MSME database which was created for the FUT-Tourism Project. The Saint Vincent and the Grenadines (SVG) database comprised of 112 MSMEs⁵. Thirty-one participants (31) were issued invitations and the participants were purposively selected to ensure representation from the 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.

The focus group participants took part in the project's digital skills training programme and therefore had the requisite skills and confidence to engage with the Consultant. The focus group participants were anonymized, and their names coded (e.g., SVG 11) to protect their identity. **See Appendix 1 - Interviewee Profiles.**

Multiple interview requests were made to tourism public sector officials, but a meeting could not be arranged within the project's timetable. The Ministry of Tourism, Civil Aviation, Sustainable Development and Culture did participate in the project's kick-off meeting held in October 2021.



⁵ The MSME database had several 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.

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 Vincent and the Grenadines but focuses on the themes and related issues that emerged during the project’s Regional Policy Dialogue, 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 does 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. As the diagnostic will illustrate, there is low Internet usage by the local population and the cost of connectivity is relatively high. Therefore, lack of connectivity, devices and/or digital skills may have prohibited participation by some MSMEs.

Due to the limited availability of tourism polices, plans and strategies online, the Consultant had to resort to non-traditional sources to acquire more up-to-date information. This included La Soufrière Volcanic Eruption Sector Reports, budget speeches, statements by the Ministers with responsibility for Tourism and Finance and listening to the August 2021 two-day Tourism Stakeholders Conference via Facebook. The draft Tourism Master Plan has not been approved by Cabinet and therefore could not be shared with the Consultant.

Additionally, the Consultant was constrained by time, as six (6) diagnostic studies including this report for Saint Vincent and the Grenadines, 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 or potential interviewees tardy or unresponsive.

Figure 1- Caribbean Tourism Sub-Sectors



Source: CTO⁶, 1999

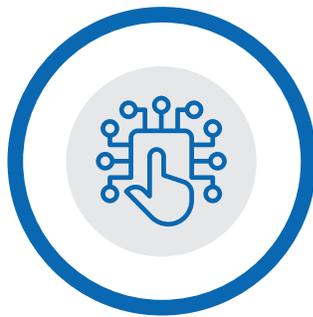
⁶ Caribbean Tourism Organization (1999). A Guide to Tourism Careers, Education and Training in the Caribbean.

1.5 Structure of the Report

The diagnostic report for Saint Vincent and the Grenadines focuses on three (3) of the four (4) priorities identified in the Regional Policy Dialogue (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 overall recommendations and conclusion.

Cognizant of the significant role that women play in the Caribbean, MSMEs and tourism sectors, 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 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

The section includes an assessment of the economic contribution of tourism to the economy, a review of tourism performance by source markets, category of visitors and purpose of visit. 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

This 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 over-arching 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 Vincent and the Grenadines in Brief

Saint Vincent and the Grenadines (SVG) is an archipelago with 32 islands, and islets, which include nine inhabited islands – Saint Vincent, Young Island, Bequia, Mustique, Canouan, Mayreau, Union Island, Palm Island and Petit Saint Vincent. The uninhabited Tobago Cays is a protected marine park made up of five islets bordered by a reef⁸.



SVG has a shared West Indian history of European colonisation and the enslavement of Africans. It was ceded to Great Britain in 1763 and was briefly under French rule from 1779 until 1796. The 18th century ended with war and genocide, culminating with the exile of 5,000 Garifuna to Balliceaux, and their remaining survivors to parts of Central America. The end of the 19th century and the beginning of the 20th saw two natural disasters– the 1898 hurricane, which killed 400 and left 20,000 homeless, and the 1902 eruption of the La Soufrière volcano, which buried nearly 2,000 Vincentians, mainly of Garifuna descent. Another eruption of La Soufrière in 1979, created loss and damage of more than US\$100 million, and forced the evacuation of 20,000 citizens.⁹ SVG passed through a variety of stages as a colony and eventually became the last of the Windward Islands to achieve independence from Britain in 1979.

Today, the country's economy is driven by agriculture and fisheries, including more recently, the export of medicinal marijuana, and tourism. The decline in the previously main agricultural commodity- banana, has been attributed to

crop diseases, and more significantly the loss of preferential market access to the traditional UK market. However, it is the government's intention to continue to grow the agriculture sector while diversifying its economy through tourism. The country's marine environment and 12,700 hectares of tropical forests provide diverse tourism attractions including national parks, waterfalls, the volcano and black-sand beaches.

Another feature of SVG's economy is the high percentage of residents employed in the informal sector- representing approximately 38.1 per cent of the entire economy and includes family businesses and self-employed owners of the businesses. This is a source vulnerability, as informal employment is often more unstable, and workers are unlikely to benefit from social security coverage. An estimated 18 per cent of women in SVG are employed part-time and more women than men rely on public assistance.¹⁰

SVG's economic woes arising out of the COVID-19 pandemic were exacerbated by the eruption of the La Soufrière volcano. After 40 years of low activity, increased activity commenced in December 2020 and an explosive volcanic eruption occurred on 9 April 2021 causing evacuation of 20,000 persons in the northern region. The eruptions continued for several weeks until abatement in May 2021.

Apart from SVG's vulnerability to natural disasters and economic shocks, as a Small Island Developing State (SIDS), the country's 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

⁸ <https://discoversvg.com/what-to-do/yachting/>

⁹ 2021 Budget Speech. Hon. Camillo Gonsalves, Minister of Finance, Saint Vincent and the Grenadines.

¹⁰ UNDP, UNICEF and UN Women (2020). Saint Vincent and the Grenadines. COVID-19 Heat Report: Human and Economic Assessment of Impact

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 or damage to ecological assets and historical monuments through natural disasters or climate change, translates into lost opportunities for tourism and a diminished visitor experience.



One of the lessons of the COVID-19 Pandemic is that it is dangerous to place all economic eggs in the tourism basket.

Even in tiny economies, an overreliance on a single sector only increases vulnerability. However, as we will no doubt see in the pace of our neighbours' post-COVID-19 recovery, our tourism basket is not yet large enough. We are committed to not only helping our existing tourism sector to recover, but also to expand tourism in Saint Vincent and the Grenadines to create greater opportunities for jobs and economic growth. At the same time, we reiterate that we have no desire to abandon other sectors and areas of strength in a short-sighted, headlong pursuit of an oversaturated regional hospitality sector.



Hon. Camillo Gonsalves, Minister of Finance,
Saint Vincent & the Grenadines
2021 Budget Speech

FACT SHEET



Population:
110, 593
(WB 2019 data)



Gross Domestic Product (GDP):
USD 825,040,740.741
(WB 2019 data)



Income Group:
UPPER MIDDLE INCOME
(WB, 2020)



CO2 Emissions (metric tonnes per capita):
2.541
(WB 2018 data)



Agriculture, forestry and fishing value added:
(% OF GDP): 7
(WB 2020 data)



Industry (including construction) value added:
(% OF GDP): 14
(WB 2020 data)



Total Contribution of Travel & Tourism to GDP:
16.4% OF TOTAL ECONOMY
(WTTC 2020 data)



Total Contribution of Travel & Tourism to Employment:
14,200 JOBS, 38.2% OF TOTAL EMPLOYMENT
(WTTC 2020 data)



Mobile Cellular Subscription (per 100 inhabitants):
93
(ITU 2019 data)



Active mobile broadband subscriptions per 100 inhabitants:
58.2
(ITU 2019 data)



Individuals Using the Internet:
(% OF POPULATION): 21
(ITU 2019 est.)



Fixed-broadband subscriptions per 100 inhabitants:
20
(ITU 2019 data)

Sources: World Bank (WB, 2021)¹¹; International Telecommunications Union (ITU, 2021)¹²; World Travel and Tourism Council (WTTC, 2021)¹³

¹¹ <https://data.worldbank.org/country/st-vincent-and-the-grenadines?view=chart>

¹² Digital trends in the Americas region 2021 (itu.int)

¹³ <https://wtcc.org/Research/Economic-Impact>

2.2 Tourism in Saint Vincent and the Grenadines

2.1.1 Significance of Tourism to the National Economy

Buoyed by a relatively new international airport and the expansion of the hotel room stock, tourism is gaining more prominence in SVG. The Government sees tourism as a valuable tool to promote economic growth by providing jobs, foreign exchange and infrastructural development. Data from WTTC (2020) indicates that Travel & Tourism accounted for 44.8 per cent of total employment (19,700 jobs) in 2019 and contributed 41.7 per cent to GDP, valued at XCD 958.9MN (USD355.2MN).¹⁴

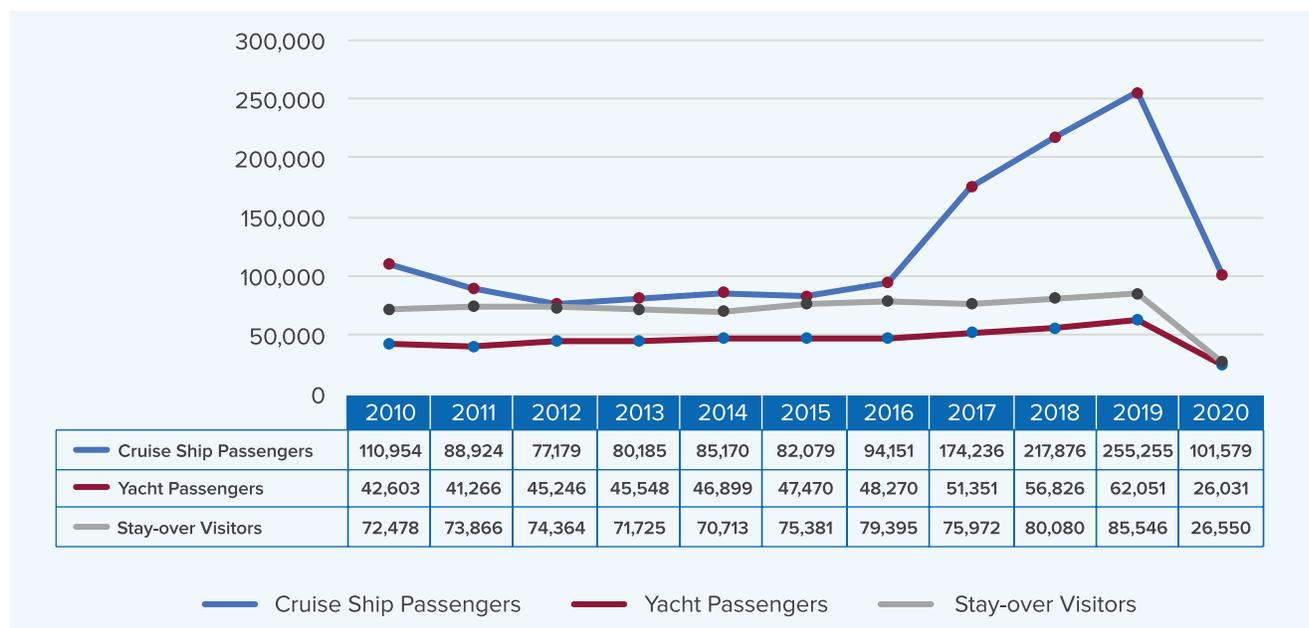
Over the years, the sector’s development has been supported and guided by, inter alia, the Saint Vincent and the Grenadines Tourism Policy (2003), a Marine Tourism Policy and the more recent (though still dated), 2011 Organisation of Eastern Caribbean States (OECS) Common Tourism Policy.

The Government is in the process of developing a Tourism Master Plan but will also need to update its 2003 Tourism Policy to reflect its strategy for sustainable development, current hazard threats, and the opportunities and challenges for the blue and green economies.

2.2.2 Tourism Demand & Trends

Over the period 2010-2019, the country’s stay-over arrivals remained relatively flat averaging 75,952 over a ten-year period, while cruise passenger arrivals demonstrated a gradual increase from 2016 up to 2019, before the impact of COVID-19. By the end of 2020 stay-over arrivals and cruise arrivals had decreased by 69 per cent and 60 per cent, respectively. The yachting arrivals, like stay-over arrivals were largely stagnated over the 10-year, pre-pandemic period, and declined by 59 per cent, similar to cruise tourism between 2019 and 2020. There was an almost equal visitation level of stay-over visitors and yachties in 2020 (See Figure 3).

Figure 3 - Comparison of Cruise, Yacht and Stay-over Visitors 2010 - 2020



Source: ECCB

It is anticipated that public sector investment in sites and attractions; and the increase in the room stock over the next three years by Sandals Resort, Marriott Resorts, Holiday Inn Express, Royal Mill

Hotel and others, will complement the destination’s effective use of other elements of the marketing mix (digital promotion and distribution) to increase stay-over visitors.

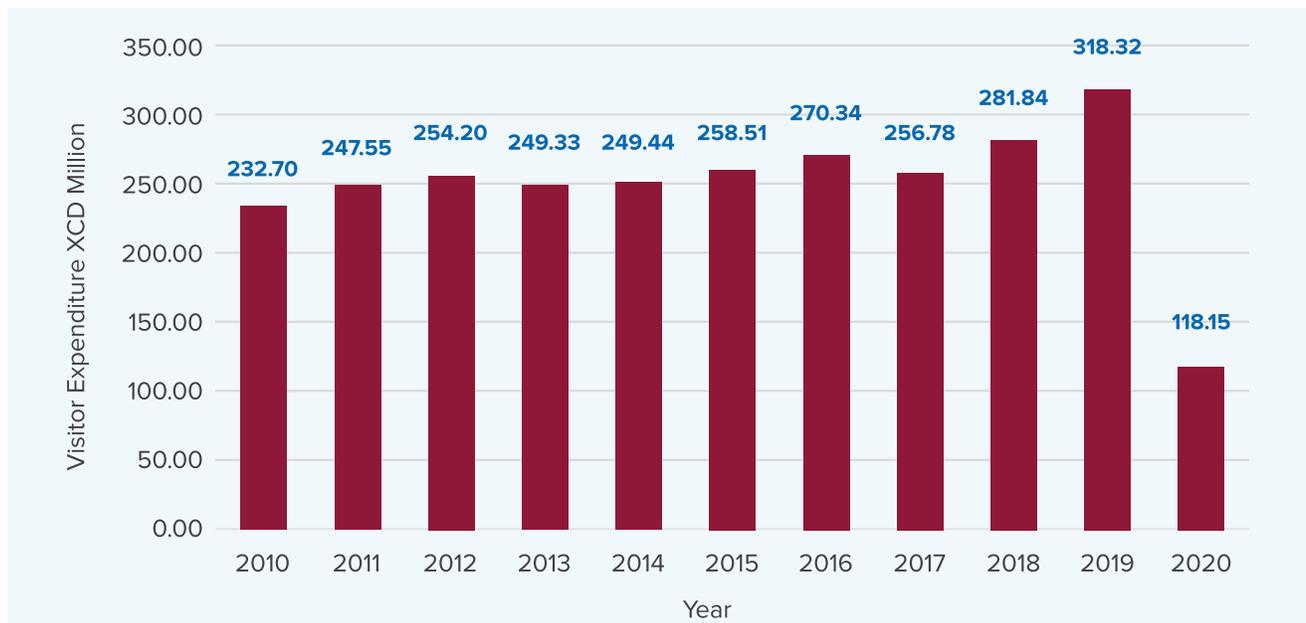
¹⁴ <https://wtcc.org/Research/Economic-Impact>

Further analysis of the data, demonstrate that total visitor expenditure had stagnated between 2012 and 2015 (See Figure 4) and despite the increases in cruise and yacht arrivals in 2017 from the previous year (see data table in Figure 3), the decrease in stay-over visitors caused a decline in total visitor expenditure. However, a rebound in 2018, had a positive impact on tourism receipts.

Though cruise expenditure data was not available for SVG, comparative data for other EC destinations and studies conducted by Duke University Global

Value Chains Center (2017) on the Caribbean cruise industry, highlights that the cruise market only contributes between 5 – 7 per cent of total visitor expenditure. Additionally, only 48 per cent of cruise passengers would be willing to return for a land-based vacation in the next three years. Without data on conversion rates of cruise passengers to land-based tourists; passenger expenditures; environmental impact (marine and land) and a fair cost-benefit analysis of port expansion - the overall impact of cruise tourism is unknown.

Figure 4 - Visitor Expenditure XCD Million 2010 - 2020



Source: ECCB

While there is no data for the economic impact of the yachting sector in Saint Vincent and the Grenadines, the multiplier effect and value added to the local economy exceeds the contribution of the cruise sector due to the following:

- A longer length of stay;
- The direct employment generated at marinas for provisioning and repairs;
- The indirect employment generated in the various tourism sub-sectors e.g., tours, taxi services, car rentals, restaurants, supermarkets, laundry services, fuel operations, financial services; and

- Participation in community-based tourism activities.

Evidence from other jurisdictions (e.g. Grenada, Saint Lucia) and the previously cited research by Duke University suggests that the yachting sector is a more lucrative market to pursue than cruise tourism, and less environmentally damaging.

The analysis of data for the period 2015 to 2020 revealed that the Caribbean was the main tourism source market for stay-over arrivals in 2016 and 2017 and from 2018 onwards, the US market became the leading source market, with the Caribbean relegated to second place (See Table 1).

Table 1 - Stay-over Visitors by Source Markets 2015 - 2020

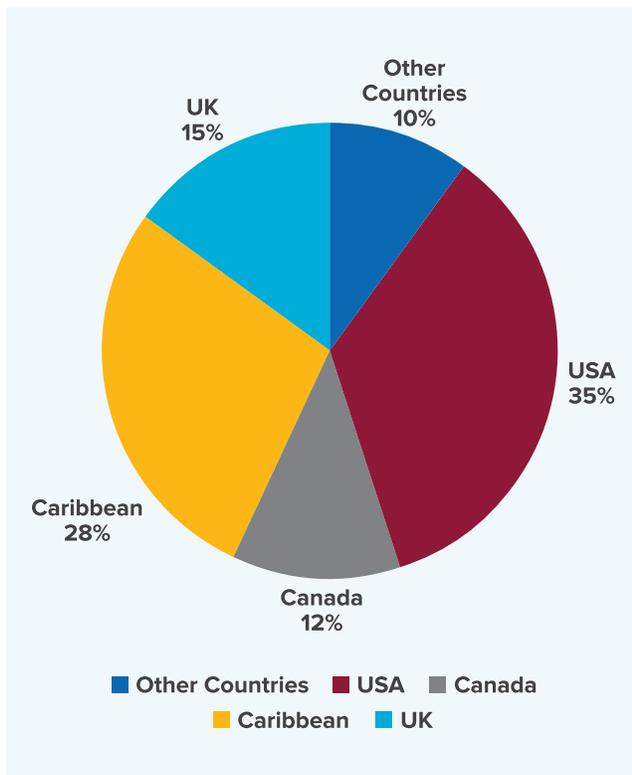
	2015	2016	2017	2018	2019	2020
No. Stay-over Visitors - Other Countries	7,192	7,040	7,168	7,141	8,167	3,143
No. Stay-over Visitors - USA	22,063	23,086	23,320	26,351	29,737	9,515
No. Stay-over Visitors - Canada	7,515	7,905	8,690	9,822	10,483	3,975
No. Stay-over Visitors - Caribbean	21,566	24,390	24,924	23,807	24,027	4,282
No. Stay-over Visitors - UK	17,045	16,974	11,870	12,959	13,132	5,635
Total Stay-over Visitors	75,381	79,395	75,972	80,080	85,546	26,550

Source: ECCB

Pre-covid, in 2019, the US market accounted for 35 per cent of stay-over visitors, the Caribbean 28 per cent and the United Kingdom (UK), 15 per cent (See Figure 5). There were major declines in each

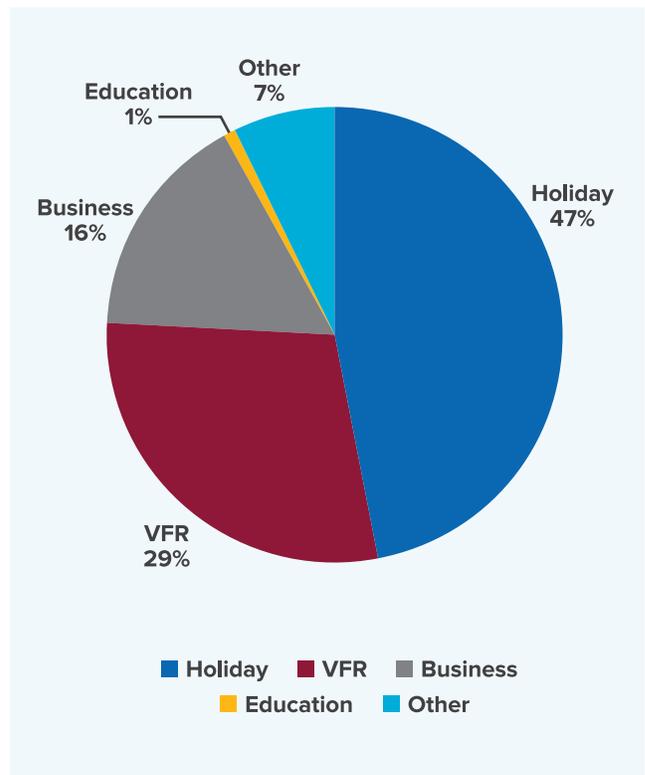
source market in 2020 when compared to 2019. The UK eclipsed the Caribbean as the second major source market and the main US market declined by 68 per cent in 2020.

Figure 5 - Distribution of Stay-over Visitors by Source Market in 2019 (Pre-Covid)



Source: ECCB

Figure 6 - Distribution of Tourist Arrivals by Main Purpose of Visit 2019



Source: CTO

As **Figure 6** illustrates the main purpose of visit for stay-over arrivals in 2019 was Holiday followed by Visiting Friends and Relatives (VFR).

2.2.3 Impact of COVID-19

Like many destinations in the region and internationally, Saint Vincent and the Grenadines was severely impacted by the COVID-19 pandemic. According to WTTC (2021), SVG's Travel & Tourism employment levels were down 27.8 per cent and GDP by 67 per cent in 2020 when compared to 2019¹⁵. A large percentage of the unemployed in the tourism sector would have been women, greatly impacted by the decline in the accommodation and food service sub-sectors (approximately 54.9% of women in the labour force have been employed in these sub-sectors). The reduced supplemental income from remittances due to the impact of the pandemic, also compounded women's socio-economic vulnerability and only those formally employed would have benefited from the National Insurance Scheme (NIS). Additionally, the events sub-sector and festival tourism would have been greatly impacted by the cancellation of Vincy Mas, the Bequia Easter Regatta, and the Union Island Easter Festival, the Kingstown Corporate Credit Union National Dance and the Gospel Festivals (UNDP, UNICEF and UN Women, 2020).¹⁶

The Ministry of Tourism sought to cushion the impact of the pandemic on tourism MSMEs stakeholders through an income support programme for a period of 3 to 6 months. Land taxi operators, water taxi operators, tour bus operators, cultural and allied professionals - art and craft, musicians, drummers, dancers, live production and entertainment providers were among the beneficiaries of income support. Formally employed hospitality workers such as Bartenders, Front Office and other support staff received income support through the NIS.

Data from the Saint Vincent and the Grenadines Tourism Authority (SVGTA), as depicted in **Figure 7**, highlights that each visitor category continued to struggle in 2021. Stay-over arrivals were down 18.6 per cent for the period January to September 2021 when compared for the same period in 2020. Cruise and yacht visitors were down 99.8 percent and 90.6 per cent, respectively. However, the cruise market is expected to rebound in the 2021/2022 cruise season with 224 tentative bookings, including 14 inaugural calls¹⁷. There is also optimism for improved performance in other visitor segments in 2022 as more events come back on-stream including Vincy Mas (albeit a scaled-down version).



¹⁵ <https://wtcc.org/Research/Economic-Impact>

¹⁶ UNDP, UNICEF and UN Women (2020). Saint Vincent and the Grenadines. [COVID-19 Heat Report: Human and Economic Assessment of Impact](#)

¹⁷ Opening address by Minister of Tourism Civil Aviation, Sustainable Development and Culture, Hon. Carlos James at Virtual Tourism Stakeholder Conference (4-5 August 2021)

Figure 7 - Visitor Arrivals Between Q1- Q3 2020 and 2021



Source: Saint Vincent and the Grenadines Tourism Authority. Note- 2021 Cruise data is not reflected as the cruise season starts in November, Q4.

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 quarter of that year (UNWTO, 2021).¹⁸

According to the World Travel and Tourism Council (WTTC), which presents 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 this year, compared to just 30.7 per cent globally. The Caribbean is now benefiting from more relaxed restrictions around the world and low infection rates, which is in turn boosting international travel spend and aiding the region’s swift 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, 2021).

¹⁸ World Tourism Organization (2021). World Tourism Barometer. Volume 19 (5) September 2021

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% (WTTC, 2021)¹⁹.

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.



¹⁹ 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 (ICTs). 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)²⁰.

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

²⁰ World Bank (2020). Acceleration Digital Transformation in Zambia. Digital Diagnostic Report. The World Bank

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 disadvantaged communities, cannot easily adapt from face-to face 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 it is 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).²¹

Recent research by the ITU (2021)²² points to gender parity in Internet usage in the Americas, a region of 35 countries, which includes SVG 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 (WB) 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 2** presents the digital economy levers and a description. These levers have been used to provide a digital diagnostic for SVG in Section 3.2.

²¹ Measuring Digital Facts and Figures 2020. International Telecommunications Union. <https://www.itu.int/en/itu-d/statistics/pages/facts/default.aspx>

²² ITU (2021) Digital Trends in the Americas 2021. International Telecommunications Union

Table 2 - 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)²³

3.2 Saint Vincent and the Grenadines’ Digital Economy

SVG is among four beneficiary EC countries for the WB funded Caribbean Digital Transformation Project (CARDTP), being implemented by the OECS Commission. The development objective of the project is to increase access to digital services, technologies and skills by governments, businesses and individuals in the participating countries. The project entails three components:

- **Component 1:** Digital Enabling Environment- aims to support the development of a positive enabling environment for the region’s digital economy that drives competition, investment and innovation while promoting trust and security of online transactions.

- **Component 2:** Digital Government Infrastructure, Platforms and Services- aims to support public sector modernization, resilience and delivery of digital public services to individuals and businesses.
- **Component 3:** Digital Skills and Technology Adoption- aims to better equip individuals and businesses across the region for the jobs and economy of the future and to spur innovation and productivity growth.²⁴

According to the WB (2021), the annual work plan for SVG focuses on implementing turnkey solutions to enable digital service delivery while developing the foundational elements of digital government to enhance digital public service delivery. As part of the project, 6,500 tablets were distributed to students to support distance learning.²⁵

²³ World Bank (2020). Acceleration Digital Transformation in Zambia. Digital Diagnostic Report. The World Bank

²⁴ Caribbean Digital Transformation Project (CARDTP) (oecs.org)

²⁵ <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/547911631461931983/disclosable-version-of-the-isr-caribbean-digital-transformation-project-p171528-sequence-no-03>

Digital infrastructure- data compiled by the ITU (2021)²⁶ demonstrates that SVG has low mobile cellular subscriptions and only one fifth of the population using the Internet:

- **58.2 active mobile broadband subscriptions** per 100 inhabitants
- **20 fixed-broadband subscriptions per 100 inhabitants** – this is greater than the global average
- **93 mobile cellular subscriptions per 100 inhabitants** – this performance is middle of the range in the Americas. Saint Kitts and Nevis and Antigua and Barbuda are regional front-runners with 148 and 193 subscriptions, respectively
- **21 percent of individuals use the Internet** (compared to 81 per cent in Saint Kitts and Nevis and 51 per cent in Saint Lucia)

Technology adoption in SVG is challenged by the relatively high cost of mobile voice and data.

Digital skills assessment is highly subjective as it is 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 digital skills for SVG's tourism MSMEs cannot be made.

Digital entrepreneurship- It is anticipated that the CARDTP will enhance digital entrepreneurship in all sectors as it is expected to contribute to increased digital connectivity, digital public services and the creation of technology-enabled businesses and jobs. Training provided as part of the UNDP-FUT Tourism Project would have also enhanced tourism MSMEs' ability to transform their on-line presence, service delivery and product offerings however, low Internet usage by the population stymies digital entrepreneurship.

Digital Platforms and Digital Financial Services:

SVG is ranked 109 out of 193 countries globally on the 2020 United Nations E-Government Survey and is considered in the middle group of countries on the Online Services index (OSI). The OSI assesses the national online presence of all 193 United Nations Member States. SVG has a high levels of human capital development but underperforms in online services delivery, owing to under- developed infrastructure.²⁷

SVG is also 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 the instant receipt of 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 participating financial institutions and agents for DCash in SVG (as at January 2022) are:

- The Saint Vincent Co-operative Bank Ltd
- RBTT
- Kingstown Co-operative Credit Union
- The General Employees Co-Operative Credit Union Limited
- Bank of Saint Vincent and the Grenadines
- SVG Teachers Co-operative Credit Union Ltd

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.²⁸

3.3 Stakeholder Perspectives

All of the tourism MSMEs interviewed for this diagnostic study were beneficiaries of the digital skills training provided through the UNDP FUT-Tourism Project. Each of the tourism MSMEs were impacted differently by the COVID-19 pandemic-those on the mainland however, had to also contend with the impact of the volcanic activity. The tourism MSME interviewee from the Grenadines was able to reap some of the benefits from the

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

²⁷ United Nations E-Government Survey 2020. Digital Government in the Decade of Action for Sustainable Development. [2020 UN E-Government Survey \(Full Report\).pdf](#)

²⁸ <https://www.dcashec.com/about>

increase in domestic tourism from the mainland and in the case one of the MSMEs located in the northern region of the volcanic activity, there was a complete cessation of tourism activity in his area (up to December 2021). The North Leeward tourism MSME, as part of a Non-Governmental Organisation (NGO), offers a cultural tourism product and eco-tourism tours, including hikes. The

downtime is being used to digitally transform the organization and their operations. The focus group participant from North Leeward also indicated that with the grant funding from the UNDP-FUT project he intended to buy a computer and a camera that would enable him to produce high quality digital products.

“Well, what we have done is that we have moved digitally where we take pictures and live stream our band. We have done a video for UWI for our independence. Though we don’t have the natural collateral it is something that will help us in the future. Also, we opened for teaching. We are teaching the youths the rudiments of the drum... We are doing it more digitally where we show our trails and the sites that we have.”

Focus Group Participant, SVG12

The focus group participants had heard of the launch of DCash, and while they could not be regarded as early adopters, they saw the possibility for adoption once business improves

and customers demand it. They did not express any scepticism and acknowledged the benefits of digital payment systems to their business operations.

“For me, just as everything else, I don’t jump on board immediately. I prefer to see how it’s going before, especially with COVID you have to wait and see the business, you know, coming in- that there is a need and makes more sense yeah for me. It has to be about efficiency. It’s just like as we move with the times, a lot of times guest would come in and ask you, Do you have this? Do you accept this card? or Do you do this? Do you have a credit card machine? I mean we have both the stationary one and also, we have a portable credit card machine so if we have to meet somewhere else and they have a credit card, they don’t have cash you could always swipe that and have it processed. So, with everything I guess it’s just a matter of time to see the need.”

Focus Group Participant, SVG 11

“If we see it’s needed, especially with the direction we’re heading towards in terms of working with other local providers- so it will be easy way once they are onboard with it. It would be an easy way for us to distribute some money, but it would be more useful if they add, I think it is in phase 2 where they add the feature where you could process credit cards and things like that... receive online payments.”

Focus Group Participant, SVG 13

Given the country's low Internet usage, the focus group participants' attitude toward technology adoption are unlikely to reflect the prevailing sentiment in SVG. Training, devices and other incentives will need to be provided to encourage digital entrepreneurship.

The two interviewees (Board Member and Association's Consultant) from the Saint Vincent and the Grenadines Hotel and Tourism Association (SVGHTA) felt that lack of funds and some timidity to use new technologies were among the main

barriers for adoption by their members (mainly SMEs, very few micro-business members). Some members were using social media marketing, either doing it themselves or out-sourcing it. It was felt that while some businesses had an appreciation for the basics, they needed to advance to the next level and some handholding was required. The two representatives of the SVGHTA agreed that public-private sector collaboration was needed to improve the digital presence of businesses and stressed the need for training to be practical:

"I think the training is needed, but it needs to be designed in a manner that is usable. You know people attend training and the training is completed and..."

That was one of the strong points of the UNDP-UWI-Frankfurt School project, it was very carefully and cleverly designed so that persons were able to walk away with knowledge that was usable that somehow you could put into practice what you learn because that's not always the case."

Board Member, SVGHTA (Director of Resorts)

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

A SWOT Analysis is a useful and simple tool that gives a snapshot of key issues. A SWOT Analysis for key digital transformation issues in the tourism sector is summarized in **Table 3**. 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 SVG, and this was recognized by the tourism MSMEs interviewed for this report. The Government should lead by example and make more information on services, policy documents and reports available on-line. These were deemed woefully inadequate during the diagnostic exercise.

Table 3 - SWOT Analysis for Digital Transformation of Tourism MSMEs



3.5 Policy Interventions

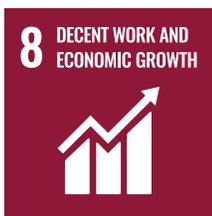
It is often difficult in SIDS to separate tourism players from non- tourism players, as many businesses are directly or indirectly connected to the tourism sector. Additionally, tourism has many inter-sectoral linkages, therefore, a whole-of society approach is needed when an area significantly impacts the population. 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 and will aid in encouraging digital entrepreneurship:

- **Incentivise 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.
- **Re-design Training:** The Ministry of Tourism, Civil Aviation, Sustainable Development and Culture and the SVGTA should ensure that entrepreneurial skills development for the tourism sector incorporates digital

skills and demonstrable opportunities for digital entrepreneurship. Trainer-the-Trainer programmes should be rolled out for MSMEs to ensure wide and fast capacity development.

access and acquire digital literacy; and rural and urban children have equal opportunities to gradually transition to blended learning environments.

- **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
- **Improve Access:** Create ICT hubs with free Internet and access to devices in all communities. Hubs may be sponsored by large businesses including those in the tourism and hospitality industry.



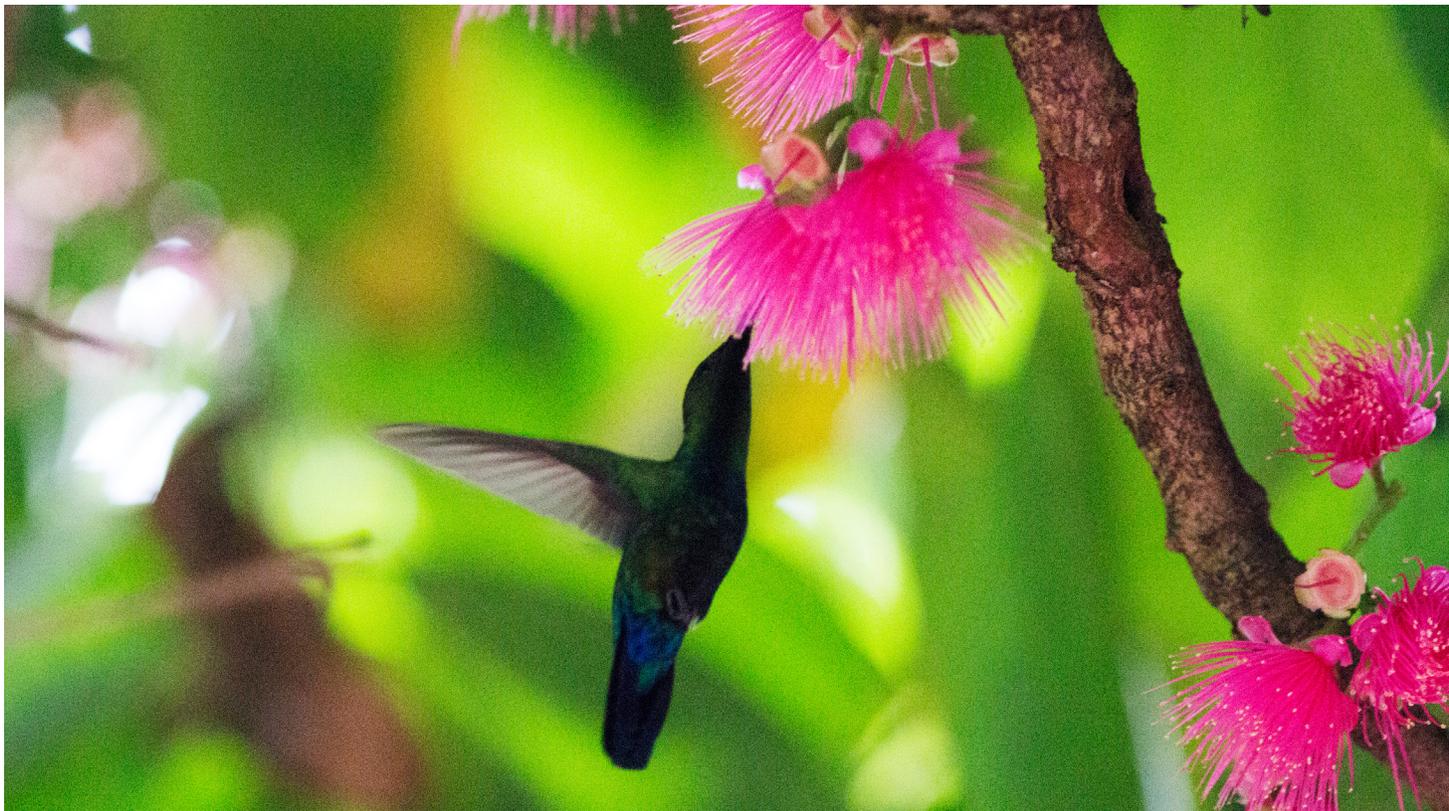
Additional Resources

- Giga Project in the OECS
<https://gigaconnect.org/oeecs/>
- Connect2Recover
[Connect2Recover Initiative \(itu.int\)](https://www.itu.int/ITU-T/connect2recover/)
- 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 Vincent and the Grenadines' tourism product, like many of its Eastern Caribbean neighbours, is largely marine based, but it also has significant terrestrial assets that form part of the tourism offering. The country is very cognizant of the fact that it must define its uniqueness given similar offerings of sun, sea and sand in other Caribbean destinations.



The National Parks, Rivers and Beaches Authority (NPRBA), an entity under the Ministry of Tourism, plays a central role in the country's sustainable tourism development thrust and is mandated to preserve, protect, manage and develop the natural, physical, ecological resources, and the historical and cultural heritage of SVG. Seventeen (17) of the tourism and recreation sites managed by NPRBA

on mainland Saint Vincent were affected by the deposition of ash and pyroclastic flows from the recent La Soufrière eruption. Three (3) of the sites were rendered inaccessible due to the hazard risks (Falls of Baleine, Trinity Falls and Cumberland Nature Trail)²⁹. These impacts highlight the fragility of SIDS (as highlighted in Section 2) that depend on natural assets as core tourism attractions. Hazard

²⁹ UNDP (2021) La Soufrière Volcanic Eruption Sector Reports: Saint Vincent and the Grenadines

impacts can negatively impact access, destroy historical and ecological assets and the aesthetic appeal of tourism attractions. This ultimately reduces visitation and mars the overall visitor experience. Though some sites have reopened after rehabilitation works in 2021, work at the sites closer to the volcanic activity (the red zone) was expected to be completed in November 2021, in time for the winter tourism season. The NPRBA is also planning to have new sites declared in Bequia and Union Island³⁰.

Out of the seventeen sites, NPBRA manages thirteen (13) sites in collaboration with groups within the site locations. The Ministry of Tourism has commenced an initiative of mapping community groups to assess the products/services available in the various communities; with the ultimate goal of having these groups included in tour packages. The aim of this initiative is to harness the socio-economic benefits of community based activities. The following community groups are included in Phase 1 of the Ministry's Community Mapping initiative and mostly represents those groups that are in close proximity to the Argyle International Airport:

- Greiggs Tourism Organization - Greiggs
- JEMS Organization - Enhams
- New Grounds Lighting Up Committee - New Grounds
- Rawacou Development Council
- Owia Heritage Organization - Owia
- South East Development Inc. Stubbs
- North Windward Tourism Organization - Fancy
- Rose Hall Cultural and Development Organization - Rose Hall
- Barrouallie Tourism and Heritage Organization

As a nascent tourism destination, largely unspoilt, and far less saturated than some of its EC neighbours, there is much scope for tourism development. SVG already has a diversified tourism product and has the added advantage of being a multi-island destination. The Saint Vincent and the Grenadines Tourism Authority (SVGTA) which is entrusted with marketing the country, promotes the core products identified in **Figure 8** – Weddings and Honeymoons; Sailing and Yachting; Diving and Watersports; Eco-adventures; Festivals and Events; and Dining and Entertainment. These product offerings stand to benefit from higher spend tourists with the attendant multiplier effect in the economy. The Ministry of Tourism, Civil Aviation, Sustainable Development and Culture in its August 2021 Virtual Tourism Stakeholder Conference highlighted a number of product development initiatives:

- Enhancement of heritage sites- rehabilitation of Fort Charlotte and a Business Plan for Fort Charlotte; restorative works at Hamilton Fort in Bequia and other forts on Union Island (part of the OECS Regional Tourism Competitiveness Project)
- Development and upgrading of 4 anchorage sites- Chatham Bay, Salt Whistle Bay, Admiralty Bay (Bequia) and Cumberland Bay (also part of the OECS project)
- New beach facility being constructed at Villa Beach
- Sail Saint Vincent and the Grenadines (new event proposed for the month of November)

³⁰ Presentation by NPRBA Virtual Tourism Stakeholders Conference (4-5 August 2021)

Figure 8 - Saint Vincent & the Grenadines Core Tourism Product Offerings



For a long time, market development was impeded by air access and limited room stock, however, there has been significant improvements given the enhanced capacity of the Argyle International Airport, 300 + AirBnB property listings, and the construction of new hotels- Beaches by Sandals, Royal Mill, Marriott Hotel, Holiday Inn Express and upgrades by others. The room stock is expected to expand by 1200 over next 4 to 5 years.³¹ These developments would better position SVG to accommodate more stay-over arrivals, which typically account for the bulk of tourism receipts in Caribbean destinations.

Further sectoral development is to be guided by a Tourism Master Plan (anticipated to be finalized in 2022).

4.2 Product & Market Trends

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 benefits³² – benefits that have been amplified since the COVID-19 pandemic. Beyond the opportunities for MSMEs in the travel trade, there also opportunities to grow the food and beverage sub-sector through agro-processing and the provision of products to support the wellness market.

Saint Vincent and the Grenadines’ strong agriculture sector, the enhanced soil fertility of volcanic ash and the dermatological value of the ash makes the country well-positioned to capitalize on nature-based and wellness markets for its leisure segments. Women can play a significant role in agriculture, agro-processing and agro-tourism but training, financing and technical support is required for quality standards, packaging and promotion to build sustainable businesses and export capacity.

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 measures³³. These trends are consistent with the 2022 trends in changing consumer behaviour and travel demand identified by a WTTC and Trip.com Group Report³⁴ and research conducted by Google and Ipsos³⁵. **Figure 9** below represents the Consultant’s compilation and analysis of the trends identified in the reports.

Given the growing need for tourists to make an impact on the destinations they visit, SVG stands to benefit from a burgeoning voluntourism market and research related to the La Soufrière Volcano.

³¹ Remarks by Minister of Tourism, Hon. Carlos James at Virtual Tourism Stakeholders Conference (4-5 August 2021)

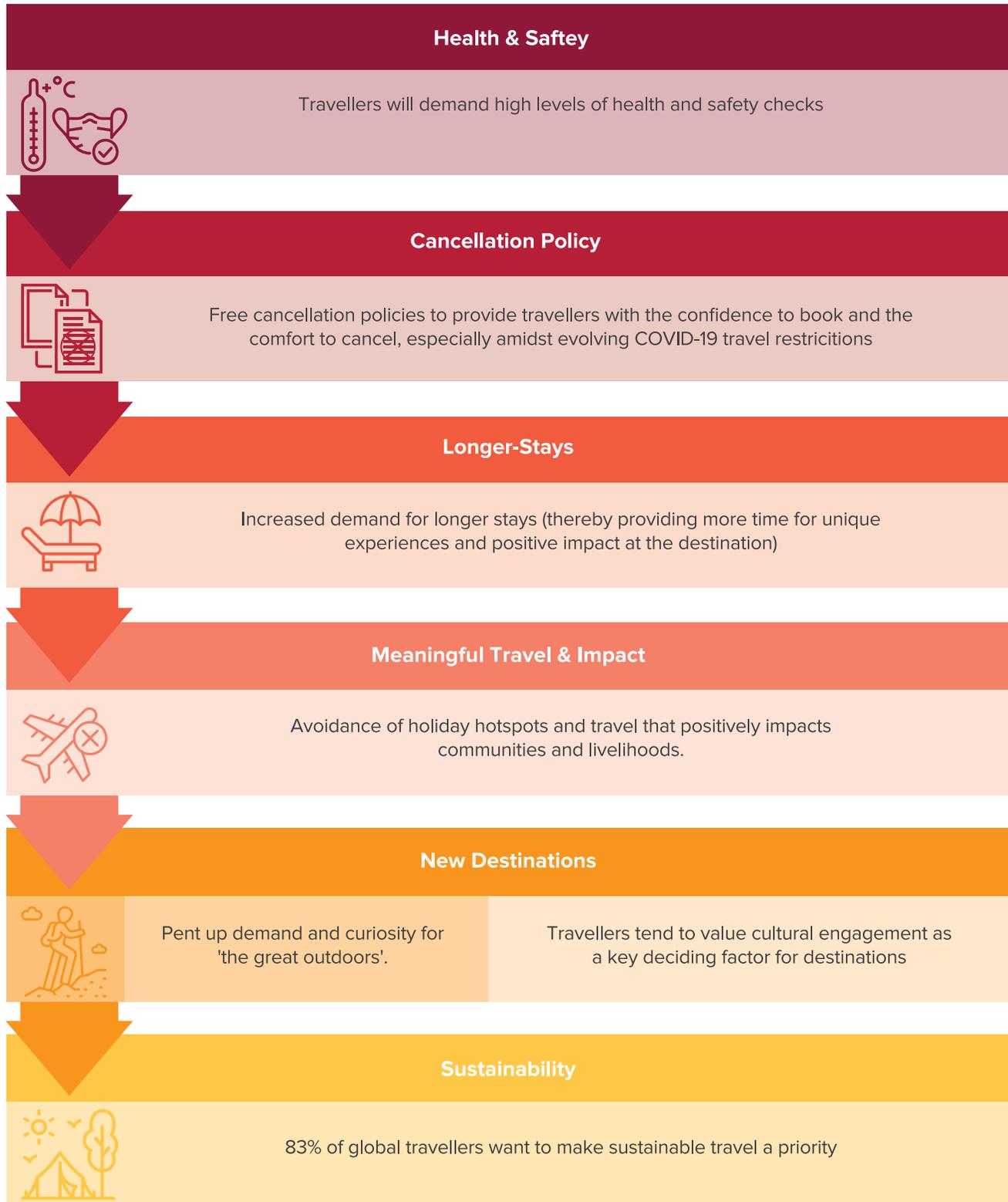
³² Winter et al (2009). Outdoor Recreation, Nature based tourism and Sustainability. Sustainability 2020 12, (81) pp. 1-12

³³ Top 10 Travel Trends 2021 <https://www.responsibletravel.com/copy/travel-trends>

³⁴ News Article | World Travel & Tourism Council (WTTC)

³⁵ Google highlights 2022 travel trends - Travel Talks Platform

Figure 9 - 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*³⁶ (even though the research was conducted before the COVID-19 pandemic) provides some useful insights that can be beneficial to the further development SVG's tourism. 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.

SVG can seek to offer more farm to table experiences, traditional cuisine and CBT activities. While SVG may not be in a position to provide rum, coffee and chocolate tourism there are opportunities for innovation and links to other agricultural products including marijuana. The Minister with responsibility for Tourism has also expressed a desire to take to tourism into all the communities - for community and rural tourism to reach as many stakeholders and new participants as possible, to truly make tourism sustainable³⁷. The last two years has presented several constraints with regards to community tourism, inclusive of a volcanic eruption, nonetheless, community tourism

has been identified as one of the Ministry's 2022 strategic priorities.

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.

Market development should continue to take place in North America and Europe based on airlift capacity, but SVG views the Caribbean market as largely "untapped" and views the domestic and regional tourism markets, as crucial to the sustainability of tourism in the multi-island destination.

4.3 Stakeholder Perspectives

The tourism MSME interviewee from the red zone (area of volcanic activity) felt his community's tourism offering will continue to be hampered without government support. The volcanic ash was causing nature trails to become overgrown at a rapid pace combined with the fact that there was a reluctance by private entities to invest in tourism in the area given the risks (SVG 12). It should be noted however, that Dark View Falls, a tourism attraction in the red zone, is targeted for rehabilitation by the NPRBA.

Another focus group participant felt that while the volcanic eruption presented certain challenges, there were also opportunities:

"I think while it created an issue in certain places, it also offers a new opportunity, a renewed opportunity for people like SVG 12 to do volcano hikes, I think people would be interested in doing volcano hikes more than ever before. I think some new opportunities are created there."

Focus Group Participant, SVG 13

The focus group participants felt that more community tourism experiences, and eco-tourism

products were key areas of product development for SVG.

³⁶ <https://www.competecaribbean.org/documents/diversification-of-caribbean-tourism-experiences/>

³⁷ Remarks by Minister of Tourism, Hon. Carlos James at Virtual Tourism Stakeholders Conference (4-5 August 2021)

“Yes, yes, yes, more full experience, because this guy who was talking to me before COVID he wanted to bring in yachts and then I take them inland to have a village experience, where we play Dominoes and do all this...so that is the experience I was going to give to them. And they were going to come every week but because of the COVID we have to just stop it. So, this is something we were talking about and serious about because this was supposed to start this year (2021).”

Focus Group Participant, SVG 12

“I think they should be concentrating more on community-based tourism which would work well with SVG 12 case to deal with the villages because it would put money directly into the community and you know all that sort of good stuff. I don’t think that they promote it enough, the initial concentration is on some broad niches- honeymoon, cruise and stuff like that I think we can develop and accept and concentrate on community-based tourism and offering unique experiences because I think that is where the market is heading in right now anyway.”

Focus Group Participant, SVG 13

From the private-sector’s perspective, the two unique, authentic visitor experiences; storytelling and heritage; and culinary tourism.

“Things like story-telling and culinary whether farm to table... we could do our own unique thing ... but you know it needs help...”

Consultant to SVGHTA

“I think the offerings need to be, for want of a better word, more unique. A little more quirk, zero in on the experience because people want a unique, different experience. They want to feel that they’ve done something different, and life changing not that it has to be skydiving, but they need to zero in on creating very unique and authentic experiences.”

Board Member SVGHTA (Director of Resorts)

While interviewees from the SVGHTA identified areas for product diversification and opportunities for women in the craft sector, the SVGHTA Consultant expressed her concern about the development of the cruise market in SVG, prefacing

her statement by clarifying it was her personal view and not necessarily that of the Association. She stressed the need to remember that the biggest tourism receipts are derived from the stay-over visitors, not cruise passengers.

“I’m very concerned about the rapid growth of cruise tourism in our destination and the size of the ships and we are still not a year round destination in terms of cruise ships and our sites are all small, our roads are all small, they are winding. I think we need to go back to the drawing board. I really think, you know... it could become unmanageable if we’re not careful, and they are not the ones that bring in the most money, as we all know, is not the cruise ship passengers, they’re the ones that the money is felt right away. You know, straight into the taxi drivers and straight into the vendors hands but most of the money is brought in by stayover visitors and we need to remember that.”

Consultant to SVGHTA

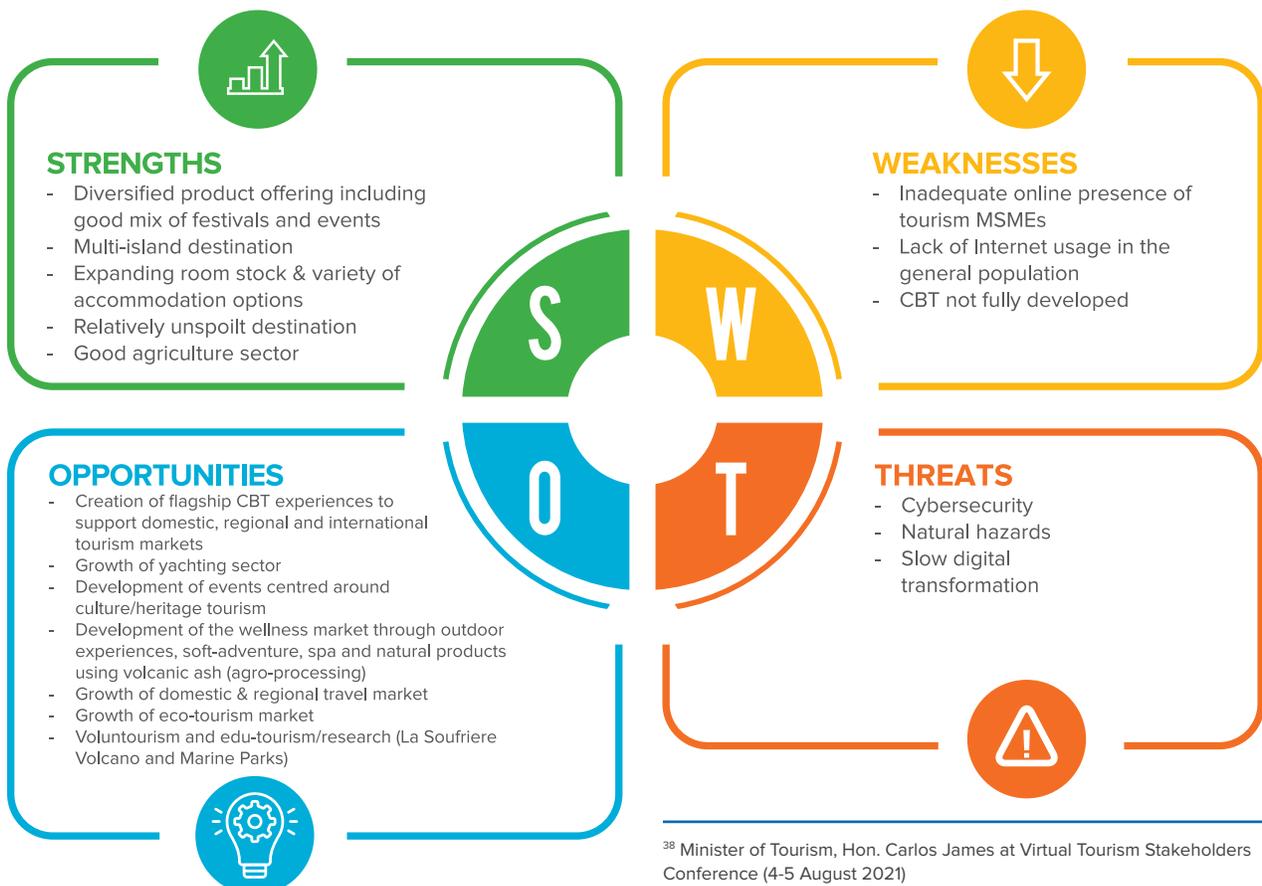
From the Government’s perspective, it was felt that culture, sports and adventure tourism needed to be added to the product mix³⁸.

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

A SWOT Analysis was conducted for SVG in order to determine the opportunities for diversification of the product offering- product and market development. The identified initiatives in Section 4.2

and the opportunities highlighted in the SWOT in **Table 4** will accelerate the transition towards a more inclusive and sustainable tourism industry and progress towards the Sustainable Development Goals (SDGs). The opportunities are not limited to women owned MSMEs but to all MSMEs, but it is anticipated that women can benefit and make a significant contribution to CBT activities in SVG through traditional cuisine, cooking lessons, arts and craft and accommodation services for traditional market segments, as well as emerging voluntourism/research activities.

Table 4 - SWOT Analysis for Tourism Product & Market Development



³⁸ Minister of Tourism, Hon. Carlos James at Virtual Tourism Stakeholders Conference (4-5 August 2021)

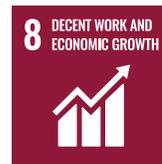
4.5 Policy Interventions

SVG is seeking to address some weaknesses and critical issues for the sustainable growth of the tourism industry. The following interventions are not limited to agencies with responsibility for tourism, because strong inter-sectoral linkages are needed for the success of a destination:

- **Update Tourism Policy:** An updated tourism policy must reflect new product and market realities and threats to the tourism sector. Cruise, dive and yachting tourism are important components of SVG's tourism offering (and blue economy), and all forms of marine tourism come at a cost to the environment. Stringent measures must be in place to guard against coral reef degradation and seagrass damage; sewage, fuel and lubricating oil pollution; and the preservation of designated marine parks and conservation areas.



- **Focus on Value over Volume, Packaging and Inclusivity:** Product and market development should focus on attracting longer stay visitors, lower environmental impact tourists, and providing more authentic 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 & 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.



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

A number of stakeholder consultations were held with various tourism sub-sectors in the lead up to a Virtual Tourism Stakeholder Conference held from 4-5 August 2021. The theme of the conference was, “Reconnect, Rethink, Rebuild Stronger Together.” While significant investments are being made in the development of tourism in Saint Vincent and the Grenadines, the state also needs to ensure that there is a balance and distribution of benefits between rural and urban communities, and mainland Saint Vincent versus the Grenadines. This was an issue that arose during the Question & Answer session of the August conference.

Stakeholder engagement must lead to genuine participation and input by the citizenry. The Ministry of Tourism, Civil Aviation, Sustainable Development and Culture must lead by example and transform its own operations, as its current online presence is inadequate. Simultaneously, tourism MSMEs need ICT tools and training to maximize economic opportunities and digital entrepreneurship. A whole of society approach is needed to enhance stakeholder engagement, not only for tourism development but for the economic growth of the country. Since the tourism portfolio is combined with sustainable development and culture, there are synergies to be gained.

Apart from the co-management of tourism sites by community groups and the National Parks Rivers and Beaches Authority (NPRBA), the Ministry of Tourism, in collaboration with the NPRBA, provides capacity building to groups through annual technical support and training programmes/workshops in various fields such as Customer Service Excellence, Tourism Education, Conflict Management, Business Writing Proposal, Quality Facility Management, Basic Security etc.

Other tourism related community groups operating outside of the ambit of the NPRBA also benefit from technical support and capacity build to enable access to project funding from local, regional and international sources.

The COVID-19 pandemic and the volcanic eruption would have strengthened the inter-Ministerial collaboration within the public sector, particularly amongst agencies with responsibility for Tourism, Health, Finance, Social Services and National Security. There has also been stakeholder engagement between the private and public sectors to advance health and safety protocols and the safe reopening of some economic sectors.

Regionally, there has also been heightened collaboration and coordination between international and regional organisations, and national agencies. Collaborative efforts by countries and institutions sought to provide technical, social and financial support in response to the pandemic. 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 the private spheres (including MSMEs). The following examples of regional coordination 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), Caribbean Hotel and Tourism Association

(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: Provides regional guidelines for the 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.

5.2 Stakeholder Perspectives

The focus group participants felt that a lack of genuine stakeholder engagement was the biggest challenge facing the development of tourism in SVG. There were also concerns about the spread of benefits for rural communities and the type of tourism niches being pursued by tourism policy makers and marketers. The focus group participants expressed a high degree of frustration with tourism officials and is reflected in the following statements:

“No, I don’t think that they engage us enough at all, you know they know about us, they will form meetings like they will send an email oh here is something, but then to put us on their schedule, especially when we want to see them and we say we’re having our Culture Fest. Every March, Hero’s Month put it on your calendar, because it’s a good event it’s where we have the sack race, donkey race... These things that people can see. It never happened (they did not attend). We invited them to our launch, our trail to be a part of their package, the Authority, Tourism, you know it never reached there. No one knows about us, you know ... So, you know they don’t really engage with the rural people as much because they will do the things that are established...”

I think that we should start with a bottom-up approach, rather than a top down because most of what they’re doing is their mandate, what they want, what they would like to see in the country, but it’s not reaching the bottom, you know.”

Focus Group Participant, SVG12

“I am lost for words actually. Because this is the standard you know, it just goes to show the kind of frustration and the lack of support that we have and I don't think there's anything else I'm just lost because...what could you probably... where's the solution?... You've been talking to these guys over and over and over again about interacting with the stakeholders and how to develop different products. Let's stick with our roots and promote our culture, getting our culture out there... doing it better, you know not adopting, something that is foreign to our waters. And I'm not saying there's anything wrong with that because there's, again, a niche for everything, kite surfing and whatever. But things that we promote here, you know let's get on board and sit with the stakeholders and really make an effort and show that concern for getting things done. Otherwise, then that is just going to continue going on and on... Until they get out of proclaiming themselves and I am in this position and not doing anything... there is no solution... we need...actually the solution would be to have persons who really care in those positions and to do something and have a passion for what they're doing as opposed to somebody who just going to go there to have a pay cheque and recognition. Solution!”

Focus Group Participant, SVG 11

“ It's a big problem getting through to them, getting through to the Government getting your message across. For example, they have two new festivals in Union Island, the Conch Festival and the Model Boat Regatta. Those are two indigenous, local festivals, which would work great for community-based tourism, the first time they kicked off, we had a lot of local support and basically the Tourism Authority or the Ministry don't recognize it. As a matter of fact, the Tourism Authority recently launched a brand-new website...saying Discover Saint Vincent and the Grenadines and under the Events page for Union Island, under the festival and the events the only event they have listed there is a festival that is actually an imported festival, by a foreigner -Kitesurfing and Full Moon party. There is no Easterval, which was around for over 50 years, there's no Conch Festival and the Model Boat Regatta and there is no mention of the Maroon practice or if you want to say festival, which is something that was brought over from Africa and has been there from ever since. So, I really don't know...I don't know what's going on over there...”

Focus Group Participant, SVG 13

Interviewees from the Hotel & Tourism Association (SVGHTA) also felt that more needed to be done to make tourism more inclusive. They saw education

and training as critical success factors for greater inclusivity and the need to start from the basics- an updated tourism policy.

“We certainly have a sector of our population that needs to..., it’s gotten better over the years, but people still need to feel and understand that tourism is a part of their lives and affects their lives in a very meaningful way, even though it is not directly, even though they’re not working at a hotel or a restaurant, they’re not a tour operator, but they are indirectly involved because they may be involved in the craft sector, they may be an artist. Someone may come to visit, a guest, and they want a piece of art to purchase. We have spoken about this for years, it starts from young, and years ago we used to conduct tourism talks at primary and secondary schools and that I think that is still done by the Ministry of Tourism through their Communications Department. But we are nowhere close to the Bahamas in terms of everyone feeling that tourism is an integral part of our lives and it’s critical to us to treat the visitors really well so that they will come back and they will use the word of mouth advertisement to bring other people to our shores.”

Board Member SVGHTA (Director of Resorts)

Even though it starts at the top, you have to work with it from the bottom up and I will explain what I mean. I think we need an up-to-date tourism policy, the last policy was before the international airport so definitely, we need a new policy. And I think everybody and every single Ministry, every single Government department, I’m starting with Government, needs to understand their role in tourism and then we talk about the educators. We then need to understand their role and then we move into the private sector... every single person needs to understand their role... Last year (2021), people may not have understood that what they were feeling was because of tourism not being around, but that is what tourism does- when it’s not there you feel it, but you don’t realise it, but it’s tourism.

Consultant to SVGHTA

At regional level, the SVGHTA Board Executive felt that overall regional organisations such as the CHTA, CTO and OECS were doing a good job but lamented the fact that since many of the players in the accommodation sector are small, they

cannot afford to attend CHTA events. The SVGHTA Consultant agreed the cost to attend events was prohibitive but also expressed a desire for a Regional Air-Transportation Policy to be developed:

“One of the things that I would really like to see done regionally is air transportation. During the good old days of LIAT there were... it was... it could have been so much better everybody knows that, but as I mentioned before, the problem of taxes and the problem was that every government I think every single government, I don’t think anyone was exempt, would have ticket taxes. And if, for example, you are going from Trinidad to Grenada to SVG to Barbados that tax will be compounded because you’ll be paying tax in each of those countries, so I really I know this has come up before it is a Regional Air Transportation Policy.”

Consultant to SVGHTA

5.3 Policy Interventions

Nationally, the current mechanism for local participation and engagement in the development of tourism needs further work. Tourism policy makers in SVG have to ensure that tourism development does not engender local resentment, which could lead to visitor harassment or crimes against visitors.

At the regional level, the pandemic has highlighted how difficult it is to harmonize certain policies. 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 SVG and other destinations:

- **Establish Mechanism For National Stakeholder Engagement:** This could be a Sustainable Destination Council (as adopted in Saint Kitts) or some other locally engineered partnership between the residents, the private and public sector tourism stakeholders to build awareness; encourage buy-in; promote entrepreneurship; and inclusivity; and to develop a sustainable tourism destination.
- **Reducing regional airline ticket fees and taxes.** The cost of regional travel has been a perennial problem. For some Caribbean destinations, it has proven cheaper to travel to Florida than to fly to some regional destinations. Research and analysis by the ACS reveal that intra-regional flights among Caribbean SIDS for extra-regional flights originating from outside of the Caribbean illustrates that the average amount of taxes and fees included in the full fare of a given intra-regional flight is weighted approximately 13 times heavier per nautical mile travelled

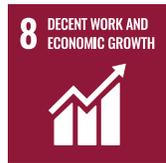
than for its extra-regional counterpart. (Although the distance travelled on intra-regional flights is much shorter). On average, the base fare for a short-haul intra-regional flight, which excludes taxes and fees, costs an average of 4.8 times more per nautical mile than an extra-regional flight³⁹. 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 for Antigua and Barbuda, which reduced airline ticket taxes by 50 per cent in July 2021. The Government of Barbados has also reduced taxes on regional airline tickets. These recent initiatives illustrate what is possible, but more harmonization, and the cooperation of Caribbean airport authorities is needed.

- **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-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.



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

- **Capacity Development and Funding Mechanisms for MSMEs:** Ongoing strategies to empower women and enhance digital skills is 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. They should work with the Government to provide guarantees and /or reimagine financial mechanisms that could give MSMEs greater access.



Additional Resources

- Sustainable Tourism Destination Council
<https://www.gstcouncil.org/for-destinations/>
- 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.org](#)



6. RECOMMENDATIONS AND CONCLUSION

Digital technologies can enhance output and productivity but too many businesses in the region have been slow to adapt to the changing environment.

Studies have shown that an increase in broadband services and the adoption of digital technologies can increase output and tourism MSMEs in Saint Vincent and the Grenadines must be encouraged to get on-board. The digital infrastructure needs to be significantly enhanced and the government should employ strategies to increase the penetration of broadband services as this can contribute up to a 3.2% increase in GDP and increase in productivity by 2.6 percentage points (IDB, 2018). The lessons learnt during the Covid-19 pandemic and the future of tourism in Saint Vincent and the Grenadines 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. Unmanaged expansion has incremental social and environmental impacts with implications for over-crowding, 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 carry capacity of the destination.

ANNEXES

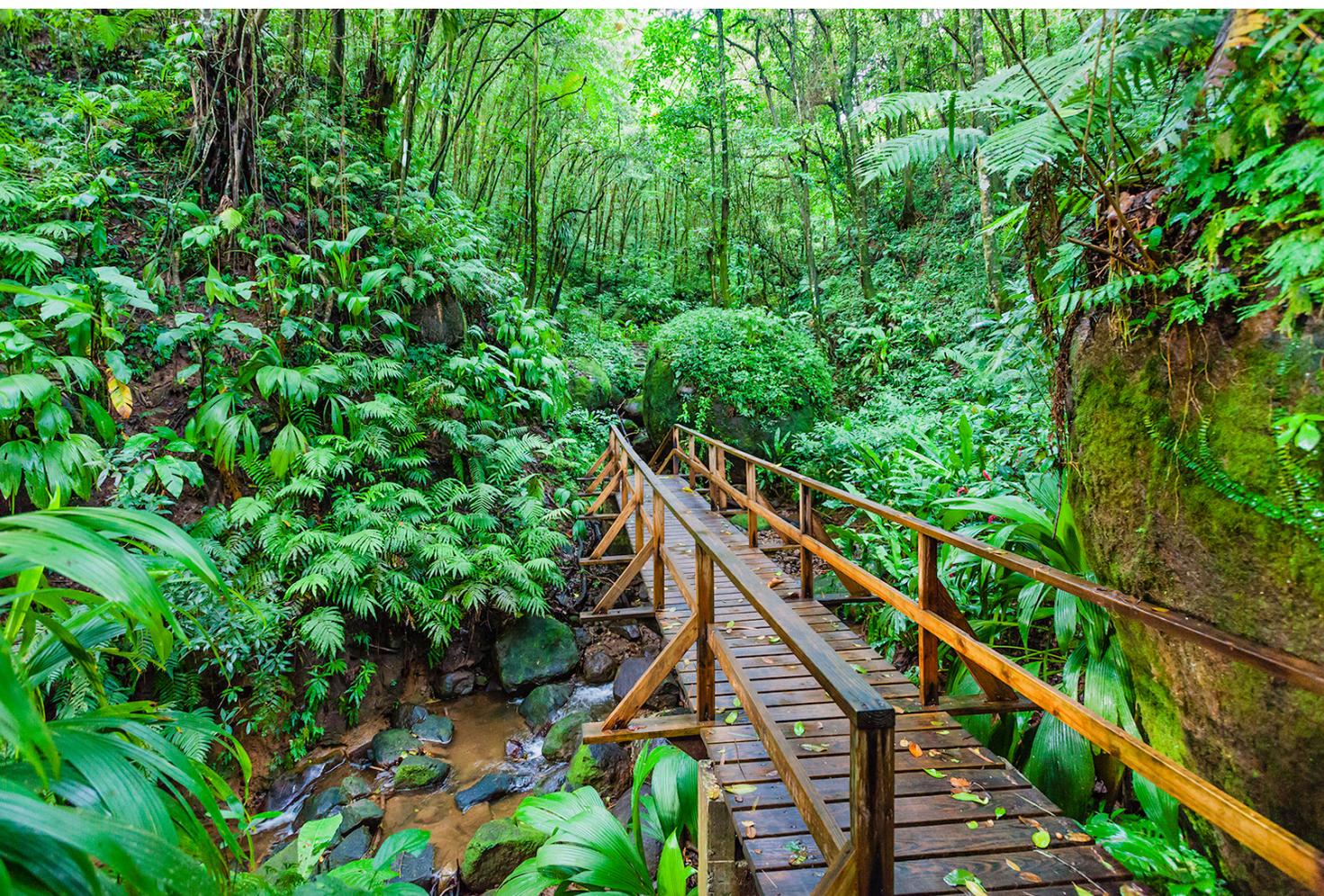
Annex I- Interviewee Profiles

(a) Summary Profile of Tourism MSME

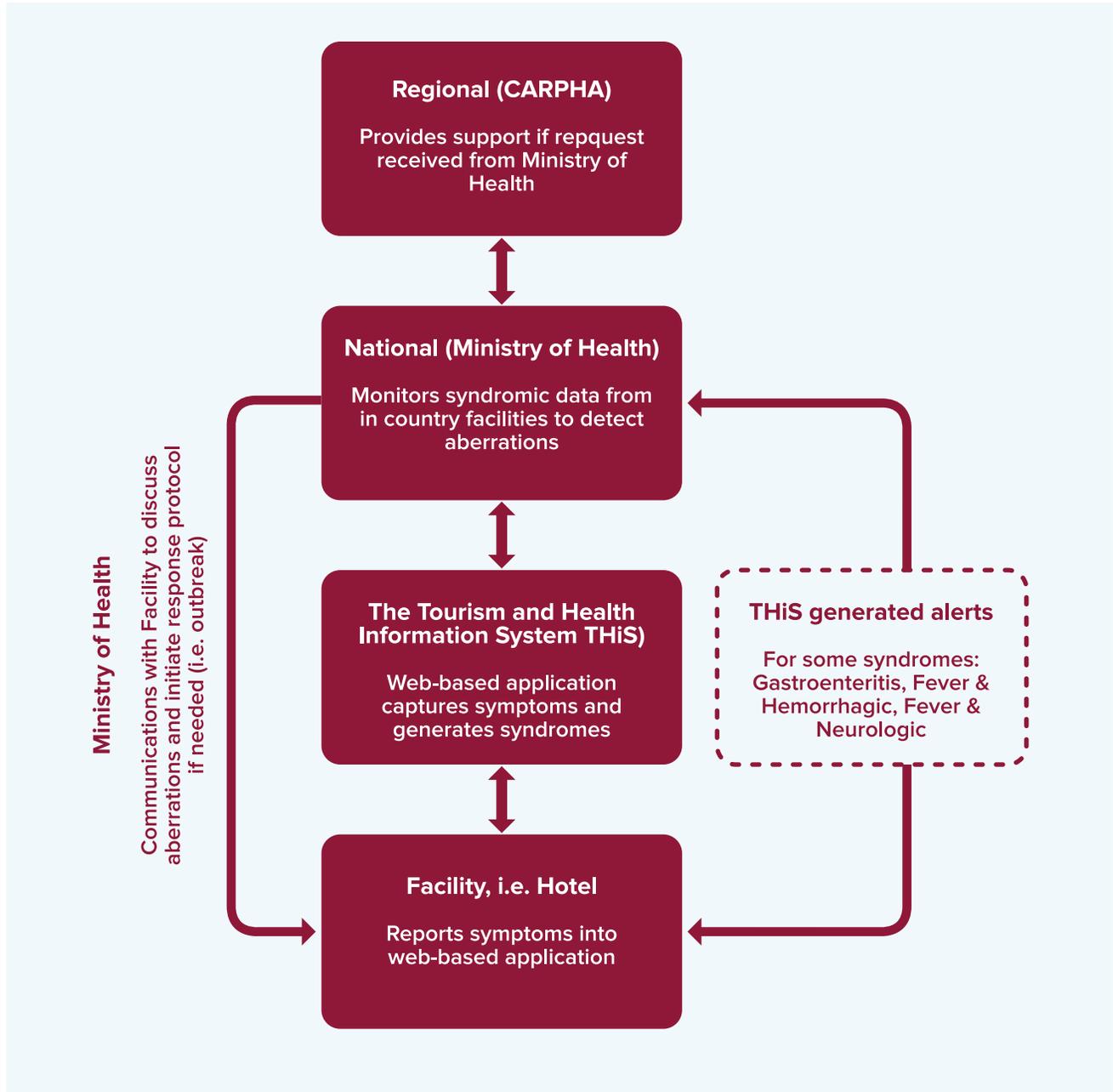
Coded Name	Tourism sub-sector	Woman-Owned business	Business Registered	Business' On-line presence	On-line orders/reservations	Process Payments On-line
SVG11	Adventure Tourism & Recreation	No	Yes	Website, Facebook	Yes	Yes
SVG12	Attractions	Partially	Yes	Website, Facebook	Yes	No
SVG13	Travel Trade	Partially	Yes	Website, Facebook,	Yes	Yes

(b) Interviewees: Saint Vincent and the Grenadines Hotel & Tourism Association (SVGHTA)

- Bianca Porter, Executive Member/Director SVGHTA
- Vera Anne Brereton, Consultant to the SVGHTA



Annex II - Coordination and Surveillance Pathway for THiS Web App



Source: CARPHA, 2021⁴⁰

⁴⁰ CARPHA > THiS Hotel Based Surveillance





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