



FUTURE TOURISM:

Rethinking Tourism and MSMEs in times of COVID-19

Tourism Diagnostic Report

The Eastern Caribbean

United Nations Development Programme



FUTURE TOURISM: TOURISM DIAGNOSTIC REPORT THE EASTERN CARIBBEAN

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ACRONYMS & ABBREVIATIONS

ACS	Association of Caribbean States
AI	Artificial Intelligence
ASU	Association of Commonwealth Universities
BVI	British Virgin Islands
CARDTP	Caribbean Digital Transformation Project
CARICOM	Caribbean Community
CARPHA	Caribbean Public Health Agency
CBO	Community Based Organisation
CBT	Community Based Tourism
CCI	Creative and Cultural Industries
CCPF	Compete Caribbean Partnership Facility
CDEMA	Caribbean Disaster Management Agency
CHTA	Caribbean Hotel and Tourism Association
CRRP	Climate Resilience and Recovery
CTO	Caribbean Tourism Organization
EC	Eastern Caribbean
eWOM	Electronic Word-of-Mouth
ECCB	Eastern Caribbean Central Bank
EGDI	E-Government Development Index
GDP	Gross Domestic Product
GHG	Green House Gas
GNI	Gross National Income
GTRCMC	Global Tourism Resilience and Crisis Management Centre
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IoT	Internet of Things
ITU	International Telecommunications Union
ITWG	Interim Tourism Working Group
MSME	Micro, Small and Medium Enterprise
NGO	Non-Governmental Organisation
NRDS	National Resilience Development Strategy
OECS	Organisation of Eastern Caribbean States
OTA	On-line Travel Agent
SDC	Sustainable Destination Council
SDG	Sustainable Development Goal
SIDS	Small Island Developing State
THiS	Tourism and Health Information System
UBEC	Unleashing the Blue Economy (Project)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNOCHA	United Nations Office for the Co-ordination of Humanitarian Affairs
UNWTO	United Nations World Tourism Organization
USD	United States Dollar
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, with Barbados and countries of the Eastern Caribbean (EC) experiencing significant job losses and decline in tourism revenue. Women have been particularly impacted given their high employment levels in the accommodation and food and beverage sub-sectors.

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

This report focuses on Output 1.2 of the overall project and seeks to develop a sub-regional tourism diagnostic for ten (10) countries - Anguilla, Antigua and Barbuda, Barbados, the British Virgin Islands (BVI), Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines (SVG).

The diagnostic builds on the findings of the UNDP Regional Policy Dialogues on Tourism held between May and June 2021. Through secondary and primary research including tourism MSME focus groups, interviews and the administration of a questionnaire, 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 the sub region.

The sub-regional diagnostic report focuses on three (3) areas identified in the Regional Policy Dialogues- digital transformation of MSMEs including the informal sector, diversification of the product offering: product and market development, and stakeholder engagement and regional coordination. A gender-sensitive approach to the reporting, analysis and recommendations is provided. The report also highlights the linkages of proposed or current initiatives with the seventeen (17) Sustainable Development Goals (SDGs).

The sub-regional overview highlights some of challenges that the EC countries face as tourism-dependent economies and as Caribbean SIDS-size, inability to capitalize on economies of scale, distance from international source markets, limited economic diversification and vulnerability to climate change, global economic shocks and natural disasters. The sub-regional picture also identifies opportunities for tourism MSMEs in the blue, green and orange (creative) economies.

Coastal and maritime tourism is the largest of the blue economy sectors and the Caribbean's biggest share of the blue tourism pie is in the cruise industry, as the region is the top cruising destination in the world, accounting for 50 per cent of the global market share. Saint Kitts and Nevis is the sub-region's leading cruise destination (based on the number of passengers), but the market has been greatly impacted by the COVID-19 pandemic. Tourism MSMEs can take advantage of coastal and marine tourism activities that also make sustainable use of ocean resources which provide economic value through seafood and Community Based-Tourism (CBT) events; adventure, coastal and nature-based tourism and events, and through education and voluntourism where tourism MSMEs can provide accommodation, food and beverage, transportation, tours and entertainment.

Apart from countries reducing their dependency on fossil fuels and turning to sustainable energy sources, some of the biggest tourism opportunities for the sub-region in the green economy, lie in nature-based product offerings that promote sustainable practices, and build strong linkages between tourism and agriculture. All the countries in the sub-region offer marine and terrestrial ecotourism products. The growth in eco-tourism is being spurred by the quest for

unique attractions, preference for exploration of wildlife, coral reefs, and remote natural areas, and a focus on sustainability. Generation Y and Z are key demographic segments to be targeted, therefore tourism MSMEs will need to have an online presence, focus on product packaging and unique experiences aligned with sustainable practices.

Opportunities for destinations and tourism MSMEs in the orange economy rest in their abilities to leverage their talents and technology to take advantage of a plethora of potential revenue streams from the Creative and Cultural Industries (CCI). Development of the CCI will enhance the image of the destination but businesses along the tourism value chain should seek to showcase the creative talent of the destination through crafts, fashion, visual arts, performances, music etc. Tourism MSMEs must be able to develop, digitize offerings and deliver unique and compelling stories as part of their cultural tourism offerings. While MSMEs can take advantage of the opportunities in all areas, women MSMEs can carve a niche for themselves in design and creative services, visual arts and crafts.

I. Digital transformation of MSMEs, including the informal sector

The digital infrastructure in the sub-region is mixed, but all countries are performing well on the on-line delivery of public services (E-Government Development Index). Saint Kitts and Nevis and Barbados have the best digital infrastructure in the sub-region (i.e. mobile and Internet connectivity) with 81 and 82 per cent of the population respectively, using the Internet. Saint Kitts and Nevis has 148 mobile cellular subscription per 100 inhabitants and Barbados, 115. Although Antigua and Barbuda has the highest mobile cellular subscriptions (193 per 100 inhabitants), it has the lowest fixed broad band subscriptions in the sub-region and a lower percentage of individuals using the Internet (73 %), when compared to Saint Kitts and Nevis and Barbados. Saint Vincent and the Grenadines has the lowest percentage of individuals using the Internet in the sub-region (21%). Less than one third of tourism MSMEs in the subregion were selling online, and this has been attributed to a lack of knowledge or know-how (digital literacy), connectivity and/or devices.

The proposed Digital Transformation Framework for Tourism MSMEs advocates for digital entrepreneurship in four areas- digitize the customer experience, digitize product and services, digitize operations and digitize the organization. The launch of the Eastern Caribbean Central Bank's (ECCB) DCash, a digital version of the EC dollar, in March 2021 is a potential game changer for tourism MSMEs to digitize the customer experience and operations. Five countries were initially part of the pilot study - Saint Kitts and Nevis, Antigua and Barbuda, Grenada, Saint Lucia and Saint Vincent and the Grenadines. Dominica and Montserrat joined the rollout in December 2021. The ECCB gave implementation a 3 (on a scale of 1 to 5) for the five pilot countries. There were less than 3000 active users in each of the pilot countries and less than 20 per cent were DCash Merchants (as at December 2021). The Bank noted that the pilot ***"allows the ECCB to design and refine a product that takes careful note of the needs of our unique and highly vulnerable economies as well as allows us the time to understand the needs of our burgeoning digital economy"***. The main factors that will influence full implementation in the sub region are the adoption rate, the size of the merchant network, the level of stakeholder confidence and the penetration towards financially excluded segments.

If digital transformation is to be used as tool by tourism MSMEs to build social and economic resilience during the pandemic and beyond, there must be initiatives geared towards:

- Targeted training and guidance on how to identify and pursue business opportunities in the sector based on technology and tourist demand trends
- Inclusionary access to technical skills to bridge the digital divide in marginalized communities and among women
- Affordable financing opportunities for digitization of operations
- Providing financial incentives (tax credit) for digitization by businesses or incentives for the creation of businesses that provide digital solutions across the board, not only tourism



- Providing support for MSMEs to join national and/or sub-regionally led digital marketing platforms with booking and payment systems
- Cheaper and reliable Internet service

II. Diversification of the product offering: product and market development

All the destinations of the sub-region offer sun, sea and sand, as core attractions, in addition to common niche tourism products- eco-tourism/nature based; culture/heritage; festivals and events; adventure; wellness; and sports. Behavioural changes arising out of the pandemic-induced lockdowns are fueling the growth in nature-based tourism and outdoor recreation, which are complementary to the wellness market. Beyond the opportunities for tourism MSMEs in the travel trade (e.g., personalized and inclusive tours), there also opportunities to grow the food and beverage sub-sector through agro-processing and the provision of products to support the wellness market. The pandemic has provided an opportunity for destinations to reset and for MSMEs to upskill and pivot to areas of new tourism demand. The future lies in unique, customized experiences and opportunities for tourism MSMEs in agro-tourism,

culinary tourism and Community Based Tourism (CBT); digital nomad programmes, concierge services and voluntourism; health and wellness; and adventure, coastal and nature-based tourism.

Domestic tourism promotions were elevated during the pandemic, and it is anticipated that destinations in the sub-region, particularly the multi-island destinations will continue to offer innovative packages and events for locals. The development of the intra-regional market remains a challenge due to airlift capacity and high airline ticket taxes and fees.

The following recommendations would aid product diversification and accelerate tourism MSMEs' transition towards a more inclusive and sustainable tourism industry and progress towards the Sustainable Development Goals (SDGs):

Product Diversification:

- Flexibility- capitalise on customization; pivoting to new services and products based on consumer interests and demands for CBT, nature-based, adventure, health and wellness, and marine tourism activities

- Robust health and safety protocols must be incorporated into any new product offerings
- Utilise product bundling (where possible)- transportation, food and beverage and activity (opportunity for partnerships and greater inclusivity)
- Focus on unique guest experiences

Market Development:

- Build capacity of tourism MSME to have an online presence- not only for e-commerce but for destinations, communities and individuals to share their stories digitally
- Exploit connections and engagement with the Diaspora
- Enhance domestic tourism market through CBT, culinary experiences, festivals and events

III. Stakeholder engagement and regional co-ordination

The COVID-19 pandemic has strengthened the inter-Ministerial collaboration within the public sector and heightened collaboration and coordination between international and regional organisations and national agencies within the Caribbean to provide health and safety protocols and strategies for the safe reopening of economic sectors, including tourism. Additionally, collaborative efforts by countries and institutions sought to provide technical, social and financial support in response to the pandemic.

At the national level, the tourism MSMEs interviewed in five (5) countries of the sub-region felt that tourism officials' attempt to engage with local tourism MSMEs were biased to towards the needs of either large tourism operators or the accommodation sector. There were also issues of perceived biases with mainland MSMEs and sister island MSMEs in multi-island destinations such as Saint Kitts and Nevis and Saint Vincent and the Grenadines. A few destinations acknowledged the

need to address any perceived lack of inclusivity e.g., tourism officials in Saint Lucia. However, Saint Kitts and Nevis has an established mechanism for stakeholder engagement through its Sustainable Destination Council (SDC) and conducts tri-annual resident tourism surveys. In some destinations, tourism officials noted that the inability to communicate with some MSMEs via email (which many in the informal sector do not have) was a challenge. Many stakeholders agreed that public-private partnerships are the way forward. Additionally, countries of the sub-region should:

- Seek to grow the intra-regional travel market and tackle one of the main hindrances- the cost of regional airline tickets, as well as connectivity challenges
- Develop environmental policies for marine tourism
- Build capacity for digital skills and funding mechanisms for MSMEs
- Establish a Mechanism for National Stakeholder Engagement
- Build partnerships between the tourism sector and the education sector to identify sector needs and promote a greater awareness and understanding of tourism from the primary to tertiary level

Value must take precedence over volume. Countries in the sub-region must recognize there is an incompatibility with a volume driven tourism development strategy and sustainability. The unmanaged expansion of cruise and air arrivals has incremental social and environmental impacts with implications for 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.



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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 (EC) in January 2021, to revamp the tourism sector through regional dialogues and policy solutions, and technical and financial assistance for Micro, Small, and Medium Enterprises (MSMEs) within the sector. The following ten (10) countries and territories in the Eastern Caribbean were targeted: Anguilla, Antigua and Barbuda, Barbados, the British Virgin Islands (BVI), Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines (SVG).

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 (EC). 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 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)¹, by April 6th, 2020, **96 per cent of all worldwide destinations had introduced travel restrictions** in response to the pandemic and around 90 destinations had completely or partially closed their borders to tourists. The Caribbean, as the most tourism dependent region in the world, was particularly hard hit.

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

Travel & Tourism sector's contribution to Gross Domestic Product (GDP) dropped 58 per cent, higher than the global average. Travel & Tourism's impact on the region's GDP fell from USD\$58.4 billion (14.1%) in 2019, to USD\$24.5 billion (6.4%) in 2020. Heavy reliance on international travel made Caribbean countries even more vulnerable. Travel and Tourism GDP contributions in countries of the Organisation of Eastern Caribbean States (OECS), such as Saint Lucia saw a steep decline of 71.7 per cent, Dominica 64.6 per cent, Saint Kitts and Nevis 72.3 per cent, Grenada 65.5 per cent and Saint Vincent and the Grenadines 67 per cent (WTTC, 2020²).

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 industry³, more than half in the accommodation and food services sectors. Women are more likely to undertake entrepreneurial

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

² World Travel and Tourism Council, WTTC (2020) <https://wttc.org/Research/Economic-Impact>

³ See also <https://www.unwto.org/publication/global-report-women-tourism-2-edition>

activities in tourism than in other sectors and many women hold low skilled jobs in the tourism sector, making them vulnerable to shocks (UNCTAD, 2020).⁴ Given the increasing care responsibilities of women, exacerbated by closures or lockdowns and online learning during the pandemic, it is anticipated that women's livelihoods in the tourism industry will not be easily rebuilt.

Micro, Small and Medium-sized Enterprises (MSMEs) which play a major role in most economies and represent about 90 per cent of businesses and more than 50 per cent of employment worldwide⁵ are equally challenged to rebuild post-pandemic. In the Caribbean, MSMEs account for 1 in 2 jobs and more than one-third of output. However, narrower profit margins and lower liquid reserves than other businesses, make it more difficult for MSMEs to withstand economic shocks. Additionally, MSMEs are characterised by many players operating informally and therefore some are unable to participate in social protection programmes such as unemployment benefits. One approach proffered to build the resiliency of MSMEs, is to build capacity for electronic commerce so businesses can engage suppliers and customers in real-time, while supporting health protocols and reducing supply chain delays that can lead to operational challenges.

While the anticipated travel and tourism rebound in the Caribbean began 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 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

This diagnostic study covers the ten (10) countries cited in Section 1.1. The countries are collectively referred to as the sub-region throughout the report. The main objectives of the diagnostic report are:

- To assess digital infrastructure in the sub-region
- 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, resilient and sustainable tourism industry and progress towards the Sustainable Development Goals (SDGs)

1.4 Diagnostic Methodology

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, blue, green and orange (creative) economies; tourism demand, market assessment and performance reviews; statistical analysis; and competitive analysis.

The primary data collection and consultative process included a questionnaire designed for the Eastern Caribbean Central Bank (ECCB); virtual

⁴ https://unctad.org/system/files/official-document/ditcinf2020d3_en.pdf

⁵ <https://www.worldbank.org/en/topic/smefinance>

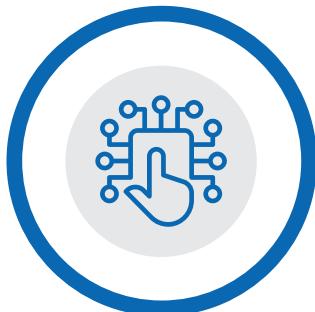
focus groups with tourism MSMEs, and interviews with public and private sector tourism stakeholders. The ECCB questionnaire addressed the area of digital transformation of MSMEs and sought to elicit information about the implementation of the digital currency, DCash, in the pilot countries of the EC. **See Questionnaire at Appendix I.** The focus groups and interviews were conducted in five-countries of the sub-region: Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines. These countries have also

benefitted from country specific diagnostics conducted by the Consultant, and this report builds upon the analysis of the findings in these EC countries.

The MSME focus groups, and the public and private sector interviews focused on the three diagnostic areas of this report- digital transformation of MSMEs, diversification of the product offering and stakeholder engagement and regional co-ordination. **See Figure 1.**



Figure 1 - 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

Focus group participants were selected from the UNDP's Tourism MSME database. The participants were purposively selected to ensure representation from the Caribbean tourism's eight (8) sub-sectors (**See Figure 2- Caribbean Tourism Sub-sectors**). These sub-sectors represent the key players in the regional tourism value chain and the proposed initiatives in the diagnostic seek to

address opportunities for MSMEs along the value chain. Focus group participants were anonymized and their names coded to protect their identity. A profile of the focus group participants and the interviewees from the Ministries of Tourism, the Tourism Authorities and the Hotel and Tourism Associations in the five EC countries is provided at **Appendix II**.

Figure 2 - Caribbean Tourism Sub-Sectors



Source: CTO⁶, 1999

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

1.4.1 Limitations

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

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

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

1.5 Structure of the Report

The sub-regional diagnostic report focuses on three (3) of the four (4) priorities identified in the Regional Policy Dialogues- digital transformation of MSMEs, diversification of the product offering and stakeholder engagement and regional co-ordination. The fourth area identified in the Regional Policy Dialogues- 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.

The three (3) priority areas form the core diagnostic areas and sections of the report. Additional resources are provided at the end of each focus area. The diagnostic focus areas follow the introduction and sub-regional overview. The report ends with overall recommendations and conclusions.

Cognizant of the significant role that women play in Caribbean MSMEs and in tourism, and the need for a gender-sensitive approach to the reporting and analysis, recommendations provided take the opportunities for women into account. The report also highlights the linkages of proposed or current initiatives with the SDGs. Throughout the report one or more of the following seventeen (17) symbols related to the SDGs are highlighted:



Source: UNDP Barbados and the Eastern Caribbean⁷, 2021

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



The remaining sections of the report are structured as follows:

Section 2- Sub-Regional Picture

The section includes an overview of the countries in the sub-region including common challenges and the significance of tourism to their economies. Tourism in the sub-region is also examined in the context of the blue, green, and orange (creative) economies and opportunities for tourism MSMEs are presented.

Section 3- Focus Area I: The Digital Landscape for Transformation

This section provides an overview of the digital infrastructure and readiness level of countries in the sub-region to digitally transform their operations. Challenges and opportunities are presented and a Digital Transformation Framework for Tourism MSMEs is provided. Recommendations are provided at the end of the section.

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

This section includes an overview of the product offerings of the countries of the subregion, provides

product and market trends, challenges, opportunities and recommendations for destinations and tourism MSMEs.

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

This focus area provides an account of tourism stakeholder engagement and examples of regional coordination that has been strengthened since the pandemic. It describes existing relationships and mechanisms for engagement and coordination and provides recommendations to enhance local and regional effectiveness.

Section 6- Recommendations and Conclusion

The final section of the report provides overarching recommendations for a more adaptive, inclusive, and sustainable 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 benefit.

2. SUB-REGIONAL PICTURE

2.1 Overview

Nestled in the Caribbean Sea, the ten countries of the sub-region share common geographic and socio-economic challenges as Small Island Developing States (SIDS). While the countries share in the history of indigenous populations such as the Amerindians; colonialisation; sugar and slavery - some of these experiences were unique and contribute to cultural differences and distinct tourism offerings.

Antigua and Barbuda, Barbados, Dominica, Grenada, Saint Kitts and Nevis, Grenada, Saint Lucia and Saint Vincent and the Grenadines (SVG) were all last colonised by the British and received their independence at various points between 1966 and 1981. Dominica became a republic in 1978 and Barbados recently became a republic on 30 November 2021, relinquishing the Queen as their Head of State and installing their first female President. Anguilla, British Virgin Islands (BVI) and Montserrat remain overseas dependent territories of the United Kingdom with autonomous, local governments led by a Premier. All the countries of the sub-region, except Barbados, are either full members or associate members of the Organisation of Eastern Caribbean States (OECS)⁸. Anguilla and BVI are associate members of the Caribbean Community (CARICOM), while all other countries of the sub-region are full members and classified as developing countries.

The sub-region's geography also makes it a climate change vulnerability hot-spot and hazard-prone. The Caribbean is the second most hazard prone region in the world (CDEMA, 2014)⁹, and is seven times more likely to be hit by natural disasters than larger states, and twice as likely as other small states (IMF, 2018)¹⁰. Earthquakes and volcanic eruptions are among the main geological hazards in the sub-region, while hurricanes, storms, floods, and storm surges are among the main

hydro-meteorological hazards (i.e., atmospheric, hydrological or oceanographic in origin).

The islands of the EC, form a curved chain of volcanic islands that stretches from Grenada to the north of Anguilla. The island arc system of the EC has been formed along converging tectonic plates that are responsible for volcanic and seismic activity in the region and no island is completely free from the threat of earthquakes. Additionally, the Lesser Antilles has eleven volcanically active islands¹¹, the most recent activity occurring at La Soufrière in Saint Vincent (2020-2021) and years earlier at Soufrière Hills in Montserrat which destroyed the capital Plymouth (1995-present, less active since 2011). The explosive eruption that started on 9 April 2021 in Saint Vincent, resulted in the country managing the economic fall-out from the volcanic eruption and the COVID-19 pandemic. The volcanic ash also affected neighbouring islands including Barbados, which temporarily closed its airport due to visibility issues and clean-up efforts.

The sub-region also faces annual threats from storms and hurricanes and have been significantly impacted by adverse weather over the last two decades. Climate change's promise of increasing intensity and frequency of storms was delivered to the region and manifested in a series of Category 5 hurricanes between 2017 and 2019. These events brought social, physical, and economic devastation (See **Table 1**).

⁸ The OECS is an eleven-member grouping of islands comprising Antigua and Barbuda, St. Kitts and Nevis, Montserrat, Anguilla, the British Virgin Islands (BVI), Dominica, St. Lucia, St. Vincent and the Grenadines and Grenada, Martinique and Guadeloupe. Anguilla, The BVI, Martinique and Guadeloupe are Associate members.

⁹ Caribbean Disaster Emergency Management Agency (2014). Regional Comprehensive Disaster Management (CDM) Strategy ad Results Framework 2014-2024.

¹⁰ International Monetary Fund (2018). Bracing for the Storm. Finance & Development, March 2018, Vol.53, No.1

¹¹ <https://uwiseismic.com/volcanoes/caribbean-volcanoes/>

Table 1 - Category 5 Hurricanes in the Sub-Region 2017-2019

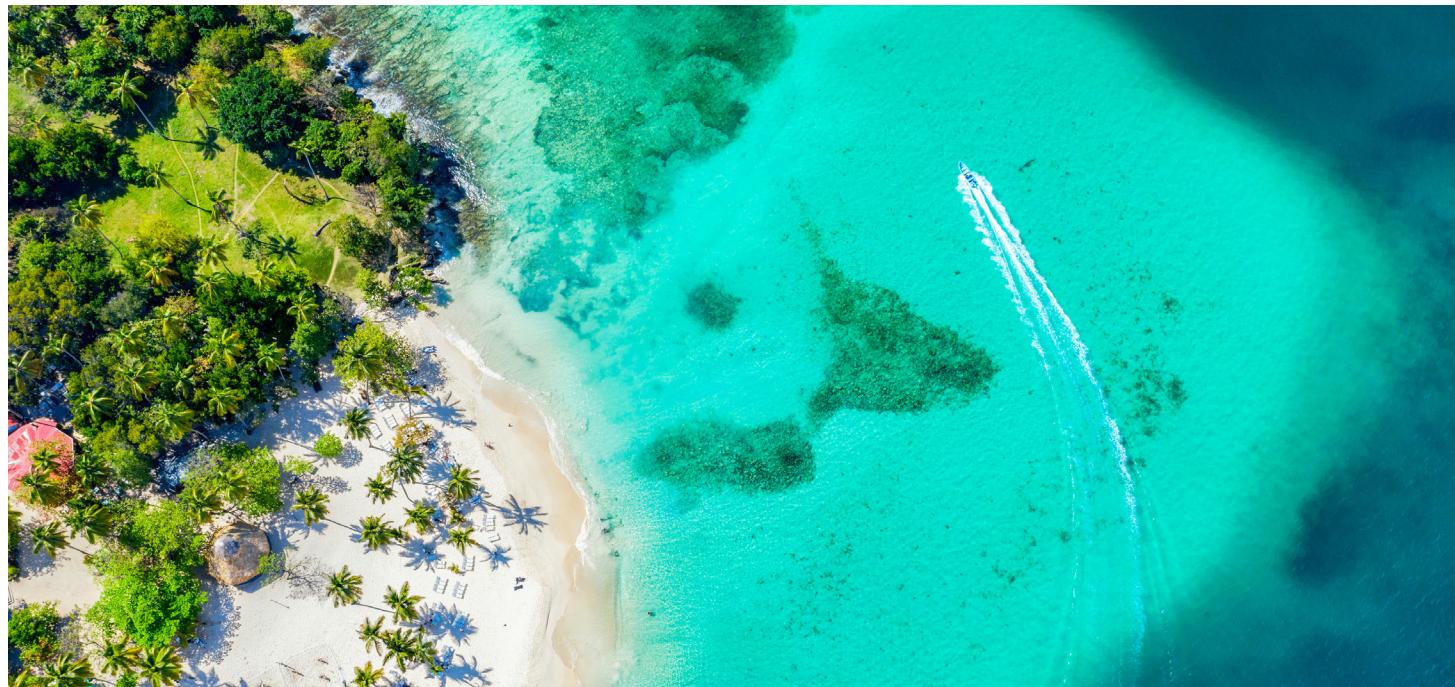
	Hurricane Irma	Hurricane Maria	Hurricane Dorian
Active Date in the Caribbean	August 30-September 12, 2017	September 16- 30, 2017	August 24 - September 10, 2019
Areas Affected	Anguilla, Antigua & Barbuda, Barbados, St. Kitts & Nevis, BVI	Dominica, BVI	Sub-region excluding BVI

Source: Adapted from UNOCHA, 2020¹²

Apart from the sub-region's vulnerability to climate change, global economic shocks and natural disasters, additional vulnerabilities include size, inability to capitalize on economies of scale, distance from international source markets, limited economic diversification and a high dependence on tourism.

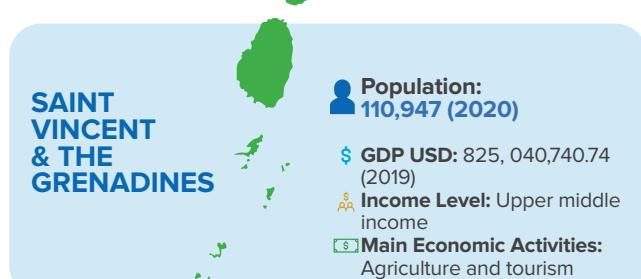
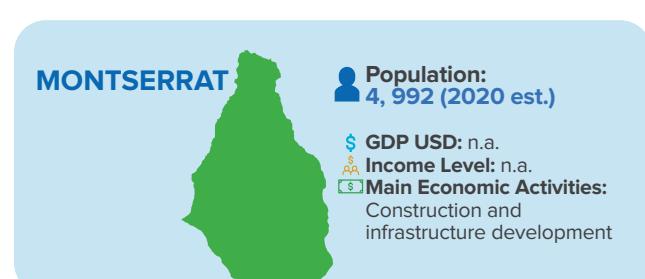
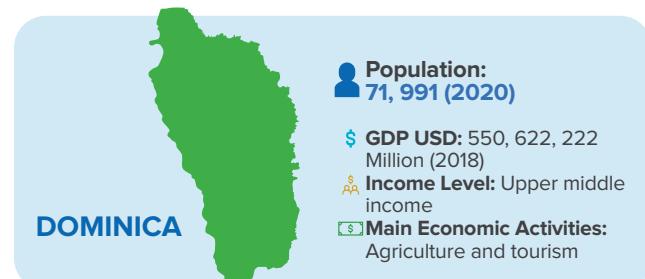
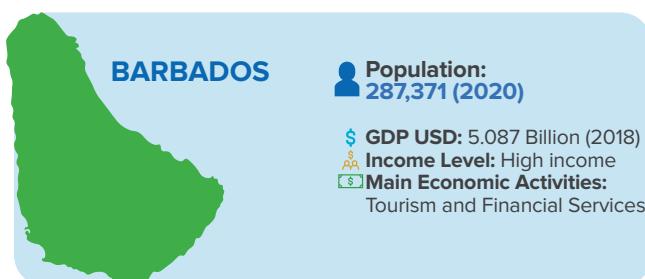
Moreover, tourism is both a victim and a contributor to climate change. A tourism product predicated on natural assets is a fragility that SIDS must contend with, as climate change impacts can lead to biodiversity loss, loss of forest cover, loss of aesthetic

appeal and a general imbalance in ecosystems, thereby threatening the livelihoods of vulnerable communities. Additionally, the loss of ecological assets and historical monuments represent lost opportunities for tourism and a diminished visitor experience. Caribbean SIDS, though negligible contributors to global Green House Gas (GHG) emissions, must employ climate change adaptation and mitigation measures to embed resilience and minimize the on-going threats that climate change pose to the region's economic, socio-cultural, and environmental sustainability.



¹² UNOCHA (2020). Natural Disasters in Latin America and the Caribbean 2000 – 2019.

COUNTRY QUICK FACTS

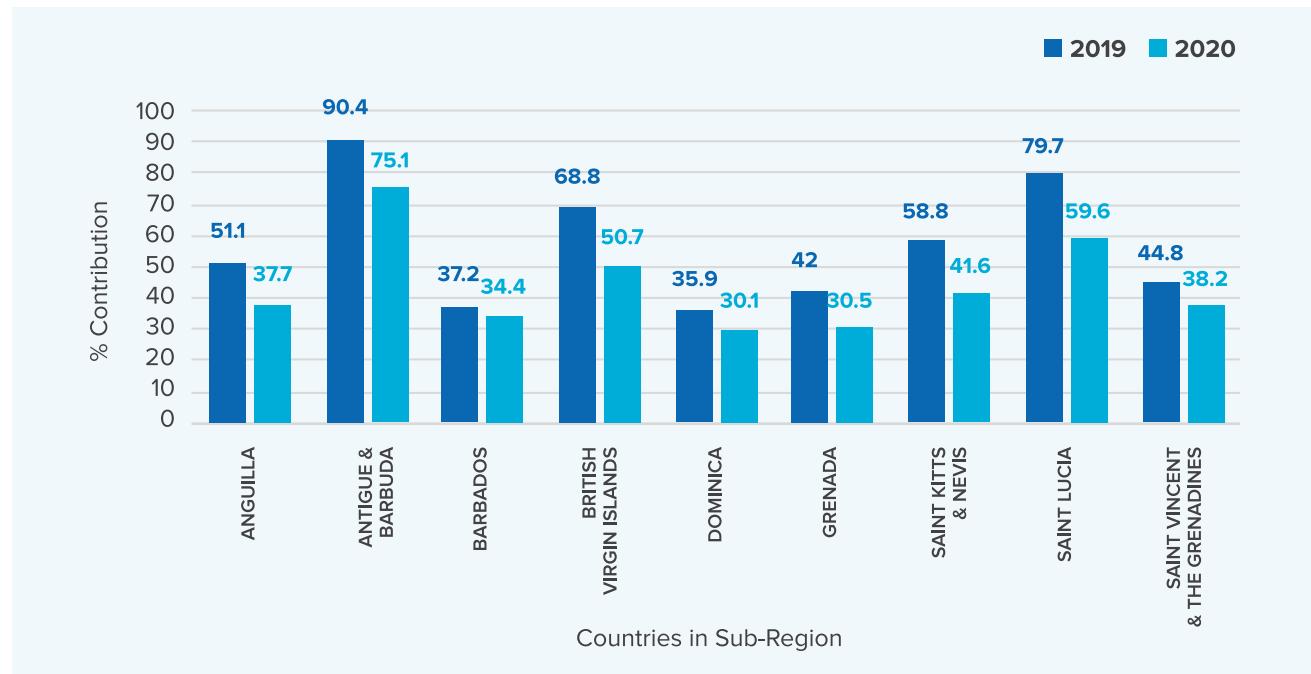


2.2 Significance of Tourism

Most countries in the sub-region are highly dependent on tourism as a source of foreign exchange earnings and employment. Tourism is the biggest employer in countries like Antigua and Barbuda, Saint Lucia, and Saint Kitts and Nevis. According to WTTC data (2020), over 90 per cent of the jobs in 2019 in Antigua and Barbuda were tied to Travel and Tourism. The border closures and reduced tourism demand brought on by the COVID-19 pandemic resulted in a 25 per cent or 8,500 job lost in 2020. This drop was among the

lowest declines in the sub-region. Saint Lucia, had the highest job lost in 2020, declining by 34 per cent from the previous year, translating to 21,800 less jobs in the island's Travel and Tourism economy. Travel and Tourism contributed almost 80 per cent of the total employment in St Lucia pre-COVID. Grenada had the second highest job decline of 33 per cent. Significant job declines, just under 30 per cent, were also experienced in the BVI, Dominica, and Saint Kitts and Nevis. **Figure 3** shows the comparative contribution of Travel and Tourism to total employment in 2019 (pre-COVID) and 2020 in the sub-region.

**Figure 3 - Percentage Contribution of Travel & Tourism to Total Employment in Sub-Region*
2019 vs 2020**

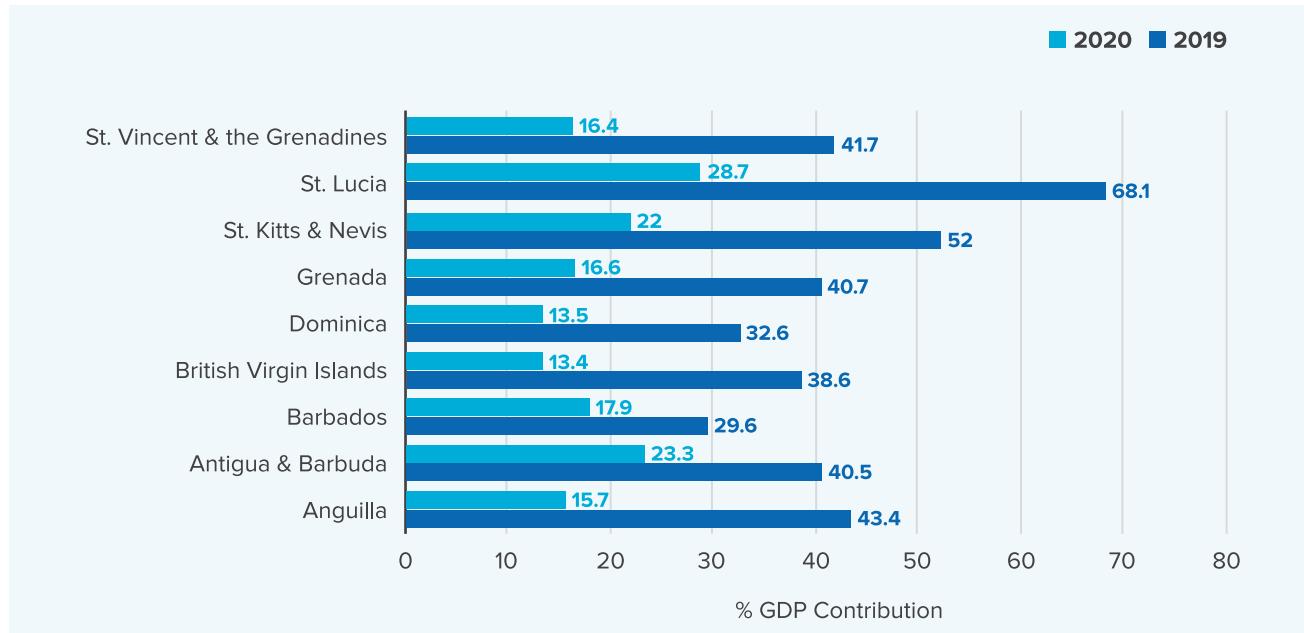


Source: WTTC (2020). *Excludes Montserrat due to the unavailability of data.

Saint Kitts and Nevis experienced the sharpest decline (72.3 %) in Travel and Tourism's GDP contribution to its economy, dropping from 52 per cent GDP in 2019 to 22 per cent GDP in 2020. Similar steep declines were experienced in Saint Lucia, BVI and Anguilla with Travel and Tourism GDP decreases of 71.7 per cent, 71.2 per cent

and 67.7 per cent, respectively. Saint Lucia had the highest Travel and Tourism GDP contribution in the sub-region in 2019, 68.1 per cent. **Figure 4** illustrates the comparative Travel and Tourism GDP contribution to countries in the sub-region in 2019 and 2020 (excluding Montserrat).

Figure 4 - Total Contribution of Travel & Tourism GDP in Sub-region 2019 vs 2020

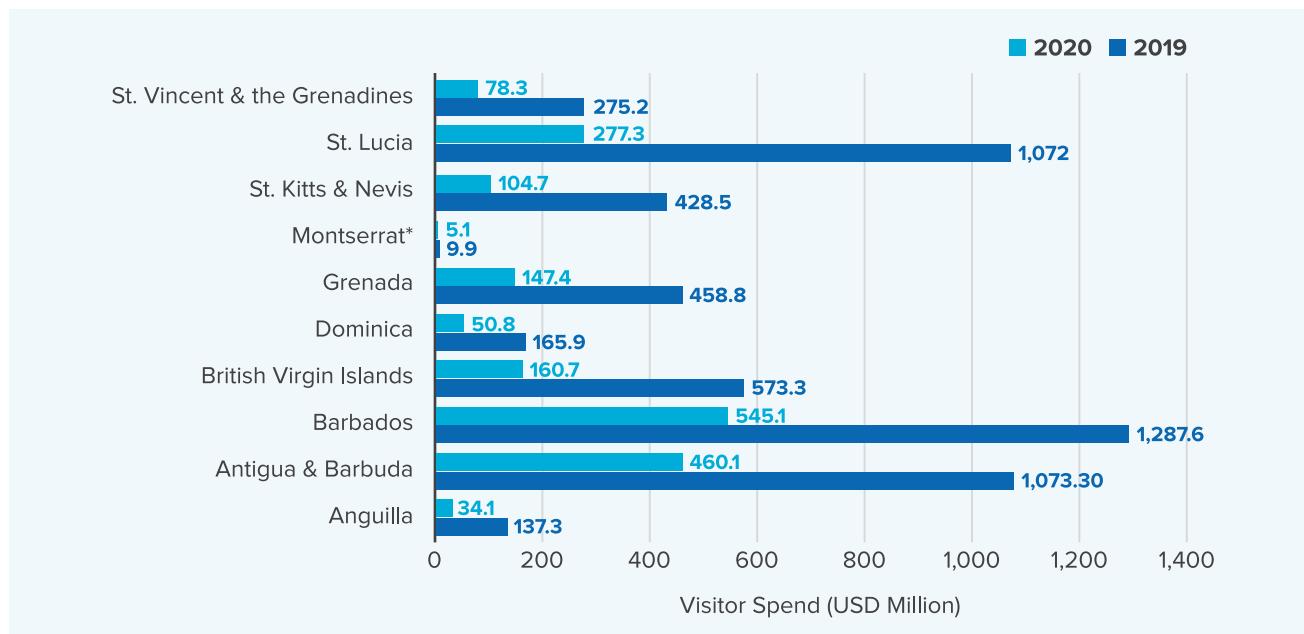


Source: WTTC

Barbados had the highest international tourism receipts in the sub-region, where visitor spend earned the economy 1286.7 USD Million in 2019 and decreased by 57.7 per cent to 545.1 USD Million in 2020. The biggest decline in tourism receipts occurred in Anguilla and Saint Kitts and

Nevis- decreasing by approximately 75 per cent. Montserrat had the smallest decline in the sub-region, with international spend decreasing by 48 percent in 2020 when compared to 2019. **Figure 5** illustrates the international visitor spend in the sub-region.

Figure 5 - International Visitor Spend in Sub-region 2019 vs 2020



Source: Montserrat data courtesy CTO, all other data WTTC (2020)

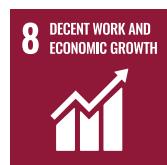
During the early stages of the COVID-19 pandemic in 2020, several governments in the sub-region were able to offer or expand their social programmes to provide economic relief to those who had lost their jobs (many in the tourism sector) because of the pandemic. For example, Saint Lucia's Economic Relief Programme by the National Insurance Corporation (NIC) provided income support for contributors and non-NIC contributors, who received XCD 500 monthly from April to June 2020. Other COVID-19 response initiatives included credit and liquidity support to the business sector; support for vulnerable households; and securing an IMF Rapid Credit Facility of USD 29 Million by the government¹³. The Government of Saint Kitts and Nevis provided support through its XCD 120 million COVID-19 Economic Stimulus Package. The Social Security Special Fund of XCD 15 million provided income support for workers whose income was affected by the COVID-19 pandemic. These workers, many from the tourism sector, received XCD 1000 per month for three (3) months in the first instance. The International Monetary Fund (IMF) in its October 2021 Article IV Consultation report, noted that, "St. Kitts and Nevis entered the Covid-19 pandemic from a position of fiscal strength following nearly a decade of budget surpluses. A significant part of the large CBI revenues was prudently saved, reducing public debt below the regional debt target of 60 percent of GDP and supporting accumulation of large government deposits".

It was never envisioned by most tourism players, regionally and internationally, that the COVID-19 pandemic would have lasted so long, certainly not in 2022. The 2021/2022 tourist winter season held much promise, but the Omicron variant gave tourism economies an additional set-back. Some tourism MSMES interviewed by the Consultant in December 2021 were reporting cancellations because of the travel uncertainty the new variant posed. The UNWTO was projecting in September 2021, a rebound for international tourism in the last quarter of the year and had noted that Caribbean tourism's recovery rate was out-stripping international tourism (UNWTO, 2021)¹⁴ however, the projected pace was likely to slow with renewed travel and/or destination restrictions in source

markets and in the region (in December 2021 and January 2022). Despite these challenges, the CTO estimates that tourist arrivals for 2021 will exceed 2020 levels by 60 to 70 per cent (CTO, 2022)¹⁵. As economies grapple with reduced revenues stemming from the pandemic and accompanying inflation and supply chain issues, governments have been unable to sustain the support provided at the start of the pandemic. It is expected that tourism MSMES and vulnerable groups, including women will continue to be impacted by reduced tourism demand well into 2023.

2.2.1 Tourism & the Blue Economy

The blue economy is the sustainable use of ocean resources for economic diversification, improved livelihoods and jobs, environmental sustainability and resilience. The blue economy is seen as the pathway to unlock new, sustainable economic opportunities, kickstart green recovery, cultivate diversification and build resilience to future shocks. The UNDP views the blue economy as an opportunity to achieve the triple bottom line of sustainable development with economic, social and environmental impacts. When applied to Caribbean SIDS the blue economy seeks to incorporate every aspect of national governance, socioeconomic development, and environmental sustainability¹⁶. According to the United Nations Conference on Trade and Development (UNCTAD, 2020),¹⁷ the blue economy accounts for 3.5 to 7 per cent of global GDP and the sustainable management of blue economies is essential for accomplishing more sustainable and inclusive economic development paths. The release of the UN's SDGs in 2015, and more specifically SDG 14: "Conserve and sustainably use the oceans, seas and marine resources for sustainable development," was considered a watershed moment in the emergence of the contemporary understanding of the blue economy (Oxford Business Group, 2021).¹⁸



¹³ UNDP, UNICEF and UN Women 2020. *Saint Lucia COVID-19 Heat Report: Human and Economic Assessment of Impact*

¹⁴ World Tourism Organization (2021). World Tourism Barometer. Volume 19 (5) September 2021

¹⁵ <https://www.onecaribbean.org/media/cto-news/page/2/>

¹⁶ Blue Economy for Green Islands | UNDP in Barbados & the Eastern Caribbean

¹⁷ UNCTAD (2020). The COVID-19 Pandemic and the Blue Economy: New challenges and prospects for recovery and resilience

¹⁸ <https://oxfordbusinessgroup.com/news/towards-blue-recovery-what-does-blue-economy-offer-emerging-markets>



The blue economy includes sectors such as travel, tourism, maritime transport, fisheries, and seafood production. The Caribbean's marine and costal resources sustain 50 per cent of all livelihoods in the region. There are over 12,000 fish and other marine species, 10 per cent of the world's coral reefs and 12 per cent of the world's mangroves (The Nature Conservancy, 2020)¹⁹. Many of the blue economy sectors are inextricably linked to the sub-sectors along the Caribbean tourism's value chain – through the product offerings of coastal and marine tourism; seafood as part of the food chain and culinary offerings; and maritime transport through cruise and yachting; adventure activities like diving; and supply chain logistics for goods in most economic sectors. The region's blue economy also stands to benefit from emerging industries such as ocean renewable energy.

In recognition of the size and growth potential of the Caribbean's ocean economy, several countries in the sub-region have singled-out the blue economy as a strategic development imperative and have created plans outlining opportunities and protection (**See Table 2- Blue Economy Strategies, Policies and Studies in the Sub-region**). UNDP Barbados and the Eastern Caribbean has supported Governments in Barbados, Dominica and Montserrat to develop Blue Economy Scoping Studies as well as a Blue Economy roadmap in the British Virgin Islands.

Grenada is considered a regional leader in the development of a sustainable blue economy and is the first in the sub-region to develop a Coastal Master Plan for the development of the blue economy in its three islands (Grenada, Carriacou and Petite Martinique). Grenada has also increased its marine protected areas from 3 per cent in 2016 to 20 per cent in 2019 and implemented a ban on the import of single-use plastics and Styrofoam, which have been major ocean pollutants. Grenada also has an underwater water sculpture as a marine tourism attraction.

OECS member states are considered the most advanced in the region in marine spatial planning. The OECS Commission has spearheaded much of the mobilizing and advancing of the blue economy within the OECS countries and has prepared an OECS Green-Blue Economy Strategy and Action Plan that seeks to position the OECS as a model blue economy region. Marine spatial plans have been developed under the Caribbean Regional Oceanscape Project (CROP) for Grenada, Dominica, Saint Lucia, Saint Kitts and Nevis, and Saint Vincent and the Grenadines (SVG). Saint Lucia, Grenada and SVG are also currently benefitting from the implementation of the World Bank funded Unleashing the Blue Economy in the Caribbean (UBEC) project. The objective of the UBEC project is to strengthen the enabling environment for the blue economy, economic recovery, and resilience of selected coastal assets in participating countries and at sub-regional level.

¹⁹ Nature Conservancy, 2020. *Caribbean Impact Report 2020* (nature.org)

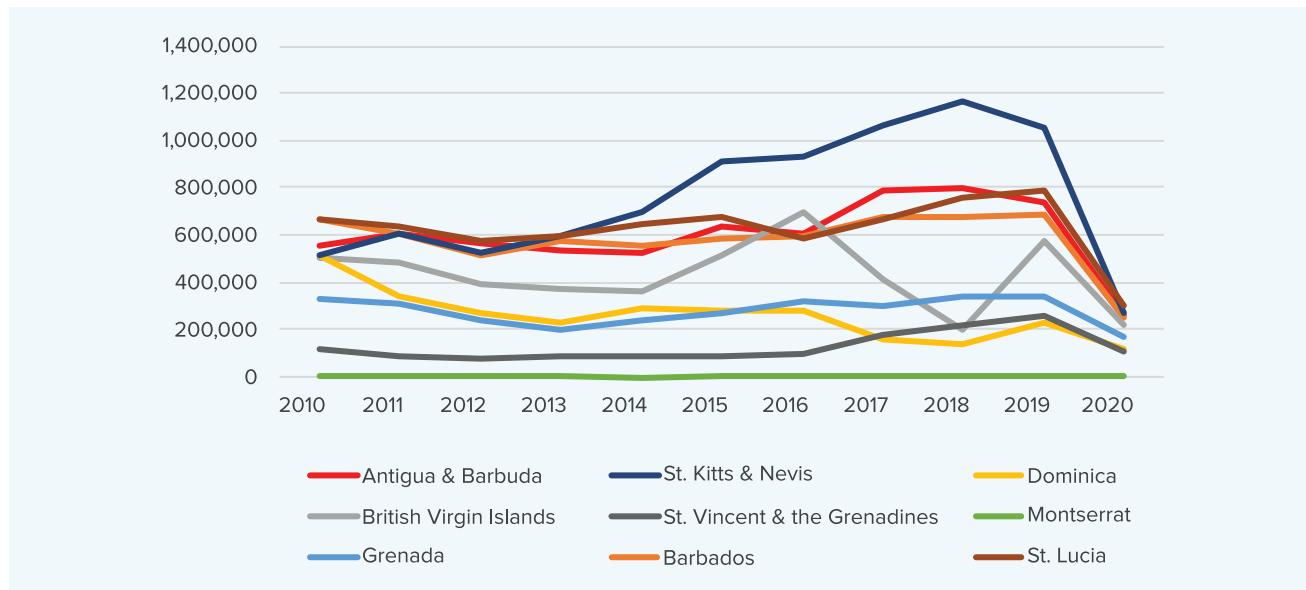
Table 2 - Blue Economy Strategies, Policies and Studies in the Sub-region

Country	Nature of Strategy/Study
Anguilla	No explicit strategy but benefits from the OECS Green-Blue Economy Strategy and Action Plan. Developing Blue Economy position paper through Blue Anguilla (BANG) Task Force established in 2021.
Antigua & Barbuda	No explicit strategy but benefits from the OECS Green-Blue Economy Strategy and Action Plan.
Barbados	Blue Economy Scoping Study: Stocktake and Diagnostic Analysis (2020)
British Virgin Islands	Virgin Islands Blue Economy Road Map 2020- 2025
Dominica	Blue Economy Scoping Study for Dominica (2019)
Draft National Ocean Policy (2019)	
Coastal Master Plan and Marine Spatial Plan (2021)	
Grenada	Blue Growth Coastal Master Plan (2016)
Draft National Ocean Policy (2019)	
Enhanced Coastal and Marine Spatial Plan (2021)	
Montserrat	Blue Economy Scoping Study (Initial Action Plan)
Saint Kitts & Nevis	Coastal Master Plan and Marine Spatial Plan (2021)
Saint Lucia	Coastal Master Plan and Marine Spatial Plan (2021)
Saint Vincent & the Grenadines	Coastal Master Plan and Marine Spatial Plan (2021)

Coastal and maritime tourism is the largest of the blue economy sectors and the Caribbean's biggest share of the blue tourism pie is in the cruise industry, as the region is the top cruising destination in the world, accounting for 50 per cent of the global market share. Saint Kitts and Nevis is the sub-region's leading cruise destination (based on the number of passengers), but the market has

been greatly impacted by the COVID-19 pandemic, experiencing a precipitous decline in 2020 when compared to 2019- dropping 75 per cent from 1,053,389 cruise visitors in 2019 to 267, 562 in 2020. Cruise arrivals in the sub-region and the impact of the pandemic on arrivals is captured in **Figure 6**.

Figure 6 - Cruise Passenger Arrivals in Sub-Region* 2010 - 2020

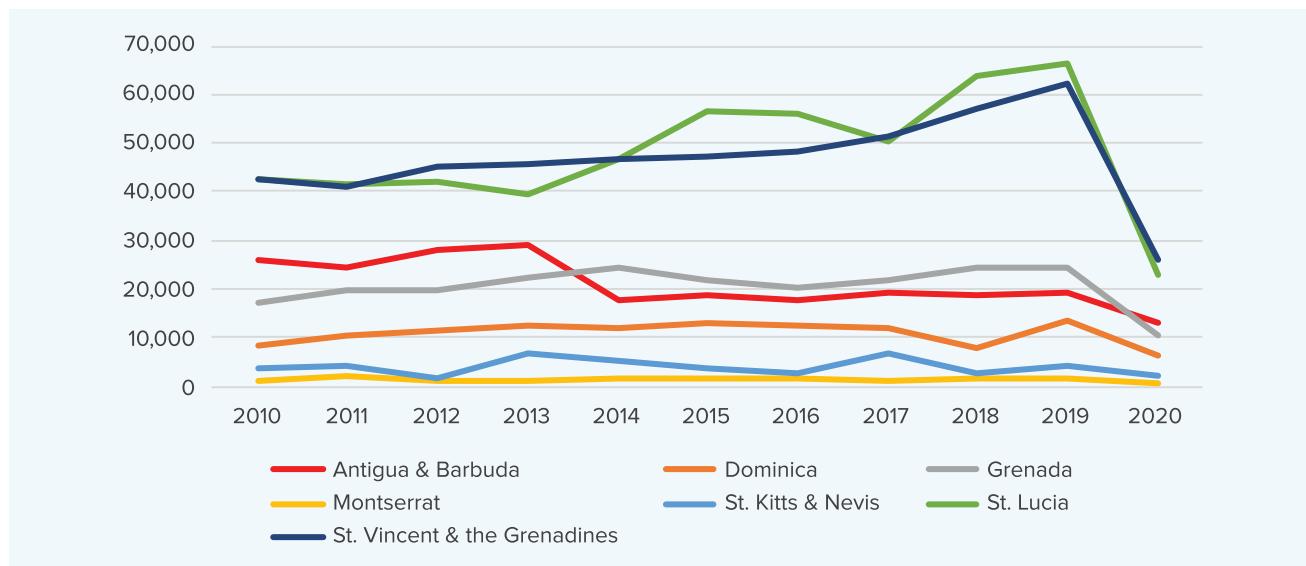


Source: ECCB and CTO, * Excludes Anguilla as no data available before 2015

Barbados is the sub-region's only cruise tourism homeport and has relatively low visitation levels from yachties. Its cruise market, like all the other destinations in the sub-region was significantly impacted by the pandemic. Islands such as BVI, Antigua & Barbuda, Saint Lucia and SVG have traditionally been popular yachting destinations, but no sub-sector was spared the impact of the pandemic. Based on the data available for the

yachting sector in select OECS member states, **Figure 7** illustrates that Saint Lucia and SVG experienced more significant declines when compared to other destinations in the sub-region. No data was available for the BVI but other noteworthy trends are the decline in yachting visitors since 2013 in Antigua and Barbuda and the minimal growth of the sub-sector in Saint Kitts and Nevis and Montserrat.

Figure 7 - Yachting Visitors in Select Eastern Caribbean Countries 2010-2020



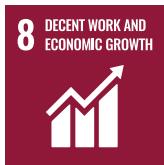
Source: ECCB

2.2.2.1 Opportunities for Tourism MSMEs in the Blue Economy

Destinations must not be limited by the volume and the immediate impact that cruise tourism provides for some tourism MSMEs but look towards the value-added of other marine sectors such as the dive market and the yachting sector, where the overall spend and stay is longer and provide more employment and skills development opportunities. Some of the skills linked to the maritime sector (e.g., diving, boatbuilding and repair) are exportable within the region and internationally. One tourism MSME from Saint Vincent (part of the Consultant's focus group for this project) who lives in the Northern region of La Soufrière, has suggested that with reduced tourism activity in his community, boatbuilding was something that could be revived.

The Caribbean Development Bank, CDB (2018)²⁰ notes, "an effective blue economy strategy should seek to support women, youth, local communities, and other groups traditionally marginalised or underrepresented in policymaking and economic activity." Tourism MSMEs can take advantage of coastal and marine tourism activities that also make sustainable use of ocean resources which provide economic value:

- Seafood, the Fish Fry and Community Based-Tourism (CBT):** There have been many successful Fish Fry events held in coastal communities in the sub-region e.g., Barbados, Saint Lucia, and Grenada, which were popular events pre-pandemic, and supported by domestic and international tourists. The Fish Fry allows patrons an opportunity to enjoy fresh seafood cooked on-site in a scenic environment. Such events should be revived or developed in other EC countries to provide opportunities for coastal communities, fisher folk and women. Destinations must take stock of what other attractions exist in the community that can be packaged as unique experiences, since the



Fish Fry is typically a weekend activity. The creative talent in the community- entertainers and artisans should also form part of the total CBT experience. Though the examples provided are related to the blue economy, there is scope to develop the gastronomy offering in the sub-region which will also serve to enhance the agricultural sector.

- Adventure, Coastal and Nature-Based Tourism and Events:** Snorkelling, sailing regattas, boat racing, fishing tournaments, sustainable fishing, sport fishing, and the accompanying food and beverage and entertainment opportunities centred around these activities are additional opportunities for tourism MSMEs, including women.
- Education and Voluntourism:** Grenada and Saint Kitts and Nevis have already carved a niche for themselves in the education market with their overseas Universities, but all countries of the sub-region can benefit from programmes and initiatives linked to research, development, education, and protection of the marine coastal environment. Grenada is specifically seeking to grow its voluntourism market and Dominica has benefited from "voluntourists" after the passage of Hurricane Maria in 2017²¹. Tourism trends point to visitors who want to make a positive impact and who care about sustainability issues - participating in coastal clean-ups are just the tip of the iceberg. Tourists who travel for education and voluntourism will have longer stays and are more likely to participate in CBT activities. Tourism MSMEs stand to benefit by providing accommodation, food and beverage, transportation, tours and entertainment to students, international researchers, and environmental enthusiasts. The sub-region also stands to benefit from the expertise of researchers and the experience of volunteers.

2.2.2 Tourism & the Green Economy

The United Nations Environment Programme (UNEP, 2011) defines the green economy as one that results in improved human



²⁰ CDB (2018). Financing the Blue Economy: A Caribbean Development Opportunity.

²¹ Consultant's interviews with tourism officials and the Grenada Hotel and Tourism Association for the FUT-Tourism project (2022). Dominica example from the Discover Dominica Authority presentation at a CTO Webinar (2020).

well-being and social equity, while significantly reducing environmental risks and ecological scarcities. It is low carbon, resource efficient, and socially inclusive. In a green economy, growth in employment and income are driven by public and private investments in economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.²² Barbados was the first country in the sub-region to have a Green Economy scoping Study and Synthesis Report conducted by UNEP and UWI in 2011. Most green economy plans in the sub-region are dated and more up-to-date plans are focused on the blue economy (Refer to Table 2 in Section 2.2.1) However, the ideals of the green economy are captured in national determined contributions to reduce GHG emissions, and strategies to combat the effects of climate change. As mentioned in Section 2, tourism is both a vector and victim of climate change, and its incumbent on SIDS to employ strategies for climate change adaptation and resilience. The sub-region is also vulnerable to fluctuations in the price of imported fossil fuels and therefore greener paths to sustainable development, including greener energy sources are an imperative.

After the passage of Hurricane Maria in September 2017, Prime Minister Roosevelt Skerrit declared that Dominica's vision is to build the first climate resilient nation in the world by 2030. Efforts towards attaining this vision is articulated in the National Resilience Development Strategy (NRDS) 2030, which was developed in 2018²³. The country has also prepared the Climate Resilience and Recovery Plan (CRRP) 2020-2030 which serves as an accompanying document to the NRDS. The CRRP acts as a guide for the preparation of sector strategic plans. Dominica's CRRP is consistent with its positioning as the Nature Isle of the Caribbean.

Barbados has been a regional leader in the use of solar energy, including within the hotel sector. Saint Lucia has signaled its intention to harness geothermal energy from the dormant drive-in volcano as well as, solar (photovoltaic), wind and

biomass from tourism and agriculture, as part of its commitment to the 2030 SDGs. Other countries in the EC also have the potential to take advantage of geothermal energy but international financing is needed.

Coming out of the UN Climate Change Conference in Glasgow (COP-26) in November 2021, UNEP and the WTTC launched "A Net-Zero Road Map for Travel and Tourism" which aims for the tourism industry to reach net zero emissions by 2050²⁴. The road map is focused on decarbonization in the Travel and Tourism sector (See <https://wedocs.unep.org/xmlui/bitstream/handle/20.500.11822/37355/NZRTT.pdf>). Refer also to [The Glasgow Declaration: An urgent global call for commitment to a decade of climate action in tourism \(unwto.org\)](#).

2.2.2.1 Opportunities for Tourism MSMEs in the Green Economy

Apart from reducing their dependency on fossil fuels and turning to sustainable energy sources, some of the biggest tourism opportunities for the sub-region in the green economy lie in nature-based product offerings that promote sustainable practices, and build strong linkages between tourism and agriculture. Dominica has distinctively positioned itself as an eco-tourism destination, but all the countries in the sub-region offer ecotourism products -marine and terrestrial based.

The global ecotourism market is estimated to generate \$103.8 billion by 2027. The growth in eco-tourism is being spurred by the quest for unique attractions, preference for the exploration of wildlife, coral reefs, and remote natural areas, and a focus on sustainability. Generation Y or Millennials (born between 1981 and 1996) accounted for nearly three-fifths of the global ecotourism market and is expected to maintain its dominance in terms of revenue from 2021-2027. The largest growth for the same period is projected to come from the generation Z market segment (born between 1997 -2012) with a compounded annual growth rate of 15.6 per cent (Allied Market Research, 2021)²⁵. It is important that destinations and tourism MSMEs understand that Gen Z has grown up in the era

²² UNEP (2011). Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication- A Synthesis for Policy Makers https://sustainabledevelopment.un.org/content/documents/126GER_synthesis_en.pdf

²³ National_Resilience_Development_Strategy_2030.pdf (dominica.gov.dm)

²⁴ Travel and tourism industry chart new, greener course at COP 26 (unep.org)

²⁵ Allied Market Research (2021). <https://www.globenewswire.com/news-release/2021/01/18/2160003/0/en/Global-Ecotourism-Market-to-Generate-103-8-Billion-by-2027-AMR.html>

of “always on” technology and without a digital presence, businesses are missing out on a key market segment that cares about sustainability issues and eWoM (electronic Word-of-Mouth).

Additional opportunities for tourism and agriculture are covered in Section 4, **Focus Area II: Diversification of the Product Offering: Product and Market Development.**

2.2.3 Tourism & the Orange Economy

The Inter-American Development Bank (IDB) defines the orange economy as the “the set of activities that in an interlocking way allow for ideas to be transformed into cultural goods and services.” It is that sector of the economy that has “talent and creativity as leading inputs.” The orange economy produces wealth and value, generates jobs and creates a social impact (IDB, 2018)²⁶. The orange economy is synonymous with the creative and cultural industries (CCI) which includes cultural and natural heritage; books and press; performance and celebration; audio visual and interactive media; visual arts and craft; and design and creative services.

The CCI, whose products are embedded within tourism, were equally hard hit by the COVID-19 pandemic as many destinations, globally and regionally, restricted public gatherings, closed many performance venues and banned events to control the spread of the virus. According to Creative Economy Developer at the IDB, Eliana Prada, cultural tourism is responsible for 40 per cent of tourism income in the Latin America and Caribbean region²⁷. Performance and celebration, and cultural heritage sub-sectors were particularly affected as they have the lowest adaptability and the highest disruption as they depend on the physical presence of an audience (UNESCO

2021)²⁸. The events and festival tourism market in the sub-region were negatively affected with the cancellation of Carnivals (e.g. in 2020 and 2021 Crop Over in Barbados, Spice Mas in Grenada, Antigua’s Carnival), music festivals and other events. Some event organisers were able to pivot to a virtual offering, but this translated into a loss of revenue for many in the CCI (venues, artisans, performers), the informal sector and others along the tourism value chain-accommodation, transportation, travel trade and food and beverage.

2.2.3.1 Opportunities for Tourism MSMEs in the Orange Economy

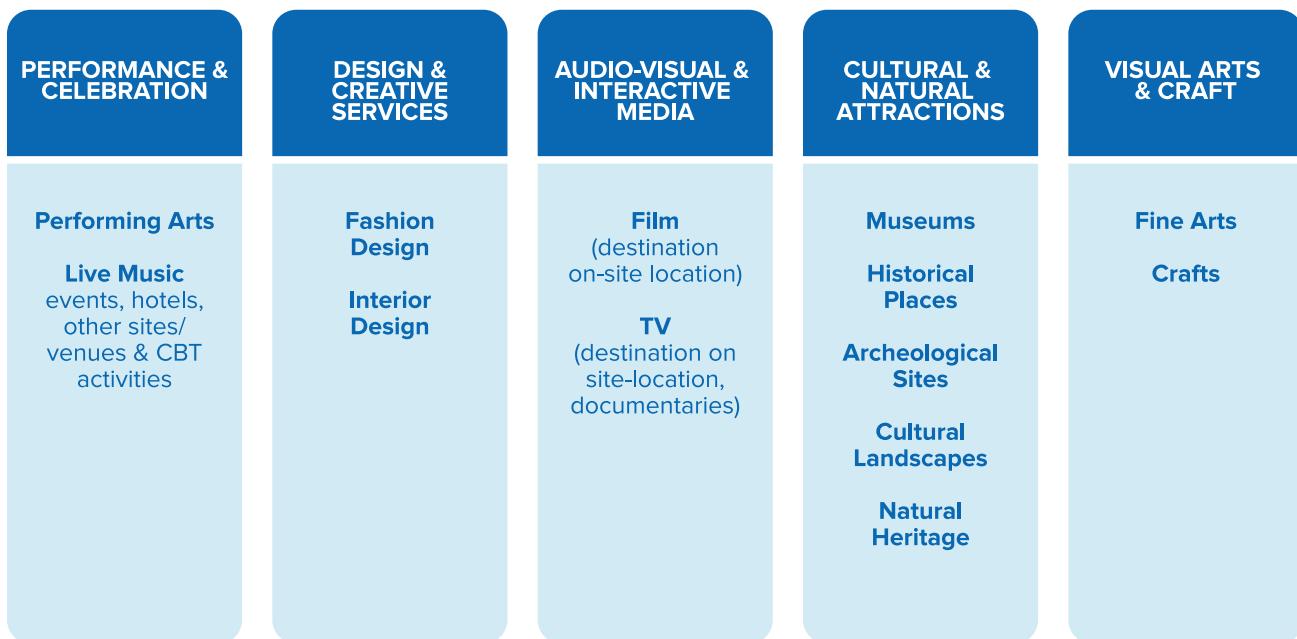
The IDB (2018) regards digitalization and entrepreneurship as key ingredients for the CCI, however digitalization is a challenge for MSMEs in different sub-sectors and throughout the tourism value chain. Opportunities for destinations and tourism MSMEs rest in their abilities to leverage their talents and technology to take advantage of a plethora of potential revenue streams from the CCI as depicted in Figure 8. Development of the creative and cultural industries will enhance the image of the destination but businesses along the tourism value chain should seek to showcase the creative talent of the destination through crafts, fashion, visual arts, performances, music etc. Where appropriate such product should be made available online, therefore marketing and e-commerce capacity must be developed. Tourism MSMEs must be able to develop, digitize offerings and deliver unique and compelling stories as part of their cultural tourism offerings. While MSMEs can take advantage of the opportunities in all areas, women MSMEs can carve a niche for themselves in design and creative services, visual arts and crafts. There are additional revenues that can be generated from the intellectual property rights arising out of original creative works.

²⁶ IDB (2018). Launching an Orange Future. https://en.unesco.org/creativity/sites/creativity/files/launching-an-orange-future_idb.pdf

²⁷ Presentation at the Ideas Empowered Masterclass- Session: Identifying, Quantifying & Monitoring Value in the Creative Economy, 27 January 2022.

²⁸ UNESCO (2021). Cultural and Creative Industries in the face of COVID-19: An Economic Impact Outlook <https://unesdoc.unesco.org/ark:/48223/pf0000377863/PDF/377863eng.pdf.multi>

Figure 8 - Opportunities for Destinations & Tourism MSMEs within CCI



Additional Resources

- Toward a Blue Economy : A Promise for Sustainable Growth in the Caribbean (worldbank.org)
- OECS Commission's Work on the Blue Economy <https://oeics.org/en/our-work/knowledge/library/ocean-governance?start=0>
- A Net Zero Roadmap for Travel and Tourism: Proposing a new Target framework for the Travel & Tourism Sector <https://wedocs.unep.org/xmlui/bitstream/handle/20.500.11822/37355/NZRTT.pdf>
- Making the Business Case for Climate Smart Investments: Guidelines for the Tourism Sector | One Planet network
- Caribbean Regional Oceanscape Project (CROP) (oeics.org)
- Commonwealth Blue Charter (thecommonwealth.org)
- Development Projects: Unleashing the Blue Economy of the Caribbean (UBEC) -(worldbank.org)
- Cultural Affinity and Screen Tourism – The Case of Internet Entertainment Services | World Tourism Organization (e-unwto.org)

3. FOCUS AREA I: DIGITAL LANDSCAPE FOR TRANSFORMATION

3.1 Overview

The tourism 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 (AI), 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 disease 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, create innovative solutions, invest in digital skills, 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)²⁹.

The COVID-19 pandemic accelerated digitalization and spurred innovation in the private and public sectors, where many services became accessible and payable online. Simultaneously, the move to more online services brought the digital divide into greater focus, as those without connectivity were left behind. Even registration for COVID-19 vaccines in some Caribbean territories were initially on-line which meant only those who were connected moved ahead in the queue, irrespective of health or age vulnerability. The education sector also continues to be challenged globally, where 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.

²⁹ World Bank (2020). Acceleration Digital Transformation in Zambia. Digital Diagnostic Report. The World Bank

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

- **Mobile phone ownership widespread-** Ownership of mobile phones has been shown to be an important tool to empower women. In almost one third of the economies for which data are available (31 out of 69), women's mobile phone ownership is close to parity with that of men.
- **Rural areas continue to face greater challenges** than people in urban areas in terms of remaining connected during lockdowns, especially in developing economies. Large swathes of the rural landscape are still not covered by mobile broadband networks, and fewer households in these areas have access to the Internet.
- **The rollout of communications infrastructure is slowing-** observed since 2019 but too early to say if it has stalled because of the pandemic.
- **Mobile cellular subscriptions have been declining for** the first time in history, and the growth in mobile broadband subscriptions is levelling out. It is uncertain if this is because of the COVID-19 crisis or due to saturation of the market.
- **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 is 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).³⁰

Recent research by the ITU (2021)³¹ points to gender parity in Internet usage in the Americas, a region of 35 countries, which includes 16 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.



3.2 Readiness

A survey of tourism MSMEs in the sub-region conducted in May 2021 as part of the FUT-Tourism project found that less than one third of those surveyed were selling online. Stakeholders interviewed for the country-specific diagnostic studies felt that the perceived costs, data security issues (trusting the safety of the technology) and lack-of know how are among the main barriers for establishing an online presence. Furthermore, research conducted in Dominica for its forthcoming 2022-2026 National Digital Transformation Strategy³² revealed that the majority of the population think devices and Internet services are expensive. An ITU GSR-20 Discussion Paper "Economic Impact of COVID-19 on Digital Infrastructure"³³ suggests that in the medium-term, countries with top connectivity infrastructure could mitigate up to half of the negative economic impact of the COVID-19 pandemic. However, where a digital divide exists, whether in rural communities or vulnerable groups; and where there are issues of affordability and digital literacy, countries will not be able to fully embrace digitization to improve social and economic resilience.

Saint Kitts and Nevis and Barbados have the best digital infrastructure in the sub-region (i.e. mobile and Internet connectivity) with 81 and 82 per cent of the population respectively, using the Internet. Saint Kitts and Nevis has 148 mobile cellular subscription per 100 inhabitants and

³⁰ Measuring Digital Facts and Figures 2020. International Telecommunications Union. <https://www.itu.int/en/itu-d/statistics/pages/facts/default.aspx>

³¹ ITU (2021) Digital Trends in the Americas 2021. International Telecommunications Union

³² Our Digital and Resilient Future: National Digital Transformation Strategy for Dynamic Dominica (Draft Version 1.2 September 2021)

³³ <https://www.itu.int/en/ITU-D/Conferences/GSR/2020/Pages/default.aspx>

Barbados, 115. Although Antigua and Barbuda has the highest mobile cellular subscriptions (193 per 100 inhabitants), it has the lowest fixed broadband subscriptions in the sub-region and a lower percentage of individuals using the Internet (73 %) when compared to Saint Kitts and Nevis and Barbados. Saint Vincent and the Grenadines has the lowest percentage of individuals using the Internet in the sub-region, just 21 per cent. Data for seven countries in the sub-region highlights the fact there has been an increase in mobile broadband subscriptions per 100 inhabitants, with the exception of Saint Kitts and Nevis and Barbados, where mobile broadband subscriptions have declined. Dominica leads the region in active

mobile broadband subscription per 100 inhabitants. In cases where there appears to be wide mobile ownership or use it does not necessarily translate into Internet usage, as some individuals may be using their mobile devices primarily to make and receive calls. Without a data plan, Internet usage may be infrequent and accessed only when free WiFi is available.

Countries in the sub-region are highly ranked on the UN's E-Government Development Index (EGDI)³⁴, which signals the significant strides towards delivering public services on-line. A profile of the digital infrastructure in seven countries of the sub-region is presented in **Table 3**.

Table 3 - Sub-region Digital Infrastructure Profile

Country	Mobile Cellular Subscriptions per 100 inhabitants	Active mobile broadband subscriptions per 100 inhabitants	Fixed-broadband subscriptions per 100 inhabitants	Percentage of Individuals Using the Internet	Telecom Investment as Percentage of Revenue	E-Government Development Index/Level (EGDI)
Antigua & Barbuda	193	50.3	9	73	n.a.	0.6055/High
Barbados	115	42.2	37	82	13	0.7279/High
Dominica	106	93.9	16	70	16	0.6013/High
Grenada	104	58	23	59	n.a.	0.5812/High
St. Kitts & Nevis	148	51.6	56	81	11	0.6352/High
St. Lucia	102	42.5	18	51	26	0.544/High
St. Vincent & the Grenadines	93	58.2	20	21	6	0.5605/High

Source: ITU, 2021 based largely on 2019 data and 2020 UN E-Government Survey.

n.a. not available

No data available for Anguilla, BVI & Montserrat (all UK overseas territories)

Within recent times, Saint Lucia has made significant investments in its telecommunication infrastructure and along with Dominica, Grenada and Saint Vincent and the Grenadines, is benefitting

from the implementation of the World Bank funded Caribbean Digital Transformation Project (CARDTP). The CARDTP aims to increase access to digital services, technologies and skills by governments,

³⁴ The E-Government Development Index (EGDI) is a normalized composite index with three components: the Online Services Index (OSI), the Telecommunications Infrastructure Index (TII) and the Human Capacity Index (HCI). The composite value of each component index is normalized to fall within the range of 0 to 1, and the overall EGDI is derived from taking the arithmetic average of the three component indices.

businesses, and individuals in the participating Eastern Caribbean countries. The main project components are:

- Creating a digital policy and regulatory enabling environment that will support a digital economy that drives competition, investment and innovation while promoting trust and security of online transactions.
- Digital Government Infrastructure, Platforms and Services. This component will support public sector modernization, resilience, and delivery of digital public services to individuals and businesses.
- Digital Skills and Technology Adoption with the goal of better equipping individuals and businesses for the jobs and economy of the future.³⁵

The increase in online public services will increase the use of digital technology by MSMEs as it will translate into less time being spent away from income-generating activities. The CARDTP, the digital skills training and grant funding provided to tourism MSME through the UNDP's FUT-Tourism in 2021, and other digital initiatives (see additional resources at the end of the chapter) accelerated by the pandemic in the public and private sectors, suggest that the sub-region is well on its way to take advantage of the opportunities that ICT provide.

3.3 Challenges & Opportunities

The lack of e-commerce by tourism MSMEs is indicative of a larger failure of Caribbean businesses to truly capitalize on the digital economy. At the same time, countries also need to address digital

literacy, affordability of Internet services and the improvement of broadband services. The Americas region is among the regions with less affordable prices for mobile voice and data. Saint Vincent and the Grenadines (mobile-data baskets) is the least affordable of all the countries in the EC, at 5.7 per cent per cent of Gross National Income (GNI) per capita (ITU, 2021)³⁶. This may partially explain the low Internet usage in the population (21 %). The sub-region also needs legal, regulatory and institutional reform to address challenges posed by digital payment systems and accompanying data, privacy and cybercrime protection that online transactions require (Ram, 2021)³⁷. The Caribbean region is also lacking adequate ICT-led innovation and infrastructure to fully capitalize on the opportunities of Artificial Intelligence (AI), the Internet of Things (IoT) and cloud computing.

Digital payment platforms have become increasingly important since the COVID-19 pandemic. Since most tourists conduct research online, and the fact that contactless transactions have accelerated in the Caribbean's major source markets, it means that tourism MSMEs must equally accelerate the digitalization of their customer experiences and operations (See **Figure 9**).

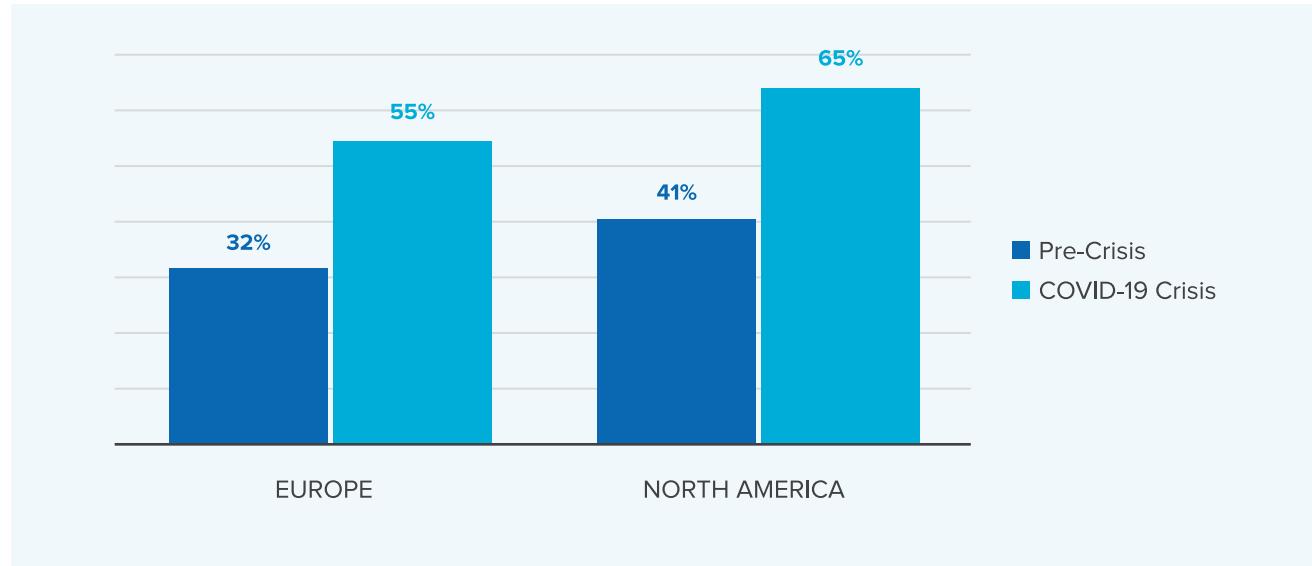
Since the pandemic, the Dominica Hotel and Tourism Association has acquired a Property Management System (PMS) for their very small accommodation providers. The system allows providers to handle their own bookings, improve forecasting and record keeping. The PMS will also enable properties to develop targeted marketing initiatives. A similar initiative could be replicated across the sub-region and hotel and tourism associations should investigate other cost-effective booking systems for other tourism sub-sector players.

³⁵ Our Digital and Resilient Future: National Digital Transformation Strategy for Dynamic Dominica (Draft Version 1.2 September 2021)

³⁶ ITU (2021) Digital Trends in the Americas 2021. International Telecommunications Union

³⁷ Ram, J. (2021). Digital Transformation in the Eastern Caribbean.

Figure 9 - Pandemic Acceleration of Digital Customer Interaction in Tourism Source Markets



Source: Adapted from ITU 2021

3.3.1 DCash

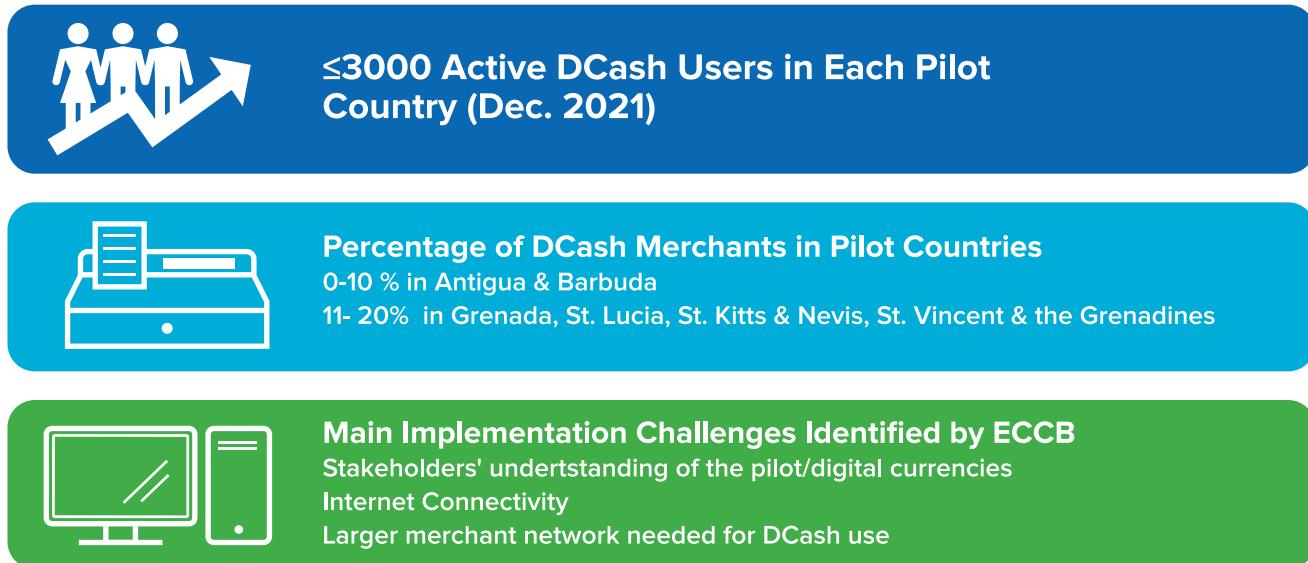
The launch of the Eastern Caribbean Central Bank's (ECCB) DCash, a digital version of the EC dollar in March 2021 can be a potential game changer for tourism MSMEs and intra-regional travel for countries within the currency union. DCash provides an opportunity for businesses to conduct financial transactions, including receive instant payments from customers through smart devices. Five countries were initially part of the pilot study - Saint Kitts and Nevis, Antigua and Barbuda, Grenada, Saint Lucia and Saint Vincent and the Grenadines. Dominica and Montserrat joined the rollout in December 2021.

A brief questionnaire designed by the Consultant (See **Appendix I**) and completed by the ECCB, provides an overview of the performance of DCash in the five pilot countries, up to December 2021 (See **Figure 10**). On a scale of 1 to 5, the ECCB gave

a rating of 3 for the success of the implementation of DCash. There were less than 3000 active users in each of the pilot countries and less than 20 per cent are DCash Merchants. The Bank notes that the pilot *“allows the ECCB to design and refine a product that takes careful note of the needs of our unique and highly vulnerable economies as well as allows us the time to understand the needs of our burgeoning digital economy”*. The main factors that will influence full implementation, that is, commercial deployment are:

- Adoption rate
- Size of merchant network
- Stakeholder confidence
- Penetration towards financially excluded segments

Figure 10 - DCash Rollout in Pilot Countries of the Eastern Caribbean



DCash is not without competition, as there are other regional digital payments systems such as MLajan in Dominica and Jad Cash in Saint Kitts and Nevis and other international payments systems such as Paypal that most tourism MSMEs indicated they use, along with on-line banking services and credit-card services. While some tourism MSMEs expressed an interest in using DCash, some found that it was not convenient to use DCash Merchant as you had to have a business account with at least XCD 400. This is an issue that should be reviewed if digital payment systems are to reach micro-businesses, the informal sectors, and the unbanked or financially excluded segments of society.

International credit card companies can potentially lend support for digital banking, particularly via cell phones for tourism MSMEs. The Caribbean Hotel and Tourism Association (CHTA) has partnered with MasterCard to introduce 'Bank in a Box' for Small and Medium Tourism Enterprises as a pilot in Barbados, but the project has been side-lined since the pandemic.

3.4 Digital Transformation Framework

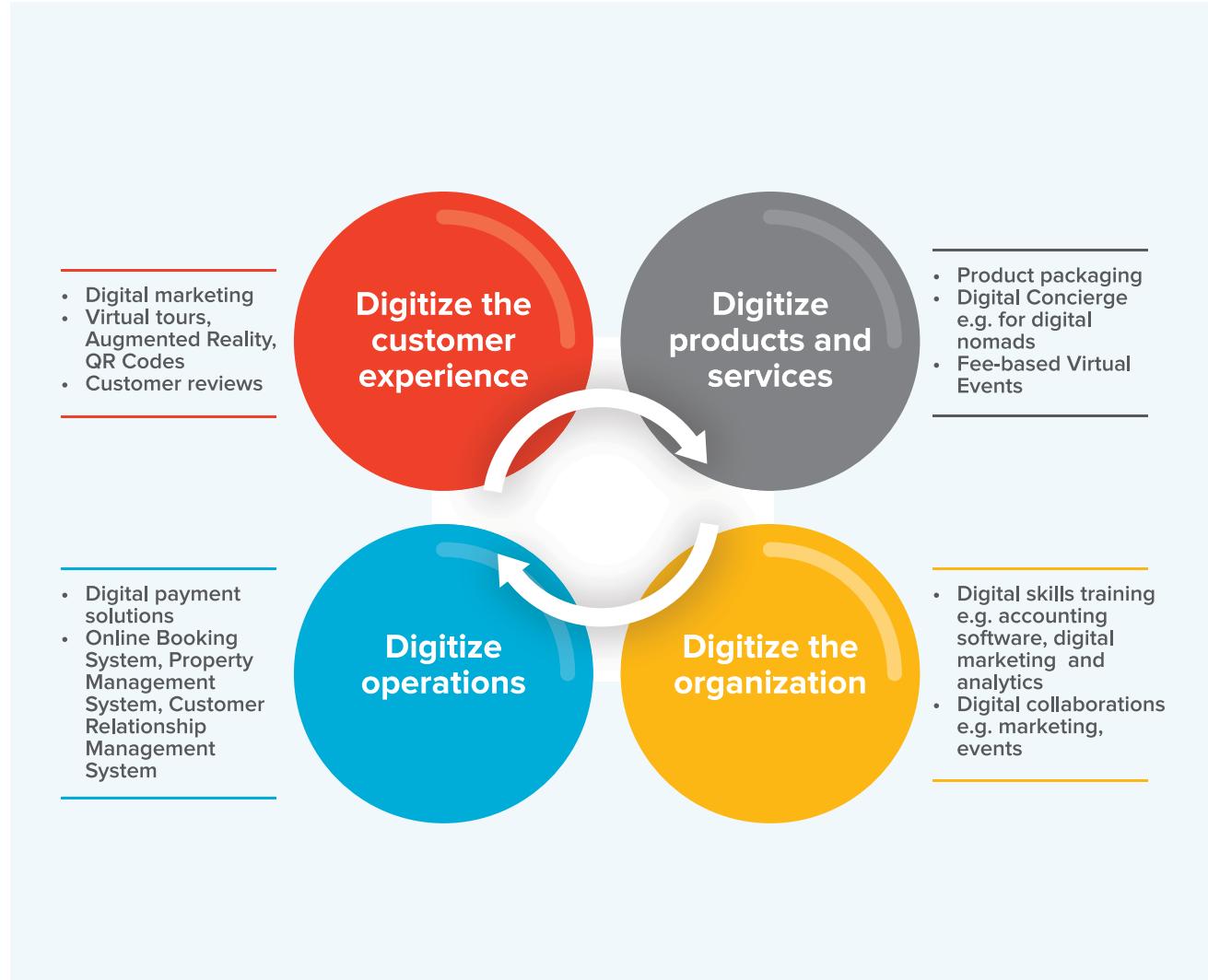
At the governmental level, an effective and inclusive digital transformation strategy is best achieved if the national digital strategy and implementation

plan are aligned with local and other subnational strategies and plans. A whole-of-government and whole-of-society approach to both consultation and implementation of the digital transformation strategy is essential to ensuring success. Digital transformation is cross-cutting agenda and success does not rest with government alone. It requires active interaction and engagement with the private sector and other stakeholders along the course of the digital transformation journey.

At the firm or business level, Cognizant (2014)³⁸ has proposed a digital transformation framework that can be tailored for each industry or organization. The framework is well suited to the tourism industry, as the first area of focus for the digital transformation process is to digitize the customer experience. This is done through digital marketing, virtual tours, on-site information provided through QR codes, augmented reality, and other technologies. The other areas in the digital transformation framework are digitizing product and services, operations, and the organization (See Figure 11). All the areas will not apply to all businesses within the tourism value chain, but one or two areas could be useful to even micro-, independent operators such as an aloe-rub vendor/masseuse in Saint Kitts, who can use WhatsApp for promotions and bookings (digitize customer experience) and DCash for payments (digitize operations).

³⁸ Cognizant 2014. A Framework for Digital Business Transformation (cognizant.com)

Figure 11 - Digital Transformation Framework for Tourism MSMEs



Source: Adapted from Cognizant (2014), modified by Mareba M. Scott (2022)

3.5 Recommendations

If digital transformation is to be used as tool by tourism MSMEs to build social and economic resilience during the pandemic and beyond, there must be initiatives geared towards:

- Targeted training and guidance on how to identify and pursue business opportunities in the sector based on technology and tourist demand trends
- Inclusionary access to technical skills to bridge the digital divide in marginalized communities and among women
- Affordable financing opportunities for digitization of operations
- Providing financial incentives (tax credit) for digitization by businesses or incentives for the creation of businesses that provide digital solutions across the board, not only tourism

- Providing support for MSMEs to join national and/or sub-regionally led digital marketing platforms with booking and payment systems
- Cheaper and reliable Internet service

In addition to developing skills in entrepreneurs, a wider approach of technology understanding, innovation, financing, etc., should be encouraged through capacity building to other tourism ecosystem stakeholders such as decision-makers, private sector, academics, etc., to ensure action and a greater impact.

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Additional Resources

- Giga Project in the OECS
<https://gigaconnect.org/oecs/>
- Connect2Recover
[Connect2Recover Initiative \(itu.int\)](https://www.itu.int/recovery/)
- Caribbean Tourism Organization's Digital Tourism Toolkit
[Digital Tourism Toolkit – OneCaribbean.org](https://www.onecaribbean.org/digital-tourism-toolkit)
- Learn to Implement Digital Services for your Tourism Business
<https://apec.digitaltourism.academy/>

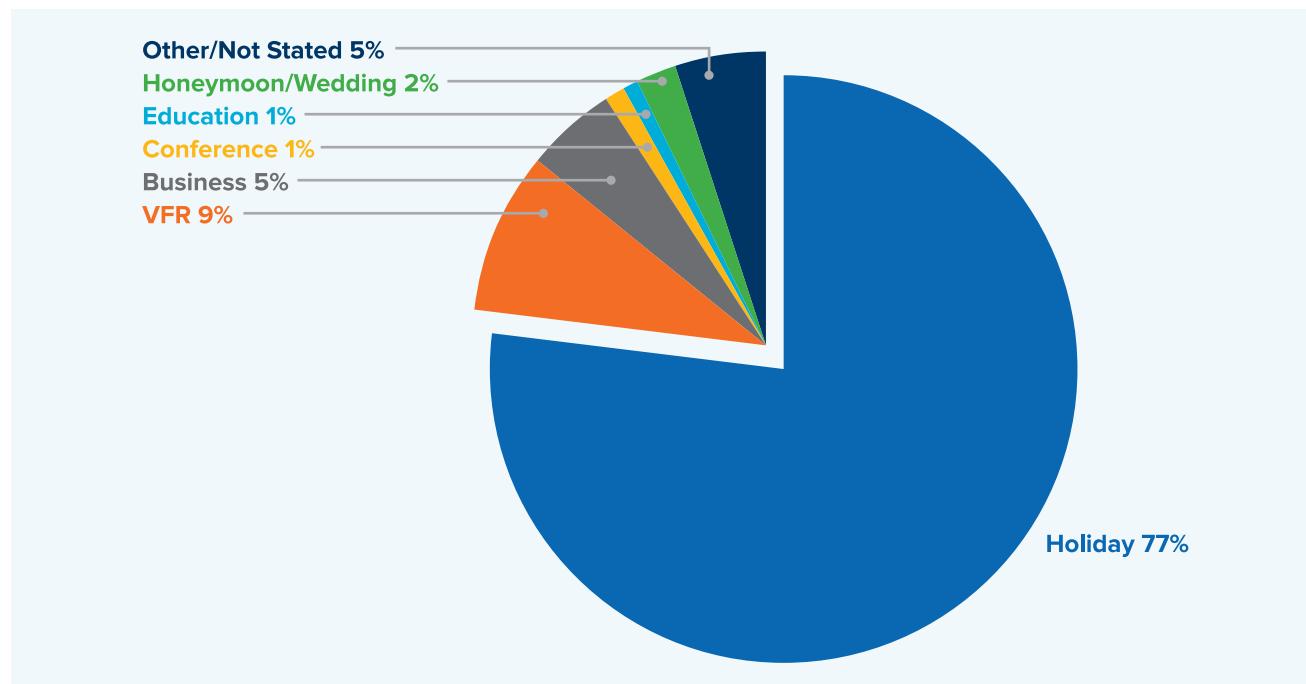
4. FOCUS AREA II: DIVERSIFICATION OF THE PRODUCT OFFERING: PRODUCT AND MARKET DEVELOPMENT

4.1 Overview

The countries of the sub-region share in the vision for sustainable tourism development- “Caribbean Tourism that is sustainable, viable, of high quality, climate smart, resilient, and promotes empowerment and inclusiveness” (CTO, 2020)³⁹.

As SIDS, all the destinations of the sub-region offer sun, sea, and sand, as core attractions but the 3Ss should not be discounted, as the region’s warm climate and natural environment are motivating factors for travel to the Caribbean. Available data for stay-over visitors to the sub-region illustrates that holiday (77 %) is the main purpose of visit, with Visiting Friends and Relatives (VFR), the second main reason for travel (See **Figure 12**).

Figure 12 - Tourists Main Purpose of Visit to the Sub- Region*



Data Source: CTO (based on 2018 and 2019 data) *Excludes BVI and St. Kitts and Nevis due to lack of data

The islands pursue several common niche tourism products to attract visitors to their destinations. These niches are summarised in **Table 4**. The nature of the activities in each niche varies across the sub-region. For example, there are a variety

of sporting activities such as golf in Saint Kitts and Nevis, Saint Lucia, and Barbados; regattas in Saint Vincent and the Grenadines, Grenada, Antigua, BVI, Saint Lucia and Anguilla. Adventure tourism offerings varies from river tubing in Grenada, and

³⁹ Caribbean Tourism Organisation, 2020. Caribbean Sustainable Tourism Policy and Development Framework <https://www.onecaribbean.org/our-work/sustainable-tourism-dept/cdb-project/>

volcano tours in Montserrat and Saint Vincent. Apart from Carnival, each destination has several unique cultural and heritage offerings (e.g., indigenous Kalinago territory in Dominica), festivals

and events. It is each island's complementary and distinctive tourism product offerings, unique experiences and tourists' satisfaction levels that defines their competitiveness.

Table 4 - Common Niche Tourism Products in the Sub-Region



Section 2 of this diagnostic report outlined the impact, challenges, and opportunities for tourism and the CCI. It was highlighted that festivals and events, which require a physical audience, will continue to be negatively impacted by the COVID-19 pandemic once restrictions on public gatherings persist. Prior to the COVID-19 pandemic, festivals and events were an important part of the regional product mix to reduce the seasonality of demand, encourage longer-stays, repeat visitation and to attract higher spending

tourists. As a response to the drastic reduction in tourist arrivals and income, several countries in the sub-region have turned to extended stay visitor programmes targeting digital nomads to diversify the market segments they attract.

Digital nomads travel to areas outside of their employers' or clients' physical base and work remotely using the tools of modern technology. Barbados was the first country in the sub-region to launch a "Welcome Stamp" programme for digital

nomads in June 2020, allowing individuals and families the opportunity to live and work for up to 12-months. At the end of 2021 Barbados' 12-month Welcome Stamp Programme received 3,257 applications with 2,163 approvals. The leading countries of origin for applications for Barbados' programme, are the United States of America, the United Kingdom, Canada, Nigeria and India. Sixty-five (65) per cent of applicants were individuals and 35 per cent families.

Apart from the money earned from the application process, the country also benefits from digital

nomads' expenditure on good and services in the local economy, including accommodation, transportation, food and beverage, entertainment, health, and educational services. Based on the success of the programme in Barbados, the country now provides digital nomads the opportunity to reapply and extend their stay. Other extended stay programmes in the sub-region targeting digital nomads are summarized in **Table 5**. BVI, Saint Kitts and Nevis and Saint Vincent and the Grenadines do not have extended stay-programmes, but Grenada is in the process of developing a digital nomad visa programme.

Table 5 - Sub-Regional Extended Stay Programmes Targeting Digital Nomads

	Programme	Description & Qualifying Criteria
Anguilla	Digital Nomad Visa	12 months stay. No minimum monthly income requirements. Application fees: USD 2000 (individual), USD 3000 (family) https://escape.ivisitanguilla.com/work-from-anguilla/
Antigua & Barbuda	Nomad Digital Residence (NDR)	Reside up to 2 years. Income of no less than USD 50,000. Application fees: USD 1,500 (single), USD2000 (couples), USD 3000 (family of 3+) https://antiguonomadresidence.com/
Barbados	Welcome Stamp	12 months stay. Annual income of at least USD 50,000. Application fees: USD 2000 (individual), USD 3000 (family) https://www.visitbarbados.org/barbados-welcome-stamp
Dominica	Work in Nature (WIN) Visa	Stay up to 18 months. Annual income of at least USD 50,000. Application fees: USD 800 (single), USD 1200 (family) https://windominica.gov.dm/
Montserrat	Remote Workers Stamp	12 months stay. Annual income USD 70,000. Application fee: USD 500 (single), USD 750 (family up to 3 dependants) https://montserratremoteworker.com/
St. Lucia	Live It	2 Options- (i)Tailor-made experience from Approved Island Specialist (less than 12 months) or (ii) Live It independently (12 month stay-apply through immigration) https://www.stlucia.org/en/liveit/



4.2 Product & Market Trends

The COVID-19 pandemic has changed people's perspectives of life, work and recreation. Behavioural changes arising out of the pandemic-induced lockdowns are fueling the growth in nature-based tourism and outdoor recreation, which are complementary to 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 benefits⁴⁰. Beyond the opportunities for tourism 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. The year 2022 is being observed as the year of wellness in the Caribbean (CTO, 2022)⁴¹, and destinations in the sub-region are well poised to take advantage of the opportunities that nature-

based tourism, soft adventure, and the wellness markets provide.

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 measures⁴². These trends are consistent with the 2022 trends in changing consumer behaviour and travel demand identified by a WTTC and Trip.com Group Report⁴³ and research conducted by Google and Ipsos⁴⁴. **Figure 13** below represents the Consultant's compilation and analysis of the trends identified in the reports.

⁴⁰ Winter et al (2009). Outdoor Recreation, Nature based tourism and Sustainability. Sustainability 2020 12, (81) pp. 1-12

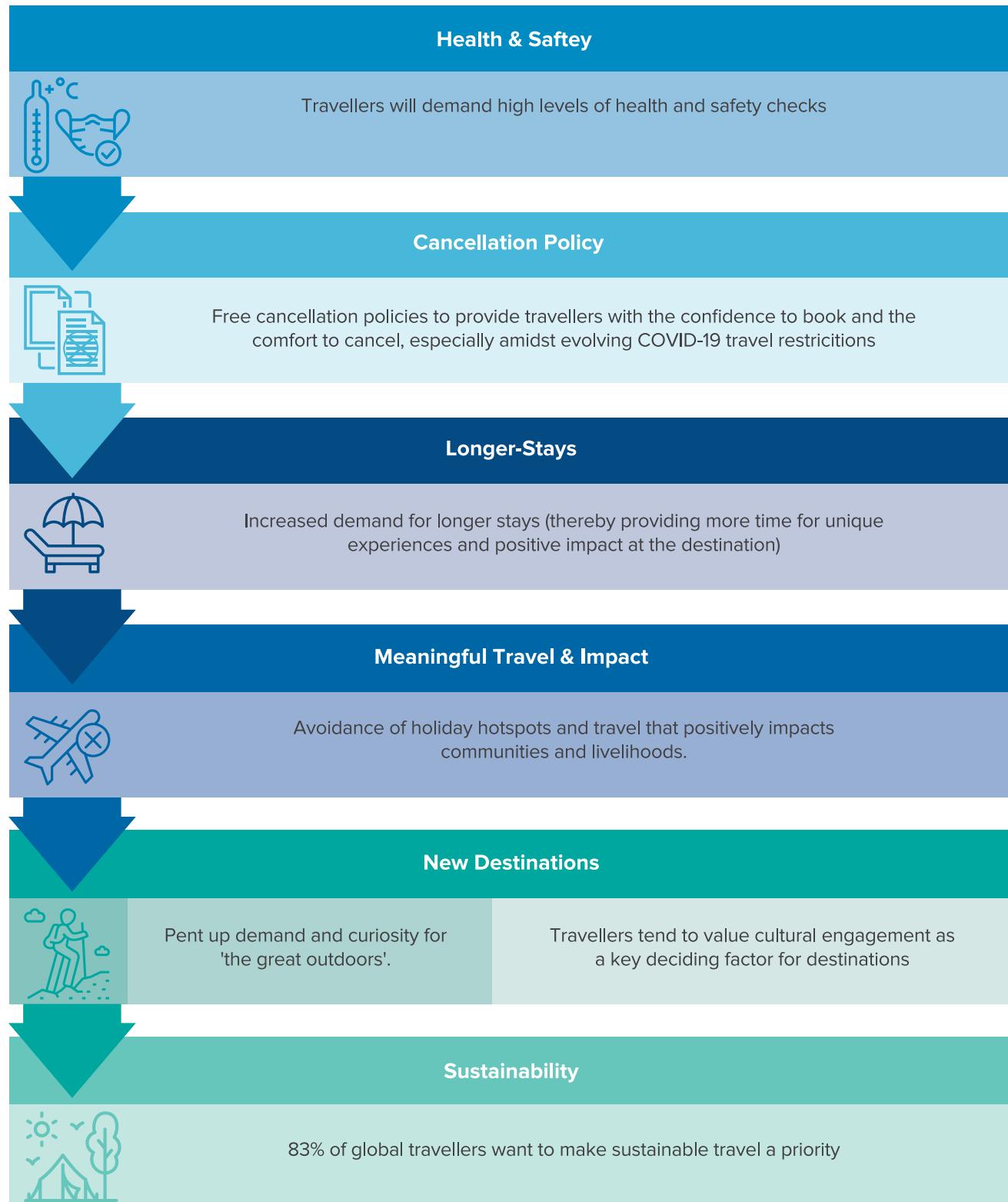
⁴¹ <https://www.onecaribbean.org/media/cto-news/page/2/>

⁴² Top 10 Travel Trends 2021 <https://www.responsibletravel.com/copy/travel-trends>

⁴³ News Article | World Travel & Tourism Council (WTTC)

⁴⁴ Google highlights 2022 travel trends - Travel Talks Platform

Figure 13 - Major Trends in Consumer Behaviour and Travel Demands in 2022



4.3 Challenges & Opportunities

Emphasising volume over value has been to the detriment of some destinations in the sub-region. The pandemic has re-emphasised the need to have diversified economies, diverse tourism products and target markets. As tourists seek new destinations, want to explore the great outdoors and are desirous of making a positive impact on communities, the sub-region's natural products remain vulnerable to natural hazards and climate change. Therefore, tourism development strategies must take all these factors into account.

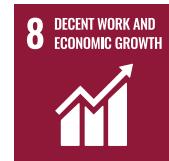
Domestic tourism promotions were elevated during the pandemic, and it is anticipated that destinations in the sub-region, particularly the multi-island destinations will continue to offer innovative packages and events for locals. The development of the intra-regional market remains a challenge due to airlift capacity and high airline ticket taxes and fees- collective, regional interventions are needed (See more in **Section 5**). The sub-region may also be challenged, in a depressed economic climate, to finance product diversification, invest in infrastructural projects or increase advertising in new markets.

The pandemic has provided an opportunity for destinations to reset and for MSMEs to upskill and pivot to areas of new tourism demand. The future lies in unique, customized experiences and some of these opportunities include:

- **Agro-tourism, Culinary Tourism, Farm Table and CBT:** Research conducted in 2019 by Compete Caribbean Partnership Facility (CCPF), in partnership with the CTO entitled, **Diversification of Caribbean Tourism Experiences**⁴⁵ provides some useful insights that can be beneficial to the further development of the sub-region's tourism product offerings and the linkages between agriculture and tourism. The CCPF report identified four CBT activities that tourism MSMEs can prioritize based on high benefits and high interest from the United States market:
 - **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.

Most of the aforementioned activities, represent specific opportunities for women in tourism. The CCPF research also highlighted that tourists expressed a preference for transportation to be combined with packaged activities and were generally willing to pay more than current prices, as much as, USD 300 per CBT activity.



- **The Digital Nomad, Concierge Services and Voluntourism:** Digital nomads require support services on arrival and assistance integrating into the local community. Events can be specifically designed and packaged to showcase the local culture and local attractions. Given the behavioural trends of tourists wanting to make a positive impact and their concern for sustainability issues, digital nomads can be matched with Non-Governmental Organisations (NGOs) and Community-Based Organisations (CBOs) for volunteer activities. Destinations should compile a list of voluntourism opportunities and related organisations and post it on their tourism sites including the digital nomad visa websites.
- **Health and Wellness:** Europeans have a long travel history of coming to the Caribbean for health and wellness. Packaging and customization will be the key to maximizing the opportunities in this niche. The use of local herbal treatments, the availability of local, organic fruits and vegetables, soaps etc. will also serve to strengthen the linkage between tourism and agriculture. Unique experiences may include the use of volcanic ash in spa treatments in Saint Vincent and Montserrat or chocolate in Grenada; Dominica, Saint Lucia and Nevis can promote the therapeutic value of their sulphur baths/

⁴⁵ <https://www.competecaribbean.org/documents/diversification-of-caribbean-tourism-experiences/>

springs. Women, who have traditionally been involved in the handicraft sector, can make and package personal-care natural products for sale at gift, craft and souvenir shops.

- **Adventure, Coastal and Nature-Based Tourism:** There are opportunities for hard and soft adventure in the blue and green economies that take advantage of evolving travel demands and consumer behaviour- from zip-lining to diving; to hiking and snorkeling; to foraging and sailing. Destinations of the sub-region also have the opportunity to turn some outdoor recreational activities into sporting events e.g. fishing competitions and hike-a-thons.

4.4 Recommendations

Amidst changing travel demand and consumer behaviour, and the challenges of the COVID-19 virus, the following general recommendations for product diversification and market development in the sub-region are proposed (note specific opportunities and examples were highlighted earlier):

Product Diversification:

- **Flexibility-** capitalize on customization; pivoting to new services and products based on consumer interests and demands for CBT, nature-based, adventure, health and wellness, and marine tourism activities
- **Robust health and safety protocols must be incorporated into any new product offerings-** sustainability, health and safety principles should be equally integrated in operational procedures and procurement

- **Utilise product bundling (where possible)-** transportation, food and beverage and activity (opportunity for partnerships and greater inclusivity)
- **Focus** on unique guest experiences

Market Development:

- **Build capacity of tourism MSME to have an online presence-** not only for e-commerce but for destinations, communities, and individuals to share their stories digitally
- **Exploit connections and engagement** with the Diaspora
- **Enhance domestic tourism market** through CBT, culinary experiences, festivals, and events

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



The COVID-19 pandemic has 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 economic sectors, including tourism.

There has been heightened collaboration and coordination between international and regional organisations and national agencies within the Caribbean. 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 national tourism players in public and private spheres (including MSMEs). The following examples of regional coordination are also noteworthy:

- Following the 2020 proposal by the Government of Saint Lucia to CARICOM, Heads of Government have embarked on a joint tourism policy for CARICOM. The policy is aimed at addressing the urgent need to stimulate the recovery of the tourism industry while building on efforts already established to address the industry's longer-term growth, inclusiveness, and sustainability. The 42nd Regular Meeting of the Conference of Heads of Government received the first report on a **Draft Joint Tourism Policy for CARICOM: COVID-19 Emergency Plan for the period Q3 2021 to Q4 2022** prepared by the Interim Tourism Working Group (ITWG) which was established in 2020. Heads endorsed the recommendations of the Group with respect to building the COVID-19 Health Safety Risk Resilience and enhancing CARICOM Destination Capacity among others. Heads of Government also agreed to consider

proposals to reduce taxes on intra-regional travel for a pilot period of six months.⁴⁶

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

⁴⁶ COMMUNIQUE – 42nd Regular Meeting of CARICOM Heads of Government – CARICOM Today

authorities. **See Appendix II- Coordination and Surveillance Pathway for THiS Web App** which illustrates the coordination required. The early warning system forms part of the approach to comprehensive disaster risk management.

- The government of Antigua and Barbuda, the University of the West Indies (UWI) and the Association of Commonwealth Universities (ACU) signed a memorandum of understanding in 2021 to formalise their collaboration in support of a Centre for Excellence for Oceanography and the Blue Economy.

5.2 Intra-Regional Travel

A study conducted on intra-regional travel for the OECS Commission noted, “**Travel by residents of the OECS Group countries has been constrained by very small populations, small but slowly growing economies with high unemployment levels – foundation factors that inhibit the inherent demand for travel. Moreover, National Tourism Authorities of the OECS destination countries have by and large given the intra-OECS stay-over visitor source markets relatively low priority compared to the traditional ones of the USA, UK/Europe, Canada and non-OECS Caribbean. This priority is currently not expected to change significantly over the next three (3) years**” (OECS 2015)⁴⁷. While reduced demand due to the COVID-19 pandemic and the dire state of LIAT has worsened the connectivity issues, pre-COVID data demonstrate that countries such as Dominica and Saint Lucia had very robust regional arrivals. With a projected recovery of tourism by 2024, it is anticipated that regional travellers will also have pent up demand. More affordable airline tickets, strategic marketing and unique offerings, may allow intra-regional tourists to travel closer to home more than before. Tourism policy makers should also examine how the digital nomad/remote worker programmes could create more opportunities for multi-destination tourism in the sub-region.

Presentations by sub-regional Heads of Government at the UNDP’s FUT-Tourism Regional Policy Dialogue held virtually in 2021, highlighted the lack of regional coordination on travel

protocols and taxes on the cruise industry and air-line tickets in the region. Grenada’s Prime Minister Dr. Keith Mitchell believes that there is an untapped Caribbean market that would be willing to travel across the region if some barriers would be removed. He suggested that countries should coordinate more strategically the management of taxes imposed on airlines, homestays, hotels, and cruise lines. He noted that consensus is important to avoid unfair competitive advantage or exploitation by international companies. He suggested that the harmonization of travel protocols, tourism taxes, and operating procedures would improve the ease of doing business for international companies and increase the overall interest in promoting the region⁴⁸. Since the pandemic Barbados has reduced taxes on airline tickets and Antigua and Barbuda introduced a 50 per cent reduction in airline ticket taxes.

5.3 Relationships & Mechanisms

At the national level and based on the stakeholder interviews conducted (by the Consultant) in five (5) countries of the sub-region, there were mixed views on the levels of stakeholder engagement and perceived inclusivity of tourism in the destinations. It was found that in the multi-island territories like Saint Kitts and Nevis and Saint Vincent and the Grenadines, the smaller islands within the union felt that they were not sufficiently included, and that greater collaboration needed to take place. Additionally, it was felt that greater inter-Ministerial/inter-sectoral collaboration was needed at the destination level so that everyone understands their role in the development of tourism.

Stakeholders in Dominica did not feel that tourism was not inclusive but were fatigued by stakeholder meetings coming out of the experiences of Tropical Storm Erica, Hurricane Maria and now the COVID-19 pandemic. They described themselves as being in “survival mode” and were sympathetic to the government’s challenges.

Saint Lucia’s **Tourism Strategy and Action Plan 2020-2030** highlighted the fact that the domination of “all-inclusives” in the accommodation sector was breeding enclave tourism, and creating the perception that tourism benefitted a select few. However, tourism policy makers

⁴⁷ OECS Commission (2015). A Study on the Factors Inhibiting Intra-Regional Travel in the OECS.

⁴⁸ Future Tourism Regional Policy Dialogues - Summary Report | UNDP in Barbados & the Eastern Caribbean

are making concerted efforts to make tourism more inclusionary, and one of the proposed mechanisms is through the development of the “Village Tourism” programme (synonymous with CBT). The programme includes creating a legislative framework for Village Tourism through the establishment of a Village Tourism Company to oversee the development of CBT products. Three communities have been initially targeted- Gros Islet, Soufriere, and Canaries.

The island of Nevis is also seeking to develop its CBT offering with projects in Butlers, the Saint Thomas parish, and the Baths Village community.

The pandemic did highlight the opportunities for domestic tourism and the increase in “staycations” provided a fillip during a prolonged period of depressed international and regional tourists arrivals. Multi-island destinations like Antigua and Barbuda; BVI; Grenada, Petit Martinique and Carriacou; Saint Kitts and Nevis; and Saint Vincent and Grenadines have a distinct advantage in growing and providing a range of diverse domestic tourism offerings including events. Such events can promote local heritage, create greater inclusivity at the local/community level and ultimately attract international visitors.

Saint Kitts has undertaken several strategic actions to promote its pro-people approach that strives to place its people at the centre of development, allowing locals to participate in a meaningful way in tourism, and to create partnerships among the different stakeholders. Some of the initiatives undertaken by the tourism officials also speaks to concerted actions to monitor and evaluate tourism development, social, environmental, and cultural impacts. Two programmes/activities are noteworthy and could provide a mechanism to enhance stakeholder engagement in other countries in the sub-region:

(I) Sustainable Destination Council (SDC):

Saint Kitts was the first island in the Caribbean to become a member of Global Sustainable Tourism Council (GSTC) and to adopt the GSTC Destination Criteria. The

SDC serves as an advisory council for the Ministry of Tourism with the aim to increase opportunities for locals and tourists to act as destination stewards. Currently, SDC instills sustainable tourism understanding across public and private sectors, builds agencies’ capacity to incorporate sustainability into daily operations, and creates opportunities for increased collaboration⁴⁹. The Heart of Saint Kitts Charter is one of the SDC’s tools for promoting sustainable tourism management. The Charter aims to:

- Celebrate local businesses who commit to sustainability and help tell their unique sustainability story
- Harness collective action across the private sector to achieve positive impacts in the community
- Advance the objectives and impacts of Saint Kitts’ SDC to improve the quality of life of all residents and enhance the tourism experience for all visitors.

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

II. Resident Perception Survey: Saint Kitts’ resident perception survey gives residents an avenue to provide feedback about tourism; helps to identify opportunities for improvement; garner qualitative data about residents’ feelings, interest, needs and concerns; and to guide inclusive tourism development and decision making. The last Resident Perception was conducted in 2017 and the intention then was to conduct the survey every three years to monitor and evaluate changes. The survey was delayed in 2020 due to the pandemic but an updated survey was being conducted in the last quarter of 2021, with results anticipated in the first quarter of 2022. Highlights of the 2017 Survey is presented in **Figure 14** (Consultant’s depiction).

⁴⁹ St. Kitts’ Sustainable Destination Council (SDC) Joins GSTC | GSTC (gstcouncil.org)

Figure 14 - Some Highlights from Saint Kitts 2017 Resident Perception Survey



5.4 Recommendations

As SIDS, the sub-region and the wider Caribbean must continue to collaborate on initiatives that seek to harmonize policies that will redound to all and serve to protect its common resource, the Caribbean Sea. Many stakeholders agreed that public-private partnerships are the way forward. Additionally, countries of the sub-region should:

- Seek to grow the intra-regional travel market and tackle one of the main hindrances- the cost of regional airline tickets, as well as connectivity challenges.
- Develop environmental policies for marine tourism: 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.

- 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. These institutions should work with

Governments to provide guarantees and /or reimagine financial mechanisms that could give MSMEs greater access.

- 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. Regular surveys of residents' tourism perception are also a mechanism for stakeholder engagement and would be beneficial to the monitoring and evaluation of tourism development.

- The tourism sector should also partner with the education sector to identify sector needs and promote a greater awareness and understanding of tourism from the primary to tertiary level.
-

Additional Resources

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

6. RECOMMENDATIONS AND CONCLUSION

The sub-regional diagnostic study was focused on three main areas that emerged during the project's Regional Policy Dialogues- digital transformation of MSMEs, diversification of the product offering and stakeholder engagement and regional coordination.



Digital Transformation of MSMEs, including the informal sector

While an assessment of the digital infrastructure including digital skills, use of digital financial services and Internet usage varies across the sub-region, it was found that there is scope for digital entrepreneurship for MSMEs in all countries, given the lack of online presence of tourism MSMEs. The proposed digital transformation strategy for tourism MSMEs highlighted that once the capacity exists, MSMEs can gradually digitise the customer experience, products and services, operations, and the organisation. The following are key recommendations to support digital transformation and accelerate tourism MSMEs' transition towards a more inclusive and sustainable tourism

industry, and progress towards the Sustainable Development Goals (SDGs):

- Governments of the sub-region need to incentivize ICT-centric innovation while improving the affordability of Internet services; digital literacy; broadband services and the legal and regulatory framework (data protection, privacy, cybersecurity) for the digital economy.
- In countries where there is a low-level of digital skills or low technology adoption (based on Internet usage) governments' business support organisations and private sector associations should create hubs for up-skilling entrepreneurs. Similarly, up-skilling of teachers may also be required

by the Ministry of Education along with a review of the curriculum to incorporate ICT skills development at all educational levels. Tourism specific education should also include digital skills training.

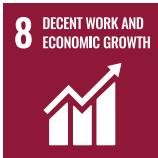
- Promote the use of ICT tools and applications for transactions, as well as, for marketing including crisis communication; and stakeholder engagement and collaboration with public, private and community-based organisations.
- Governments of the sub-region must ensure that women, marginalized communities and other vulnerable groups have access and/or financial and technical support for digital skills training, Internet connectivity and devices.

Diversification of the Product Offering: Product and Market Development

The diagnostic study has highlighted a number of opportunities for tourism MSMEs in the blue, green, and orange (creative) economies-ranging from marine activities to agro-tourism to culinary offerings to performance arts and craft. Identified market trends and opportunities for tourism MSMEs, in light of the COVID-19 pandemic, highlighted increasing consumer demand for destinations that promote sustainability, and interests in nature and health and wellness products. Given the potential of the blue economy, the importance of cruise tourism and the significant work undertaken by organisations in the sub-region, it is important to note that there is an inverse relationship between the growth of the blue economy and ocean health and attempts to increasingly grow cruise tourism without limits. Land-based ecological assets are also threatened by sustained foot-traffic at popular attractions, which tourism officials, without measurement, cannot assume will be rejuvenated in a few months, weeks or the next cruise season. Caribbean governments must develop more Marine Protected Areas (MPA) to protect ocean health including coral reefs which are not only a tourist attraction but an important defence from the wave impacts of storms and hurricanes. Policymakers must institute measures to address inter-alia pollution,

including marine litter (e.g., untreated sewage is a contributor to the sargassum seaweed that plagues Caribbean beaches); over-development in coastal zones; destruction of wetlands and natural habitants; over-fishing; wild-life ingestions and entanglement; climate change impacts; and maritime monitoring/surveillance (including health and safety issues pertaining to micro-plastics). The following general product and market development recommendations are proposed for the sub-region. It is anticipated that the recommendations would benefit the destinations of the sub-region and by extension tourism MSMEs:

- Acquire more knowledge (through data collection) about tourists and their contribution to the tourism economy: the sub-region can gain a better understanding of the contribution of tourism through the implementation of Tourism Satellite Accounting (TSA) systems which will provide a better picture of the economic contribution of tourism. The CTO suggests that countries can conduct “simulated” TSA exercises where TSA tables are populated using available data, after which data gaps and weaknesses in survey processes can be identified. Data is also needed on the value of different categories of visitors, that is, expenditure data and length of stay; data on consumer demand trends in the regional travel market including the yachting sector. The monitoring and evaluation of on-line marketing strategies must also be supported by digital analytics.
- Ensure robust health and safety protocols: if harmonized at least across the OECS, this will bolster intra-regional travel.
- Concerted actions should be undertaken to grow intra-regional travel market given the global trend of shorter travel distances.
- Agile tourism strategies that are anticipatory of hazard events arising out of climate change impacts, global economic shocks and other crises – this includes the role of the domestic market, opportunities in multi-island



destinations and virtual (pay per view) events and related e-merchandising.

- Inclusive and sustainable tourism products that support the development of niche markets with lower environmental impacts and products and markets that make a greater contribution to the local economy.
- Strengthening inter-sectoral linkages to increase GDP contributions and reduce leakages. Women-owned MSMEs can play a significant role in strengthening the relationship between tourism and agriculture through culinary offerings, agro-processing, cooking lessons and more.
- Market and product development should seek to increase the length of stay of stay-over visitors and reduce the seasonality of demand of cruise tourism by growing other target markets such as yachting and the domestic market. There is also a need to develop the profiles of new visitor segments and develop the product around the needs of the new traveller.
- Product diversification and innovation can incorporate product bundling, CBT activities, events, craft, agro-processing, and e-commerce.
- Strengthening evidenced-based approaches to decision making including conducting carry capacity studies will assist in managing tourism assets.

Stakeholder Engagement and Regional Coordination

At the national level, tourism MSMEs interviewed in five (5) countries of the sub-region felt that tourism officials' attempts to engage with local tourism MSMEs were biased to the needs of either large tourism operators or the accommodation sector. There were also issues of perceived biases with mainland MSMEs and sister island MSMEs in multi-island destinations such as Saint Kitts and Nevis and Saint Vincent and the Grenadines. A few destinations acknowledged the need to

address any perceived lack of inclusivity e.g., tourism officials in Saint Lucia. However, Saint Kitts and Nevis has an established mechanism for stakeholder engagement through its SDC and conducts a tri-annual resident tourism survey. In some destinations, tourism officials noted that the inability to communicate with some MSMEs via email (which many in the informal sector do not have) was a challenge.

At the regional level, the COVID-19 pandemic has served to strengthened regional coordination and engagement with stakeholders in the public and private sectors. The following are key recommendations to support stakeholder engagement and regional coordination for a more inclusive and sustainable tourism industry, and progress towards the Sustainable Development Goals (SDGs):

- There should be a renewed regional thrust to reduce airline ticket taxes and fees and improve connectivity (flights) to the sub-region/region- this would also serve to aid (new)/market development.
- Regional partners need to continue to work to protect the common asset of the Caribbean Sea through policies for education, protection and monitoring/surveillance.
- Apart from Train-the-Trainer programmes for rapid capacity development of MSMEs' digital skills, funding mechanisms to empower women and enhance the MSMEs sector is needed. National and sub-regional financial institutions need to reassess what it means to be credit worthy. These institutions should work with Governments to provide guarantees and /or reimagine financial mechanisms that could give MSMEs greater access.
- Assess issues with national stakeholder engagement and develop appropriate mechanisms to address weaknesses and the perceived lack of inclusivity where it exists.
- The tourism sector should also partner with the education sector to identify sector needs and promote a greater awareness and

understanding of tourism from the primary to tertiary level.

Value must take precedence over volume. Countries in the sub-region must recognize there is an incompatibility with a volume driven tourism development strategy and sustainability. The unmanaged expansion of cruise and air arrivals has incremental social and environmental impacts with

implications for 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 - Sample of Questionnaire Prepared for the Eastern Caribbean Central Bank

UNDP FUT-TOURISM PROJECT QUESTIONNAIRE ON DCCASH ROLLOUT IN THE EASTERN CARIBBEAN																																																
<p>As part of the diagnostic study for the United Nation's Development Programme (UNDP) Fut-Tourism Project, this questionnaire seeks to gather insights into the implementation of the Eastern Caribbean Central Bank's (ECCB) digital currency, DCash. The diagnostic study seeks, among other things, to assess digital infrastructure at the country and sub-regional level and opportunities for the digital entrepreneurship for MSMEs in the tourism sector.</p>																																																
<p>Please return by December 31, 2021.</p>																																																
<p>1. How would you rate the success of the implementation of DCash in the pilot countries as at December 2021? *</p>																																																
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<p>2. What is the breakdown of active users in each of the pilot countries? <i>Make one selection per row.</i> *</p>																																																
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<p>3. Based on the user experience and feedback to date, what are the main challenges with implementing DCash in the pilot countries? *</p> <hr/>																																																
<p>4. What percentage of active DCash users in each country are using DCash Merchant? <i>Make one selection per row.</i></p>																																																
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<p>5. What percentage of the DCash transactions, in each country, are cross-border transactions? <i>Make one selection per row.</i></p>																																																
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<p>6. What factor or factors will determine the full implementation of DCash in the currency union? *</p> <hr/>																																																
<p>7. Please provide any other comments you deem relevant to the challenges or opportunities for DCash in the Eastern Caribbean.</p> <hr/> <hr/>																																																

Annex II - Interviewee Profiles of Tourism Stakeholders in Select Countries of the Eastern Caribbean

SAINT KITTS AND NEVIS

(a) Tourism MSME Focus Group

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

(b) Tourism Officials Interviewed:

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

DOMINICA

(a) Tourism MSME Focus Group

Coded Name	Tourism sub-sector	Woman-Owned business	Business Registered	Business' On-line presence	On-line orders/ reservations	Process Payments On-line
DG01	Attractions; Accommodation	Partially	Yes	Website, Facebook, Twitter, YouTube, Instagram	Reservations for Accommodation via booking.com WhatsApp for quotes	Yes (via booking.com)
DG02	Adventure Tourism & Recreation	Partially	Yes	Website, Facebook, Instagram, Trip Advisor, Other	Yes	Yes
DG03	Food & Beverage	Yes	Yes	Facebook	Yes	Yes
DGO4	Adventure Tourism & Recreation; Food & Beverage; Travel Trade	Partially	Yes	Website, Facebook, Trip Advisor	Yes	No

(b) Interviewee- President of the Dominica Hotel and Tourism Association Avril Coipel

SAINT LUCIA

(a) Tourism MSME Interviewee

Coded Name	Tourism sub-sector	Woman-Owned business	Business Registered	Business' On-line presence	On-line orders/reservations	Process Payments On-line
SL01	Attractions; Food & Beverage	Yes	Yes	Facebook, Instagram, Trip Advisor, Other	Yes, via WhatsApp	No

(b) Interviewees: Tourism Officials

- Ann-Margaret Adams- Director of Product Development, Ministry of Tourism
- Taramattee Girdari- Senior Tourism Officer, Ministry of Tourism
- Stanza Deligny- Economist, Department of Economic Development, Tourism Portfolio-Ministry of Finance

SAINT VINCENT AND THE GRENADINES

(a) Tourism MSME Focus Group

Coded Name	Tourism sub-sector	Woman-Owned business	Business Registered	Business' On-line presence	On-line orders/reservations	Process Payments On-line
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- St Vincent & the Grenadines Hotel and Tourism Association (SVGHTA)

- Bianca Porter- Board Member (Director for Resorts) SVGHTA
- Vera Anne Brereton- Consultant to SVGHTA

GRENADA

(a) Tourism MSME Focus Group

Coded Name	Tourism sub-sector	Woman-Owned business	Business Registered	Business' On-line presence	On-line orders/reservations	Process Payments On-line
GG14	Events & Conferences, Attractions	Partially	Yes	Facebook, Instagram, Other	Yes	Yes
GG15	Travel Trade, Adventure Tourism & Recreation	No	Yes	Website, Facebook, Instagram	No	No

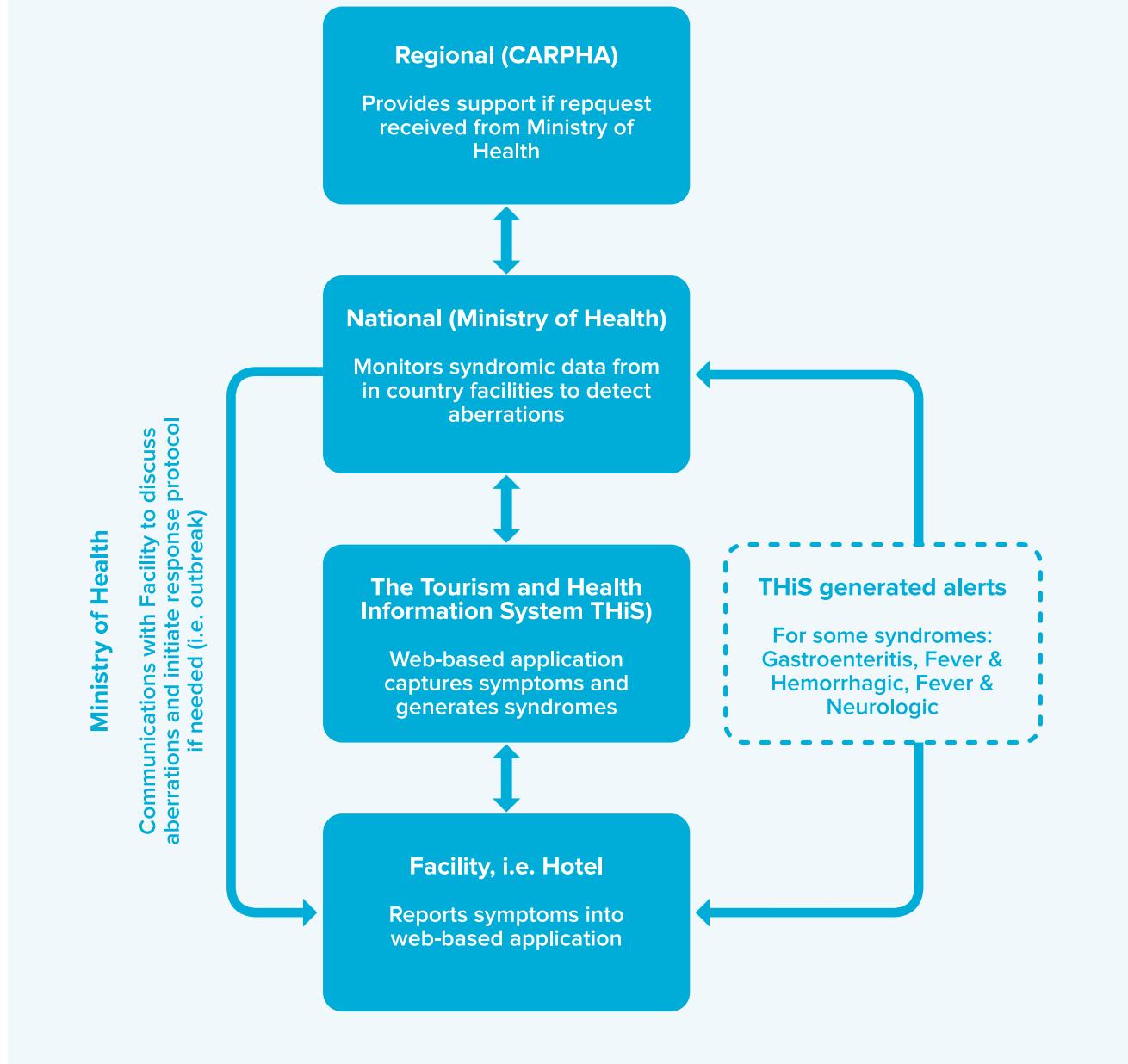
(b) Interviewees: Tourism Officials

- Delysia De Coteau- Senior Technical Officer, Ministry of Tourism, Civil Aviation, Climate Resilience & the Environment
- Kirl Grant-Hoschtialek- Product Development and Research Manager, Grenada Tourism Authority

(c) Private Sector Interviewee: Grenada Hotel & Tourism Association

Arlene Friday- Chief Executive Officer (CEO)

Annex III - Coordination and Surveillance Pathway for THiS Web App



Source: CARPHA, 2021⁵⁰

⁵⁰ CARPHA > THiS Hotel Based Surveillance





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