



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

**Tourism Diagnostic Report  
Grenada**

United Nations Development Programme



# **FUTURE TOURISM: TOURISM DIAGNOSTIC REPORT GRENADA**

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UNDP Barbados and the Eastern Caribbean  
Prepared by Dr. Mareba Scott

## ACKNOWLEDGEMENTS

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## ACRONYMS & ABBREVIATIONS

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<b>ACS</b>	Association of Caribbean States
<b>CARCIP</b>	Caribbean Regional Communications Infrastructure Programme
<b>CARDTP</b>	Caribbean Digital Transformation Project
<b>CARPHA</b>	Caribbean Regional Public Health Agency
<b>CCPF</b>	Compete Caribbean Partnership Facility
<b>CHTA</b>	Caribbean Hotel and Tourism Association
<b>CTO</b>	Caribbean Tourism Organization
<b>EC</b>	Eastern Caribbean
<b>ECCB</b>	Eastern Caribbean Central Bank
<b>EIA</b>	Economic Impact Assessment
<b>eWOM</b>	Electronic Word of Mouth
<b>GDP</b>	Gross Domestic Product
<b>GHTA</b>	Grenada Hotel and Tourism Association
<b>GTA</b>	Grenada Tourism Authority
<b>GTRCMC</b>	Global Tourism Resilience and Crisis Management Centre
<b>ICT</b>	Information and Communications Technology
<b>IDB</b>	Inter-American Development Bank
<b>IMF</b>	International Monetary Fund
<b>ITU</b>	International Telecommunications Union
<b>MAYAG</b>	Maritime and Yachting Association of Grenada
<b>MSME</b>	Micro, Small and Medium Enterprise
<b>NIS</b>	National Insurance Scheme
<b>NOC</b>	Network Operations Centre
<b>NSDP</b>	National Sustainable Development Plan
<b>NSTDTP</b>	National Sustainable Tourism Development Plan
<b>OAS</b>	Organization of American States
<b>OECS</b>	Organisation of Eastern Caribbean States
<b>OTA</b>	Online Travel Agency
<b>SIDS</b>	Small Island Developing State(s)
<b>SME</b>	Small and Medium Enterprise
<b>TES</b>	Technology Extension Services
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNICEF</b>	United Nations Children's Fund
<b>UNWTO</b>	United Nations World Tourism Organization
<b>USD</b>	United States Dollar
<b>UWI</b>	University of the West Indies
<b>WB</b>	World Bank
<b>WTTC</b>	World Travel and Tourism Council
<b>XCD</b>	Eastern Caribbean Dollar

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## EXECUTIVE SUMMARY

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**Tourism has been one of the most affected economic sectors due to the COVID-19 pandemic. The Caribbean, as the most tourism dependent region in the world, was particularly hard hit. Travel & Tourism Gross Domestic Product (GDP) contribution in Grenada declined 65.5 per cent, and tourism employment dropped 33 percent, costing 7,900 individuals their jobs in 2020. 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 country specific tourism diagnostic for Grenada. The diagnostic builds on the findings of the UNDP Regional Policy Dialogues on Tourism held between May and June 2021. Through desk research, a tourism MSME focus group and interviews with the Grenada Hotel and Tourism Association and public sector tourism officials, the report provides data and compiles information on impacts, current policies, ongoing efforts, needs and opportunities that could have a catalytic impact on the tourism sector in Grenada. The report analyses three priority areas that were identified in the UNDP Regional Policy Dialogues:

### **I. Digital Transformation of MSMEs, including the informal sector**

The Government of Grenada views digitalisation as the corner stone of its resilience to improving livelihoods in the Blue and Green economies. The Government is seeking to modernise E-government and E-business services including supporting the use of the digital EC dollar (launched in 2021 as DCash). The Smart Grenada vision aims to harness digitalisation to increase productivity in several areas including tourism-Smart Grenada leverages the power of the Blue, Green and Digital economies to be the most resilient sustainable and smart city in the Caribbean (EC, World). The UNDP Digital Readiness

Assessment tool assesses Grenada as being at Level 3 (out of 5 levels) of digital readiness: Systematic stage, which means the country is systematically advancing in key areas of digital transformation based on identified priority areas (e.g., skills, digital public services, etc.). The digital infrastructure is moderately good, characterised by 104 mobile cellular subscriptions per 100 inhabitants, 23 fixed broadband subscriptions per 100 inhabitants and 59 per cent of the population using the Internet. While the country is making significant strides, more tourism MSMEs need to be encouraged to have an online presence. There are further opportunities for digital entrepreneurship by tourism MSMEs in the creative sector to support festival and events tourism and opportunities for youths to support the digital transformation of MSMEs, given their high affinity to technology adoption. At the national level, policy interventions for digital transformation include incentivising digitalisation through taxes credits or financial support; re-designing training; creating flexible and targeted programmes at various levels; and improving access by creating ICT hubs in communities.

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

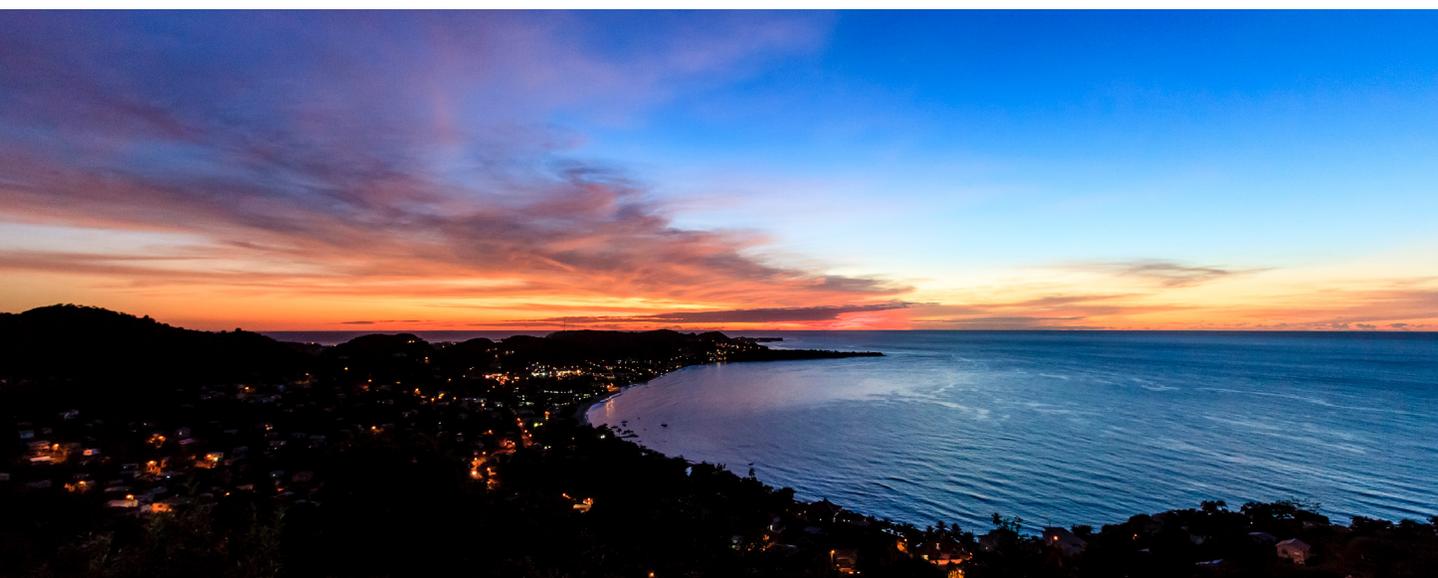
As a tourism brand, the country has a diversified product mix, but would benefit from product and market development. Grenada offers three destination experiences between the mainland, and the sister islands of Carriacou and Petite Martinique. As a tourism brand, the country’s diversified product offering is a key strength, but interviewees acknowledged that Grenada’s beaches were a popular attraction. Opportunities for market development is strongly linked to marine and coastal tourism as Luxury Relaxers, Yachters and Island Explorers

are expected to be the largest blue economy visitor segments by 2029. This will create distinct opportunities for tourism MSMEs, including women, in the provision of accommodation, food and beverage services, tours, entertainment, craft and other local products. However, without an adequate digital presence tourism MSMEs will not be able to capitalize on the eWoM generated from digital nomads and other growing visitor segments. Grenada is also seeking to expand voluntourism and this will complement the development of more community-based tourism activities (e.g. agro-tourism, culinary tourism). Voluntourism initiatives should not be limited to environmental issues but other sustainability issues, such as heritage documentation and preservation. A pressing issue for Grenada's product development is the protection and promotion of its tangible and intangible heritage. It is an issue that goes beyond the visitor experience – it is about creating a sense of identity and national pride for locals. There is urgent need to protect the built heritage of Grenada e.g. historical buildings, museums and monuments. The intangible heritage- oral traditions, indigenous practices and sacred traditions are at even greater risks, as without documentation, persons with the knowledge may eventually die out. There is also a human resource challenge that could have an impact on visitor experience and the capacity of Grenada to protect its ecological and historical assets.

### III. Stakeholder Engagement and Regional Coordination

Tourism public officials were concerned that their efforts to engage tourism stakeholders were not bearing fruit. However, stakeholder engagement must lead to genuine participation and input by the citizenry, without this, the unconverted will remain apathetic. Officials should seek to create a different mechanism for stakeholder engagement e.g., a Sustainable Destination Council or some other locally engineered partnership between the residents and the private and public sector tourism stakeholders. This will build awareness; encourage buy-in; promote entrepreneurship; and inclusivity. The Ministry with responsibility for Tourism is also seeking to address issues of inclusivity by developing a policy and strategy for community tourism. At the regional level, some stakeholders expressed a desire to see more promotion of the Caribbean brand and harmonization of protocols to ease intra-regional travel.

Access to financing and capacity building of Grenada's tourism MSMEs would be key areas to accelerate the transition towards a more inclusive and sustainable tourism industry and progress toward the Sustainable Development Goals (SDGs). Additionally, the future of tourism in Grenada requires a greater concentration on unique experiences, tourism value over tourists' volume, natural hazard and climate change resilience, and concerted actions for greater inclusivity.





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# 1. INTRODUCTION

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## 1.1 The FUTURE-Tourism Project

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

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

There are three (3) main project outputs:

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

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

**Output 1.2:** Building on 1.1, this output seeks to develop or enhance country specific diagnostics in at least five (5) countries, and one (1) sub-regional analysis for the Eastern Caribbean. Consultations will provide data and compile information on the current situation, existing policies, on

going efforts, needs, trends, scenarios, and opportunities that could have a catalytic impact on the sector.

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

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

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

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



This report focuses on Output 1.2 and builds on the findings of the UNDP Regional Policy Dialogues on Tourism held between May and June 2021 and provides data and compiles information on impacts, current policies, ongoing efforts, needs and opportunities that could have an impact on the tourism sector.

## 1.2 Project Context

Tourism has been one of the most affected economic sectors due to the COVID-19 pandemic. The Eastern Caribbean saw its first set of COVID-19 cases being reported in March 2020 with travel restrictions instituted shortly thereafter. According to the World Tourism Organisation (UNWTO, 2020)<sup>1</sup>, 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 Grenada declined 65.5 per cent, Saint Lucia saw a steep decline of 71.7 per cent, Dominica 64.6 per cent, Saint. Kitts and Nevis 72.3 per cent, and Saint Vincent and the Grenadines 67 per cent (WTTC, 2020)<sup>2</sup>.

<sup>1</sup> UNWTO (2020) [https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-04/TravelRestrictions\\_0.pdf](https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-04/TravelRestrictions_0.pdf)

<sup>2</sup> World Travel and Tourism Council, WTTC (2020)

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

Over 680,000 Caribbean Travel & Tourism jobs were lost, the majority in the Small & Medium Enterprise (SME) sector (WTTC, 2020) with many of these businesses owned by or employing women. Across the world, women make up most workers in the tourism industry, more than half in the accommodation and food services sectors. Women are more likely to undertake entrepreneurial activities in tourism than in other sectors and many women hold low skilled jobs in the tourism sector, making them vulnerable to shocks (UNCTAD, 2020)<sup>3</sup>. 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 worldwide<sup>4</sup> are equally challenged to rebuild post-pandemic. In the Caribbean, MSMEs account for 1 in 2 jobs and more than one-third of output. However, narrower profit margins and lower liquid reserves than other businesses, make it more difficult for MSMEs to withstand economic shocks. Additionally, MSMEs are characterised by many players operating informally and therefore some are unable to participate in social protection programmes such as unemployment benefits. One approach proffered to build the resiliency of MSMEs, is to build capacity for electronic commerce so businesses can engage suppliers and customers in real-time, while supporting health protocols and reducing supply chain delays that can lead to operational challenges.

While the anticipated travel & tourism rebound in the Caribbean started in 2021, recovery has taken much longer than anticipated as some countries have experienced a resurgence of the virus amidst new variants and vaccine hesitancy. As part of COVID-19 recovery efforts, the United Nations Development Programme (UNDP) Barbados and the Eastern Caribbean, in collaboration with ten countries and territories and partners, has launched the "FUT-Tourism: Rethinking Tourism and MSMEs in

times of COVID-19" project to support governments, national institutions and the private sector including MSMEs, to quickly adapt and respond to the contemporary needs of tourism demand.

### 1.3 Objectives of the Diagnostic Report

The main objectives of the diagnostic report are:

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

### 1.4 Diagnostic Methodology

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

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

<sup>3</sup> [https://unctad.org/system/files/official-document/ditcinf2020d3\\_en.pdf](https://unctad.org/system/files/official-document/ditcinf2020d3_en.pdf)

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



A virtual focus group and interviews were planned as part of the consultative and primary data collection process for Grenada. Four (4) participants accepted the invitation to participate. The focus group participants were selected from the UNDP's Tourism MSME database which was created for the FUT-Tourism Project. The MSME database for Grenada comprised of 60 MSMEs<sup>5</sup>. The participants were purposively selected to ensure representation from Caribbean tourism's 8 sub-sectors **See Figure 1- Caribbean Tourism Sub-sectors**. These sub-sectors represent the key players in the regional tourism value chain.

Despite twenty (20) persons being invited to participate in the focus group and four (4) responses in the affirmative, only two (2) tourism MSMEs attended the focus group session on the designated date. One participant was from the adventure tourism & recreation sub-sector and the other from the events and conferences sub-sector. The tourism MSME interviewees were anonymized to protect their identity. A virtual interview was also conducted with two (2) government officials from the Ministry of Tourism, Civil Aviation, Climate Resilience & the Environment, and the Grenada Tourism Authority

(GTA). The Consultant also interviewed the Chief Executive Officer (CEO) of the Grenada Hotel and Tourism Association (GHTA). **See Appendix I - Interviewee Profiles.**



**Figure 1- Caribbean Tourism Sub-Sectors**



Source: CTO , 1999<sup>6</sup>.

<sup>5</sup> The MSME database had several double registrants for a single business, this, combined with other database errors means that the sample population is much less than reported. It was beyond the author's scope of works to sanitize the database.

<sup>6</sup> 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 Grenada 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 does not provide a verification means or an evaluation of the state of the tourism product or the opportunities for diversification. Conducting a virtual focus group, though practical in the COVID-19 era, is not an inclusive consultative process particularly if the informal sector is to be captured in the diagnostic. Lack of connectivity, devices and/or digital skills may have prohibited participation by some MSMEs. Furthermore, tourism MSMEs lack of participation in the virtual interviews could also be attributed to some level of fatigue with consultations or research/report preparations. Grenada has already engaged tourism stakeholders in the preparation of a number of national plans, including the recent 2021 draft of a diagnostic report for the preparation its National Sustainable Tourism Development Plan. Many tourism MSMEs across the sub-region described themselves as being in “survival mode”, therefore income generating opportunities were prioritized over engaging with the Consultant.

Additionally, the Consultant was constrained by time, as six (6) diagnostic studies, including this

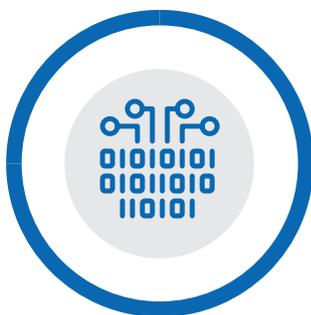
report for Grenada, were to be researched, drafted, and finalized in eighty (80) workdays (4 months). The primary data collection commenced during the start of the busy winter-tourism season and continued during the Christmas season, which made key informants/potential interviewees tardy or unresponsive.

### 1.5 Structure of the Report

The diagnostic report for Grenada focuses on three (3) of the four (4) priorities identified in the Regional Policy Dialogues (See Figure 2). The fourth area identified in the Regional Policy 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 diagnostic report is not meant to be an in-depth analysis of every aspect of the tourism sector in Grenada 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.

**Figure 2- Areas of Focus for Diagnostic Study**



**Digital Transformation of MSMEs, including the informal sector**



**Diversification of the product offering: Product and Marketing Development**



**Stakeholder engagement and regional coordination**

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

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



Source: UNDP Barbados and the Eastern Caribbean<sup>7</sup>, 2021

The remaining sections of the report are structured as follows:

### Section 2- Country Profile

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

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

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

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

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

This section Includes an assessment of the country's core tourism products and a competitive analysis that considers changing consumer behaviour and travel trends. Stakeholder perspectives of the country's product offerings and opportunities are also included. A SWOT analysis for product and market development and policy interventions are also provided.

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

This focus area provides an account of stakeholder engagement and examples of regional coordination

that has been strengthened since the pandemic. Stakeholder perspectives are presented, as well as policy interventions.

**Section 6- Recommendations and Conclusion**

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



## 2. COUNTRY PROFILE

### 2.1 Grenada in Brief

The tri-island state of Grenada, Petite Martinique and Carriacou attained its independence from Britain on February 7, 1974. Like several of its Caribbean island neighbours, the islands had thriving Amerindian indigenous populations before Christopher Columbus' exploration at the end of the 15th century. Over-time the main colonisers- the French and the British, battled with the indigenous populations and it is this history, along with the heritage of enslaved Africans, followed by indentureship, that reflects the physical and cultural milieu of Grenada.



Freedom for the enslaved Africans in 1838 resulted in a decline in sugar and the rise of nutmeg, with Grenada eventually becoming renowned as the “spice island” and for tourism branding, the “Spice of the Caribbean”. Today, spice, nutmeg and mace are among the country's principal agricultural exports. The economic monoculture of the nineties and the loss of preferential market access for bananas, has gradually given rise to a more diversified economy, largely service-based, and dominated by tourism, construction, transport, and private education as the main contributors to GDP. These four leading sectors accounted for 50.1 per cent of GDP in 2017<sup>8</sup>.

The island of Carriacou, first settled by the French, is known as the “Isle of Reefs” and is the largest and believed to be most populated of the Grenadine Islands with approximately 8000 inhabitants. Carriacou is renowned for its boat building industry, but fishing and agriculture are the mainstays of its economy. Petite Martinique is located 3 miles east of the north end of Carriacou and lies close to the other Grenadine Islands. Petite Martinique has less than one thousand inhabitants and fishing

and boatbuilding are its main revenue earners. The two smaller islands have a rich and unique cultural heritage that make for prime tourism offerings.

As a Small Island Developing State (SIDS), Grenada's vulnerabilities include size, exposure to global economic shocks, inability to capitalize on economies of scale and distance from international source markets, but climate change impacts are the biggest threat to the country's sustainability. Tourism is both a victim and vector of climate change. A tourism product predicated on natural assets is a fragility that SIDS must contend with, as climate change impacts can lead to bio-diversity loss, loss of forest cover, loss of aesthetic appeal and a general imbalance in ecosystems, threatening the livelihoods of already vulnerable communities.

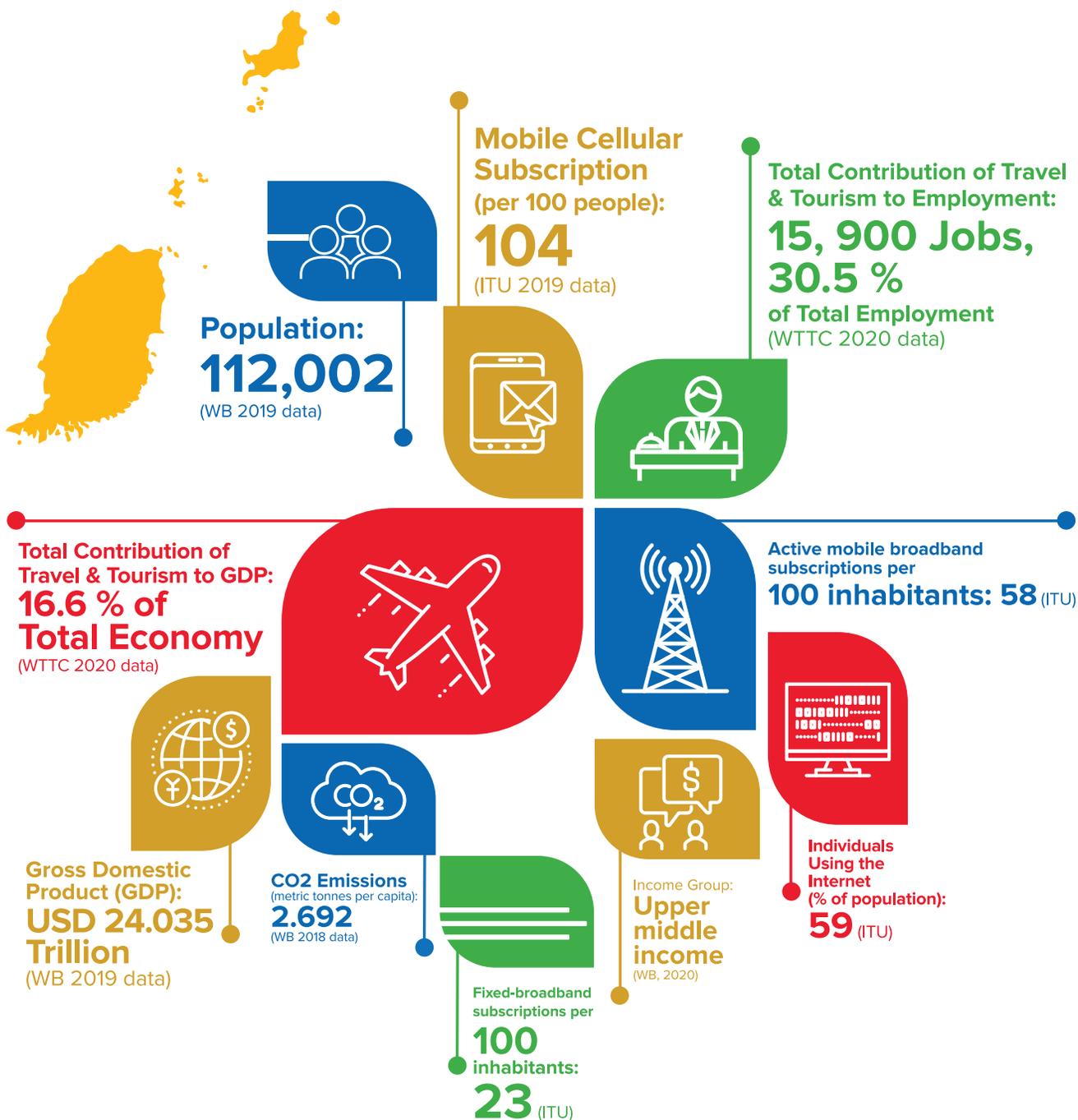
Additionally, loss of ecological assets represents lost opportunities for tourism and a diminished visitor experience. While Grenada is a leader in the EC region in its thrust to develop the blue economy and relatedly “blue tourism”, its resource base- the marine environment- is extremely vulnerable.

Additionally, over the years, the intensity and frequency of hydro-meteorological events such as storms and hurricanes have repeatedly set-back developmental gains (e.g., Hurricane Ivan in 2004 and Hurricane Emily in 2005).



<sup>8</sup> National Portal of the Government of Grenada. <https://www.gov.gd/index.php/economy>

## FACT SHEET



Source: Sources: World Bank (WB, 2021)<sup>9</sup>; International Telecommunications Union (ITU, 2021)<sup>10</sup>; World Travel and Tourism Council (WTTC, 2021)<sup>11</sup>

<sup>9</sup> <https://data.worldbank.org/country/grenada>

<sup>10</sup> <https://www.itu.int/md/D18-RPMAMS-C-0002>

<sup>11</sup> <https://wtcc.org/Research/Economic-Impact>

## 2.2 Tourism in Grenada

### 2.2.1 Significance of Tourism to the National Economy

Tourism is given high priority in Grenada as the Government sees tourism as a valuable tool to promote economic growth by providing employment and foreign exchange earnings. Data from the WTTC (2021) illustrates that in the pre-pandemic period in 2019, Travel & Tourism accounted for 40.7 per cent of total employment (23, 800 jobs) and contributed 10.4 per cent to GDP, valued at XCD1,347.3MN (USD499.0MN).<sup>12</sup>

The government is committed to maintaining a diversified economy and strengthening linkages and this commitment is reflected in its strategic economic priorities:

- Tourism
- Agriculture & Fisheries
- The Creative Industries
- Health and Wellness
- Maritime & Yachting
- Professional Services

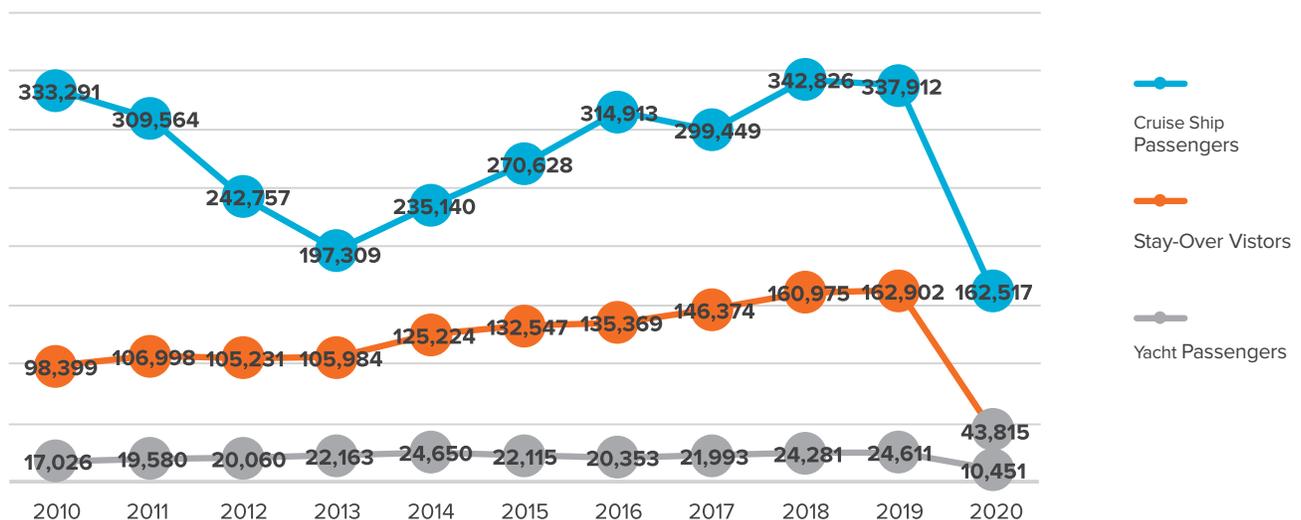
The development of the Travel & Tourism economy is being supported and guided by, inter alia, the National Sustainable Development Plan (NSDP)

2020 to 2035, Grenada: Product Mapping- OECS Blue Economy Tourism Analytics (2021) and more recently the National Sustainable Tourism Development Plan (2021 draft available, to be finalized in 2022). The NSDP advocates for tourism policies and activities that consider the needs of the tourists, tourism businesses, the local communities, as well as current and future social, economic, and environmental issues.

### 2.2.2 Tourism Demand & Trends

Grenada's tourist arrivals from the main visitor segments- cruise, yacht and stay-over have had a mixed performance over the period 2010 to 2020 (See **Figure 3**). The greatest fluctuations occurring in cruise arrivals- declining from 2011 to 2013, increasing between 2014 to 2016, decreasing in 2017 and peaking at 342, 826 arrivals in 2018. Due to the COVID-19, there was a 52 per cent decline in 2020 when compared with the previous year. Stay over visitors have been growing steadily from 2010 up to the 2019 when arrivals dropped by 73 per cent as a result of the pandemic. As **Figure 3** illustrates, yacht arrivals have been relatively flat from 2010 to 2019, fluctuating with minor increases and decreases but declining by 57 per cent in 2020 when compared to 2019.

**Figure 3- Trends in Arrivals by Main Visitor Segments 2010 - 2020**



Data Source: ECCB

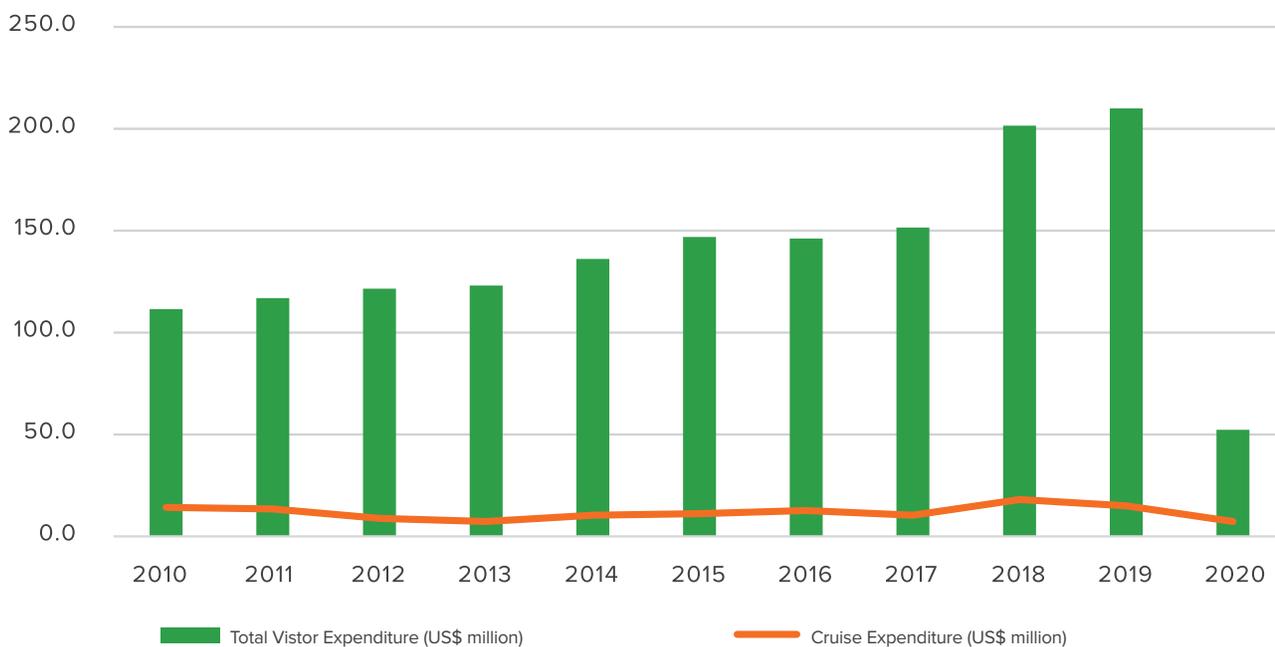
<sup>12</sup> <https://wtcc.org/Research/Economic-Impact>



Stay-over arrivals always have the greatest economic impact on the tourism economy, despite cruise passengers' larger volume. For example, 337, 912 cruise passengers represented 7 per cent of the

total visitor expenditure in 2019, while stay-overs and yachties (187, 513 combined arrivals) accounted for the remaining 93 per cent of USD 209.8 Million (See **Figure 4**).

**Figure 4- Total Visitor Expenditure vs Cruise Expenditure 2010 - 2020**



Data Source: CTO

The limited growth of the yachting sector in the ten years preceding the pandemic should be of some concern. If the blue economy and maritime and yachting sectors are being prioritized as strategic economic areas, there needs to be a deep interrogation about the challenges being faced by the sector given current performance. Updated data is also needed for proper analysis and planning. An Economic Impact Assessment (EIA) of the sector commissioned in 2012 by the Maritime and Yachting Association of Grenada (MAYAG), revealed that the sector made a net contribution of EC\$130.4 million to the economy. The major contributors were short-staying yachts, long-staying yachts, and business expenditure by cruisers, with smaller contributions made by the super-yachts and charter yachts. The MAYAG commissioned report noted that boatyards in Grenada and Carriacou were benefitting, and the sub-sector was having a positive impact on income distribution and poverty alleviation<sup>13</sup>.

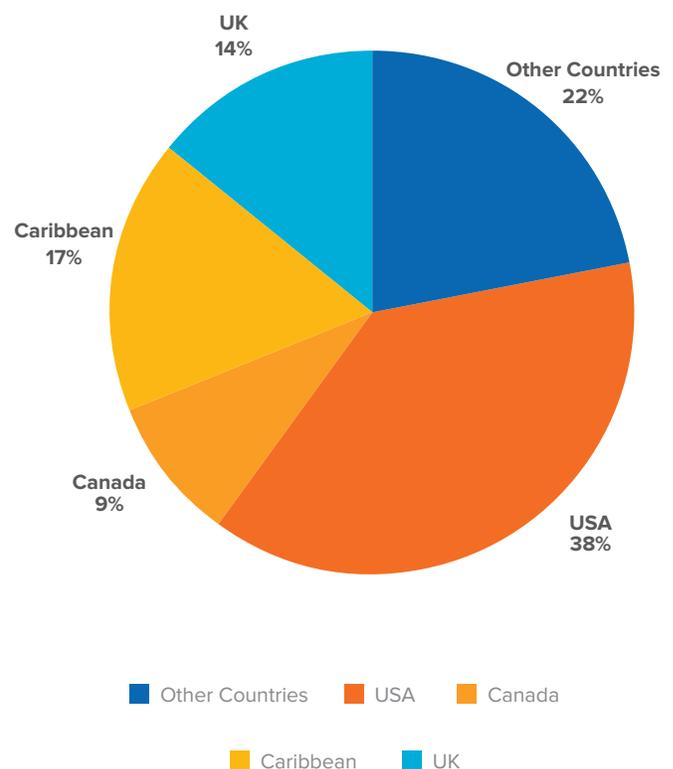
Grenada's yachting sector has great potential as yachters have lower environmental impact when compared to cruise passengers. The multiplier effect and value added to the local economy by the yachting sector exceeds the contribution of the cruise sector due to the following:

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

There has been growth in a number of tourism source markets. In 2013, the United States of America (USA) over-took Europe as the main-tourism generating region for Grenada. In 2019, pre-pandemic, the USA market accounted for 38 per cent of visitor arrivals (See **Figure 5**) but there was an observable change in the distribution of visitors from other source markets as at October 2021 – a growth in

visitors from the USA market and the shrinkage of the intra-regional/Caribbean market for the 10 month period January – October (See **Figure 6**). The decline in the Caribbean market could be attributed to a number of factors including, economic uncertainty, less disposable income for Caribbean nationals to travel, healthy and safety border entry requirements, fear of contracting the COVID-19 virus and quarantining restrictions being imposed.

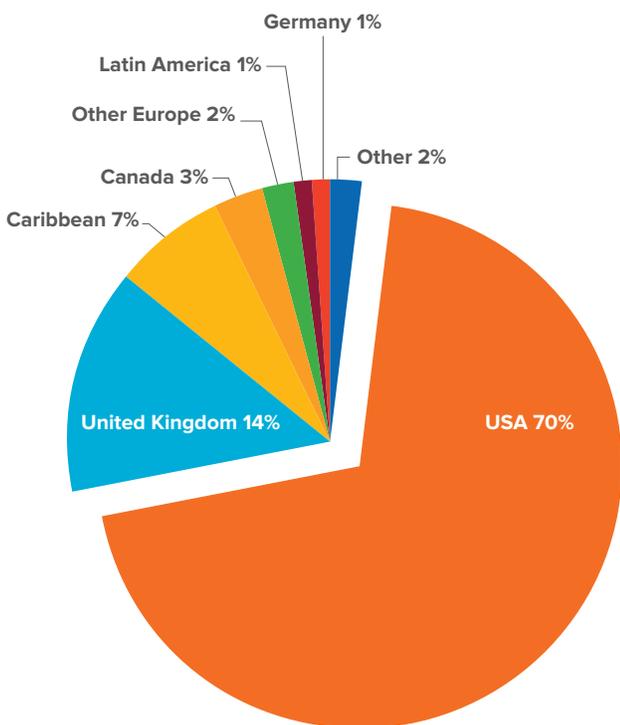
**Figure 5- Distribution of Stay-over Visitors by Source Market in 2019**



Data Source: ECCB

<sup>13</sup> <https://gov.gd/moti/maritime-yachting>

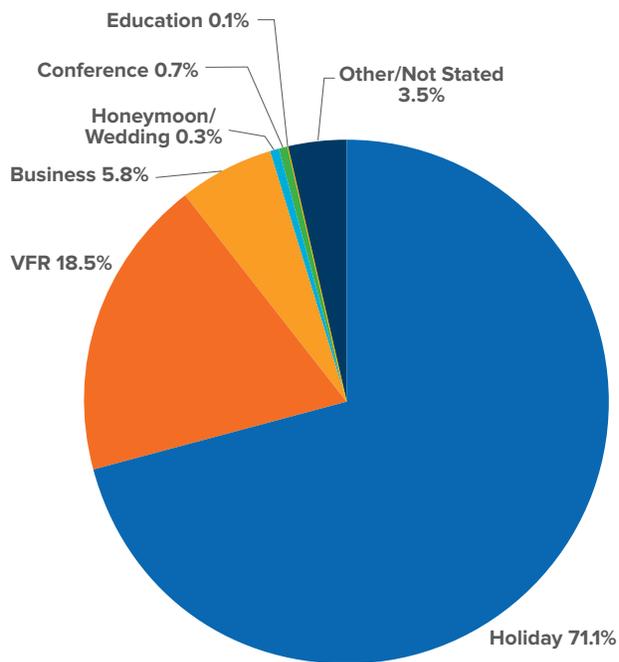
**Figure 6- Distribution of Stay-Over Visitors by Source Market Jan. – Oct. 2021**



- United States of America
- United Kingdom
- Caribbean
- Canada
- Other Europe
- Latin America
- Germany
- Other

Data Source: Grenada Tourism Authority (GTA)

**Figure 7- Stay-Over Visitors by Main Purpose of Visit 2019**



- Holiday
- VFR
- Business
- Conference
- Education
- Honeymoon/Wedding
- Other/Not Stated

Data Source: CTO

Leisure is the main motivation for travel to Grenada. Seventy-one (71) per cent of the visitors to the island in 2019 travelled for holiday while Visiting, Friends and Relatives (VFR) was the second main motivator for travel to the destination (18.5 %), as **Figure 7** illustrates.

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

### 2.2.3 Impact of COVID-19

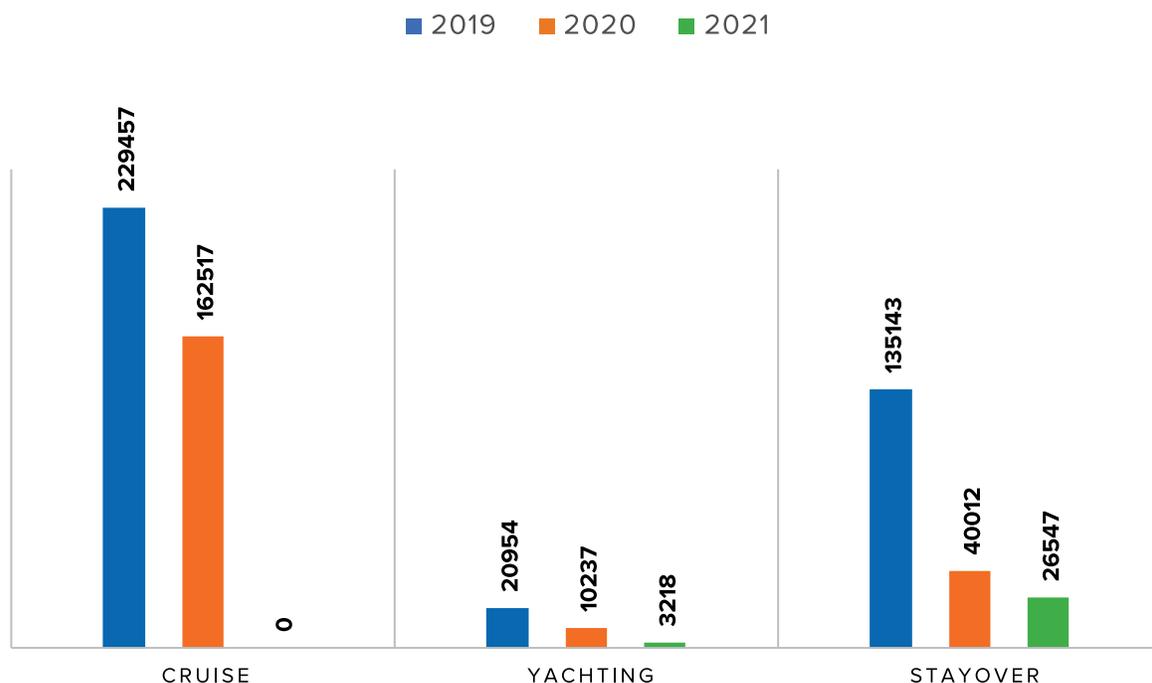
Like many destinations in the region and internationally, Grenada was severely impacted by the COVID-19 pandemic. According to WTTC (2021), Grenada's Travel & Tourism employment levels were down 33 per cent and GDP by 65.5 per cent in 2020 when compared to 2019<sup>14</sup>.

Through the Ministries of Finance and Social Development, tourism MSMEs have benefitted from stimulus packages to deal with the impact of COVID-19 and the GTA waived vendor's booth fees until the resumption of the cruise season. It was not anticipated that the pandemic would have lasted so long, therefore the Government's economic support could not be sustained.

The World Bank (2020) approved a USD 25 million credit facility to support Grenada's COVID-19 response and recovery, noting *"In recent years, the Government of Grenada has made significant progress on economic reforms and fiscal consolidation. The COVID-19 crisis, however, has had a disproportionate socio-economic impact on highly tourism dependent small island economies, including Grenada,"* - Tahseen Sayed, World Bank Country Director for the Caribbean.<sup>15</sup>

Preliminary data from the GTA as of October 2021, points to a continued struggle to restore tourism to 2019, pre-pandemic levels. Most notably, there were no cruise arrivals for the first 10 months of 2021. A comparative analysis of the 3-year period, over the first 10 months of the year is provided at Figure 8.

**Figure 8- Comparative Arrivals by Visitor Type Jan.- Oct 2019 -2020**



Data Source: GTA

<sup>14</sup> World Bank (2020). Press Release.

<https://www.worldbank.org/en/news/press-release/2020/12/16/world-bank-approves-us25-million-credit-for-grenadas-covid-19-response-and-recovery>

The World Bank (2020) approved a USD 25 million credit facility to support Grenada's COVID-19 response and recovery.

## 2.3 International & Regional Trends

The World Tourism Organisation (UNWTO) reported a modest improvement in international tourism arrivals in June and July 2021. However, for the first 7 months of 2021, arrivals were 40 per cent below 2020 levels, and down 80 per cent pre-pandemic levels of 2019. Small islands in Africa, Asia and the Pacific, and the Caribbean, as well as a few small European destinations, recorded the best performance in June and July, with arrivals coming close to, or sometimes exceeding pre-pandemic levels. The UNWTO Panel of Experts continue to expect a rebound in 2022, driven by unleashed pent-up demand, mostly during the second and third quarter of the year (UNWTO, 2021).<sup>16</sup>



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

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

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

After a 680,000 Travel & Tourism jobs were lost in the Caribbean in 2020, a 12 per cent rise in jobs (compared to 0.7% globally) was expected in 2021, with a similar potential year-on-year jobs rise across the sector in 2022 by 11.5 per cent (WTTC, 2021)<sup>17</sup>.

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

<sup>16</sup> World Tourism Organization (2021). World Tourism Barometer. Volume 19 (5) September 2021

<sup>17</sup> World Travel & Tourism Council. Caribbean Travel & Tourism sector recovering faster than any other region in the world. <https://wtcc.org/News-Article/Caribbean-Travel-and-Tourism-sector-recovering-faster-than-any-other-region-in-the-world>

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

### 3.1 Overview

The tourism and hospitality industry has long been transformed by Information and Communications Technologies (ICT). The industry continues to use innovative ICT tools along the tourism value chain- from the Online Travel Agencies (OTAs), to pre- and in-trip virtual tourism experiences, to artificial intelligence, to geo-tagging, to social media, and contactless transactions. The industry continues to innovate in the pandemic era, using ICT tools to map and control the risk of diseases by contact tracing, mapping COVID-19 hotspots and sending mobile alerts to tourists and residents to avoid crowded areas and practice social distancing.

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

On the public side, digital technologies increase the efficiency of public expenditure and enhance the cost effectiveness of public services. Overall, digital technologies have been proven to boost growth, expand opportunities and improve service delivery (World Bank, 2020)<sup>18</sup>.

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

The International Telecommunication Union (ITU) views technology as a major accelerator of economic growth and development and an important driver of

progress towards the 17 SDGs. Their 2020 edition of Measuring Digital Development: Facts and Figures highlights some global trends:

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

<sup>18</sup> World Bank (2020). Acceleration Digital Transformation in Zambia. Digital Diagnostic Report. The World Bank

- **Young people are enthusiastic adopters of technology** and have relatively high levels of Internet use. This trend is observable where connectivity is available and affordable. Young people aged 15 to 24 have a 70 per cent usage rate. This trend is encouraging in view of the fast-growing youth demographic in much of the developing world.
- **International bandwidth usage growth accelerated in 2020.** International bandwidth usage is estimated to have grown globally by 38 per cent. Growth of international bandwidth usage in developing countries outstripped growth in developed countries (ITU, 2020)<sup>19</sup>

Recent research by the ITU (2021)<sup>20</sup> points to gender parity in Internet usage in the Americas, a region of thirty-five (35) countries, which includes Grenada and fifteen (15) other Caribbean SIDS. In fact, a very small inverse gender gap was observed in the Americas region in 2020, where an average 77 per cent of women and 76.3 per cent of men used

the Internet. The ITU also noted that the COVID-19 pandemic has had an accelerating impact on digital development in the Americas region in many sectors, including retail, public services, education, health, and agriculture.

The World Bank has identified five (5) key levers that drive the growth of a digital economy and serve as diagnostic tools. These levers- digital infrastructure; digital skills, digital entrepreneurship, digital platforms, and digital financial services, are the foundation of digital transformation opportunities that can be applied in many social and economic sectors such as tourism and agriculture. **Table 1** presents the digital economy levers and a description. These levers have been used to provide a digital diagnostic for Grenada in Section 3.2.



**Table 1- World Bank’s Digital Economy Levers**

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

Source: World Bank (2020)<sup>21</sup>

<sup>19</sup> Measuring Digital Facts and Figures 2020. International Telecommunications Union. <https://www.itu.int/en/itu-d/statistics/pages/facts/default.aspx>

<sup>20</sup> ITU (2021) Digital Trends in the Americas 2021. International Telecommunications Union

<sup>21</sup> World Bank (2020). Acceleration Digital Transformation in Zambia. Digital Diagnostic Report. The World Bank

### 3.2 Grenada's Digital Economy

The Government of Grenada views digitalisation as the corner stone of its resilience to improving livelihoods in the Blue and Green economies. With ICT tools central its transformation strategy and action plan, the Government is seeking to modernise E-government and E-business services, which includes supporting the use of a digital EC dollar; and developing the capacity to upscale the creation of technological applications and innovative inventions.<sup>22</sup> The Government's ambitions are further articulated in its Grenada Small Smart State report (UNDP, 2021), which espouses the following vision:

*Smart Grenada leverages the power of the Blue, Green and Digital economies to be the most resilient sustainable and smart city in the Caribbean (EC, World)*

The Smart Grenada vision aims to harness digitalisation to increase productivity in several areas including tourism, administration, commerce, education, and agriculture.

Grenada has already begun the process of digitising its government workflows and processes including launching the E-Cabinet system in 2020. The Government is also working with the World Bank (WB) on the Digital Government for Resilience Project (DG4R), to improve the efficiency, usage, and resilience of the Ministry of Infrastructure Development, Public Utilities, Transport and Implementation, and is also working towards establishing legal and regulatory foundations to enable information sharing and collaboration amongst government agencies.<sup>23</sup> The Caribbean Regional Communications Infrastructure Programme (CARCIP) is also expanding connectivity and internet services across community centres and schools in Grenada and other Eastern Caribbean countries, enabling higher bandwidth and 4G/LTE services.

Grenada is among four beneficiary EC countries for the WB funded Caribbean Digital Transformation

Project (CARDTP) being implemented by the OECS Commission. The development objective of the project is to increase access to digital services, technologies and skills by governments, businesses, and individuals in the participating countries. The project entails three components:

- **Component 1:** Digital Enabling Environment- aims to support the development of a positive enabling environment for the region's digital economy that drives competition, investment and innovation while promoting trust and security of online transactions.
- **Component 2:** Digital Government Infrastructure, Platforms and Services- aims to support public sector modernization, resilience, and delivery of digital public services to individuals and businesses.
- **Component 3:** Digital Skills and Technology Adoption- aims to better equip individuals and businesses across the region for the jobs and economy of the future and to spur innovation and productivity growth.<sup>24</sup>

According to the WB (2021), a critical success factor for the project in Grenada is the establishment of a Cybersecurity Agency and its premises, which is to be co-located with the Network Operations Centre (NOC) for the Government Wide Area Network. The construction of the NOC was delayed but was expected to commence in the 2021 Annual Work Plan period.<sup>25</sup>

**Digital infrastructure** data compiled by the ITU (2021) demonstrates Grenada has a moderate level of active mobile broad band subscription and just under 60 per cent of the population using the Internet (based largely on 2019 data):

- 58 active mobile broadband subscriptions per 100 inhabitants
- 23 fixed-broadband subscriptions per 100 inhabitants- this is greater than the global average

<sup>22</sup> Ministry of Finance, Planning, Economic, and Physical Development (2019). National Sustainable Development Plan 2020- 2035.

<https://observatorioplanificacion.cepal.org/en/plans/national-sustainable-development-plan-2020-2035-grenada>

<sup>23</sup> UNDP 2021. Grenada Small Smart State: Developing the Vision <https://www.undp.org/barbados/publications/grenada-smart-small-state-developing-vision>

<sup>24</sup> <https://www.oecs.org/en/our-work/knowledge/library/projects/caribbean-digital-transformation-project-cardtp>

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



GUAYABA  
B...

TAMARINDO  
Thailandia

FLMENDR  
6'05

Banana  
Colum...

Small label on a container of dried fruit or nuts.

- 104 mobile cellular subscriptions per 100 inhabitants – this performance is middle of the range in the Americas. Saint Kitts and Nevis and Antigua and Barbuda are regional front-runners with 148 and 193 subscriptions, respectively
- 59 percent of individuals use the Internet (compared to 81 percent in Saint Kitts and Nevis and less than 30 percent in St Vincent and the Grenadines)<sup>26</sup>

**Digital skills** assessment is highly subjective as it is often based on self-reporting. The ITU considers the value for basic ICT skills as the average value of available recent data for four (4) computer-based activities: copying or moving a file or folder; using copy and paste tools to duplicate or move information within a document; sending e-mails with attached files; and transferring files between a computer and other devices. Using either ITU's definition or WB's definition of digital skills, in the absence of data, an assessment of digital skills for Grenada's tourism MSMEs cannot be made. However, the NSDP (2020-2035) views building the digital literacy of Grenada as a strategic action, essential to the development of the country's enterprise architecture to support e-commerce activities in the private sector, and the online service delivery of the public sector.

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

**Digital Platforms and Digital Financial Services-** Grenada is ranked 102 out of 193 countries globally on the 2020 United Nations E-Government Survey and is considered in the middle group of countries on the Online Services index (OSI). The OSI assesses the national online presence of all 193 United Nations Member States. Grenada has a high E-Government Development Index (EGDI) score which speaks

to the development e-government; however, infrastructure and human capital development is more advanced than online services provision<sup>27</sup>.

Grenada is also one of the pilot countries for the implementation of the Eastern Caribbean Central Bank's (ECCB), DCash, a digital version of the EC dollar. The pilot was launched on 31st March, 2021. DCash provides an opportunity for businesses, including tourism MSMEs, to conduct financial transactions, including receive instant payments from customers through smart devices. With a significant intra-Caribbean tourism market and tourism becoming increasingly contactless, digital payment platforms such as DCash can be a potential game changer. The participating financial institutions and agents for DCash (as of January 2022) are:

- Ariza Credit Union
- The Communal Co-operative Credit Union Ltd.
- G.U.T. Co-operative Credit Union Ltd.
- Grenada Co-operative Bank Limited
- Republic Bank (Grenada) Ltd.

As of December 2021, the ECCB reports that there were under 3,000 active DCash users and less than one-fifth were using DCash Merchant (based on response to the Consultant's questionnaire). After a 12-month implementation period the ECCB will assess the potential efficiency and welfare gains that could be achieved, i.e., deeper financial inclusion, economic growth, resilience, and competitiveness in the currency union<sup>28</sup>.

### 3.3 Stakeholder Perspectives

The tourism MSMEs interviewed for this diagnostic study were impacted by the COVID-19 to differing degrees- one a well-established provider in the soft adventure market, the other a new business established during the pandemic, operating in the events market. The tourism MSME in the adventure market experienced greater economic hardship as 80 per cent of his business activity depends on the cruise-sector and with lock-down measures, there were little gains to be made on the domestic side. While the MSME serving the events market was able to utilise digital technology to offer small events (via Zoom), economic opportunities were lost to Carnival and other festival celebrations.

<sup>26</sup> ITU (2021) Digital Trends in the Americas 2021. International Telecommunications Union

<sup>27</sup> United Nations E-Government Survey 2020.

[https://publicadministration.un.org/egovkb/Portals/egovkb/Documents/un/2020-Survey/2020%20UN%20E-Government%20Survey%20\(Full%20Report\).pdf](https://publicadministration.un.org/egovkb/Portals/egovkb/Documents/un/2020-Survey/2020%20UN%20E-Government%20Survey%20(Full%20Report).pdf)

<sup>28</sup> <https://www.dcashec.com/about/>

“I started to do a lot of Zoom events. And I turned that into a business so it’s mainly hosting virtual events, as well as my micro event planning meaning on a small scale more intimate, not too crowded, small scale and then doing decor, even if it’s for indoors more intimate settings but it’s been a challenge because you know, the uncertainty. They’re times you are like okay, you have a number of bookings, and then something will happen. We will have a curfew to deal with, different things to do deal with, so, it was a big risk. So, it’s still gradually growing, I hope. When things start to improve in Grenada, I will be able to expand, build inventory and stuff like that.”

Focus Group Participant, GG14

The tourism MSME in the adventure market used the pandemic’s lockdown period to upgrade his digital skills through the training offered by the UNDP-FUT Tourism project and sought to upgrade his website:

“Right before the shutdown I was engaged in trying to do some digital transformation, update our website, and so. I had engaged somebody to get that job started and done but that didn’t pan out I guess you know the person I was dealing with was in Trinidad as well, and I think they were impacted in the same way. Up to this time I haven’t been able to benefit from that, but I did do a course with the UNDP-UWI. They had a course for 12 weeks. So, I did avail myself of that I just thought you know why not let’s do that you know, so it has opened my eyes...”

Focus Group Participant, GG15

During the pandemic, the private sector-led, Grenada Hotel and Tourism Association (GHTA) engaged in significant advocacy for its members for, inter alia, economic stimulus support. The GHTA has

also been working with the Compete Caribbean Partnership Facility (CCPF) on the Technology Extension Services (TES) in the Caribbean project to support increase productivity and innovation in the private sector. According to the CEO, the GHTA has been able to put its members in contact with key resource personnel to digitize their operations. The CEO believed that age and educational levels may be among the main barriers to tourism MSMEs’ online presence and expressed the view that more

“I think you have to think of the age group-the generation in terms of just understanding education, so there is a learning curve. Being online and understanding...I mean many people had to understand Zoom, a system that we never knew before, you know, everyone had to learn. It’s not just learning as the owner but also getting employees who may not necessarily have the same level of education. So, when you are thinking about the time... So, education and the learning curve is one, two it’s time consuming because you have to teach your employees, how to do this as well, and then, of course, the cost. So, the cost when people are really struggling throughout the pandemic. You know, yes, we understand there is a long-term benefit- it is cost effective in the long-term, but many people can’t see it initially. You know they don’t see the tangible benefit immediately, in the short term, so it takes some convincing, some persuading, but I believe we will get there.”

CEO, Grenada Hotel & Tourism Association

grant-funding and educational opportunities that demonstrate the practical application of online tools were needed.

Government tourism officials from the Ministry of Tourism, Civil Aviation, Climate Resilience & the Environment, and the Grenada Tourism Authority (GTA) felt that digital transformation of tourism MSMEs is impeded by devices, know-how, confidence, and trust. At the destination level, pandemic-inspired digital transformation initiatives included

upgrading the Pure Grenada website, and the GTA, along with its line Ministry and funding from the WB, is seeking to acquire a booking engine, which would benefit tourism MSMEs.

“It’s building that confidence and trust one, and then seeing how can you really provide even the simplest thing as a cell phone to them, and that was something else we realized when we had the pandemic and doing all of this COVID training- health and safety training and whatnot. A lot of the taxi drivers on the ground, just did not have a proper cell phone to join a Zoom call you know, that’s the reality. Other than that, the Pure Grenada website... we have had enhancements over the last year or so to it. And we actually are working on finalizing with the Ministry, a World Bank project that would support a booking engine and social media.”

Product Development and Research Manager, GTA

The views about DCash and attitude towards digital payment systems maybe a function of age and knowledge as the tourism MSME interviewees, represented two different age demographics. The older of the two business owners, expressed more scepticism about adopting DCash and the security of it all. His business only accepts cash or cheque payments.

“I’ve heard of DCash, as to what it is about...because it’s one of those digital currencies, I did not pay much of a mind, because I’m wary of digital currencies because perhaps I just don’t understand this digital cash thing, you know. It’s not physical what is it backed by? How is it protected? So those are the kinds of things that I would worry about because I know about blockchain technology so on and I worry about blockchain technology in hurricane prone areas because they depend on a network of computers and so on and if things all down how is that protected, I don’t know.”

Focus Group Participant, GG15

The younger interviewee and newly established business owner was actively seeking out information about DCash in the hope of adoption, once there was more widespread use. Her business used cash and variety of online payment systems- direct deposit, PayPal, wire transfer either MoneyGram or Western Union.

“I’m actually considering to start using DCash, the only issue is it’s not being used as much as Pay Pal and other things like that so I’m still trying to fully understand it and make sure that it’s secured.”

Focus Group Participant, GG14

The Government tourism officials felt that the current process to sign-up for the use of DCash needed to be streamlined, especially if MSMEs perceive a digital payment as a slow process and they could just as easily receive the cash in their hand.

“I know that the DCash is something that would have come on stream but in terms of accessibility, one, you need to have a cell phone and that process requires you to put money on your device, you need to send an email, so I think that the process and access is probably something that government from a financial point need to probably look at. How to make the process a little more seamless. Especially for the MSMEs, the persons on the ground- the grassroot persons who may not really know how to operate the device or things like that. The process needs to be a lot more user friendly and simple.”

Sr. Technical Officer, Ministry of Tourism, Civil Aviation, Climate Resilience & the Environment

### 3.4 Strengths, Weaknesses, Opportunities and Threat (SWOT) Analysis

A SWOT Analysis is a useful and simple tool that gives a snapshot of key issues. A SWOT Analysis for key digital transformation issues in the tourism sector is summarized in Table 2. The SWOT analysis applies WB’s Digital Economy Levers and incorporates Grenada’s Digital Readiness Assessment Report prepared by the UNDP (2021)<sup>29</sup>. A Digital Readiness Assessment is a UNDP-tool that provides rapid high-level insight into a country’s digital strengths and weaknesses. The tool is meant to be used in conjunction with other approaches and tools

and in this regard WB Digital Economy Levers is incorporated. The UNDP-tool calls for a whole-of society digital transformation approach and this is re-emphasized in Section 3.5. The UNDP assesses Grenada as being at Level 3 (out of 5 levels) of digital readiness: Systematic stage, which means the country is systematically advancing in key areas of digital transformation based on identified priority areas (e.g. skills, digital public services, etc.).

The analysis highlights opportunities for digital skills development and digital entrepreneurship in Grenada and the initiatives identified will serve to accelerate the transition towards a more inclusive and sustainable tourism industry and progress towards the Sustainable Development Goals (SDGs).

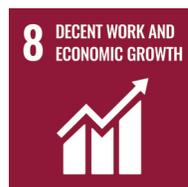
**Table 2- SWOT Analysis for Digital Transformation of Tourism MSMEs**



### 3.5 Policy Interventions

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

- **Incentivise Digitalization:** Provide tax incentives for private citizens and businesses to acquire digital devices and tax credits and/or other forms of financial support for MSMEs to digitize their accounting systems, improve online presence including website development, e-commerce, and inventory management.
- **Re-design Training:** The Ministry with responsibility for Tourism and the GTA should ensure that entrepreneurial skills development for the tourism sector incorporates digital skills and demonstrable opportunities for digital entrepreneurship. Trainer-the-Trainer programmes should be rolled out for MSMEs to ensure wide and fast capacity development.
- **Flexible and Targeted Programmes:** Revamp school curricula to enhance digital skills at all levels- from primary to tertiary, as well as, in academic and vocational programmes. Ensure women and marginalized communities have access and digital literacy training; and rural and urban children have equal opportunities to gradually transition to blended learning environments.
- **Improve Access:** Create ICT hubs with free Internet and access to devices in marginalized communities. Hubs may be sponsored by large business including those in the tourism and hospitality industry.



### Additional Resources

- Giga Project in the OECS  
<https://gigaconnect.org/oeecs/>
- Connect2Recover  
<https://www.itu.int/en/ITU-D/Pages/connect-2-recover.aspx>
- Caribbean Tourism Organization's Digital Tourism Toolkit  
<https://www.onecaribbean.org/resources/digital-tourism-toolkit/>

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

### 4.1 Overview

While the country's investment in product development will be constrained by a depressed economic climate, and market development by air-lift capacity, Grenada is not short on product options. Grenada offers three destination experiences between the mainland, and the sister islands of Carriacou and Petite Martinique. As a tourism brand, the country's diversified product offering is a key strength. The three islands are also relatively unspoilt and policy makers have a real opportunity to avoid the pitfalls of unsustainable tourism development.

Apart from marine-based tourism (3Ss<sup>30</sup>, yacht, cruise, diving, fishing), mainland Grenada is already strongly positioned with its nutmeg and spices and related links to agro-tourism; culture (e.g., Spice Mas); eco-tourism; and adventure tourism.

Carriacou, the "cradle of culture," has a strong heritage and festival tourism product, steeped in the rich traditions of the island's African and European ancestry. Festivals and events include Carriacou Carnival, Carriacou Regatta, traditional weddings, traditional boat launching, Tombstone Feast "Saraca" Libations, Big Drum Nation Dance, Village Maroons, Shakespeare Mas, All Saints Candle Lighting "Pass Play" and Fishermen's Birthday Celebrations and the Christmas Parang Festival.

Petite Martinique, like Carriacou, also has a rich cultural heritage with its own regatta, big drum dance, and traditional wedding ceremony featuring cake dancing and flag dancing.<sup>31</sup>

A blue economy product mapping report for Grenada, suggests that leisure tourists in Grenada can be segmented based on the activities they engage in and other trip characteristics such as accommodation-stay. The report notes that the three largest segments in 2019 were "Yachters, Regional Relaxers and Active Watersports". Based on anticipated changes in travel behaviour over

the next decade, the largest segments by 2029 are expected to be Luxury Relaxers, Yachters and Island Explorers who would largely be interested in marine-based activities and cultural experiences<sup>32</sup>. **Table 3** provides definitions of the identified segments and their economic value in 2019. Based on the segments' descriptors, there are distinct opportunities for tourism MSMEs including women in the provision of accommodation, food and beverage services, tours, entertainment, craft and other local products. A digital presence by tourism MSMEs to promote these services cannot be overstated and becomes more urgent as Grenada will soon offer a digital nomad programme to attract long-stay visitors who work remotely. The eWoM (electronic Word of Mouth) value among this community and other visitor segments will be important for the growth of tourism.

Grenada is not short on product options. Grenada offers three destination experiences between the mainland, and the sister islands of Carriacou and Petite Martinique.

<sup>30</sup> 3Ss- Sun, Sea and Sand

<sup>31</sup> <https://www.puregrenada.com/>

<sup>32</sup> World Bank Group and Acorn (2021). Grenada: Product Mapping. OECS Blue Economy Tourism Analytics. Version 1.1.

**Table 3- Blue Tourism: Marine and Coastal Tourism Key Leisure Segments**

Leisure Segment	Description	2019 Visitor Expenditure by Segment (US\$ Million)
Regional Relaxers	Tourists who live in the Caribbean travelling for relaxation. Typically travel for a special event or an event in the destination e.g. Carnival or Cricket	43.06
Yachters <b>(Projected Major Growth Segment)</b>	International tourists travelling by yacht, either chartered (bareboat or with a crew) or owner operated. Average 15 night-stay in Grenada but can range from a day to months. Either live aboard or may spend some nights in rented accommodation	87.5
Luxury Relaxers <b>(Projected Major Growth Segment)</b>	International tourists travelling on packages and independently, staying in high-end accommodation for the purpose of relaxing and enjoying 3Ss. These tourists often engage with health and wellness facilities.	152.37
Island Explorers <b>(Projected Major Growth Segment)</b>	International tourists mainly travelling independently and typically staying in mid-market accommodation. The overall attraction is the ocean and island setting. They will also spend at least half of their time exploring the island and engaging in outdoor activities, cultural experiences, water sports and wildlife watching	33.13
Active Water Sports	International tourists mainly travelling independently, although some will be on packages. Use a mix of mid-market and high-end accommodation, including all-inclusive resorts, and their main aim is to be in the sea as much as possible. This group includes keen and casual divers, active snorkelers, windsurfers, wakeboarding, recreational fishing	31.29

Adapted from: WB and Acorn (2021) <sup>33</sup><sup>33</sup> World Bank Group and Acorn (2021). Grenada: Product Mapping. OECS Blue Economy Tourism Analytics. Version 1.1.

The NSDP (2020-2035) advocates for the mainstreaming of nature-based tourism, eco-tourism, and cultural tourism. These niches are complementary to the wellness and adventure tourism markets as the trends described in the next section, demonstrate.

## 4.2 Product & Market Trends

At the international level, the growth in nature-based tourism and outdoor recreation, also serves to enhance the wellness market. According to Winter et al. (2019) nature-based tourism and outdoor recreation provide benefits to individuals, communities, and society and thereby contribute to sustainability. These tourism niches support conservation and provide mental and physical health benefits<sup>34</sup> – benefits that have been amplified since the COVID-19 pandemic. Beyond the opportunities for MSMEs in the travel trade, there also opportunities to grow the food and beverage sub-sector through agro-processing and the provision of products to support the wellness market. Grenada

is already well-positioned to capitalize on these product offerings for “relaxers”, “yachters” and “explorers”.

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 measures<sup>35</sup>. These trends are consistent with the 2022 trends in changing consumer behaviour and travel demand identified by a WTTC and Trip.com Group Report<sup>36</sup> and research conducted by Google and Ipsos<sup>37</sup>. **Figure 9** below represents the Consultant’s compilation and analysis of the trends identified in the reports.



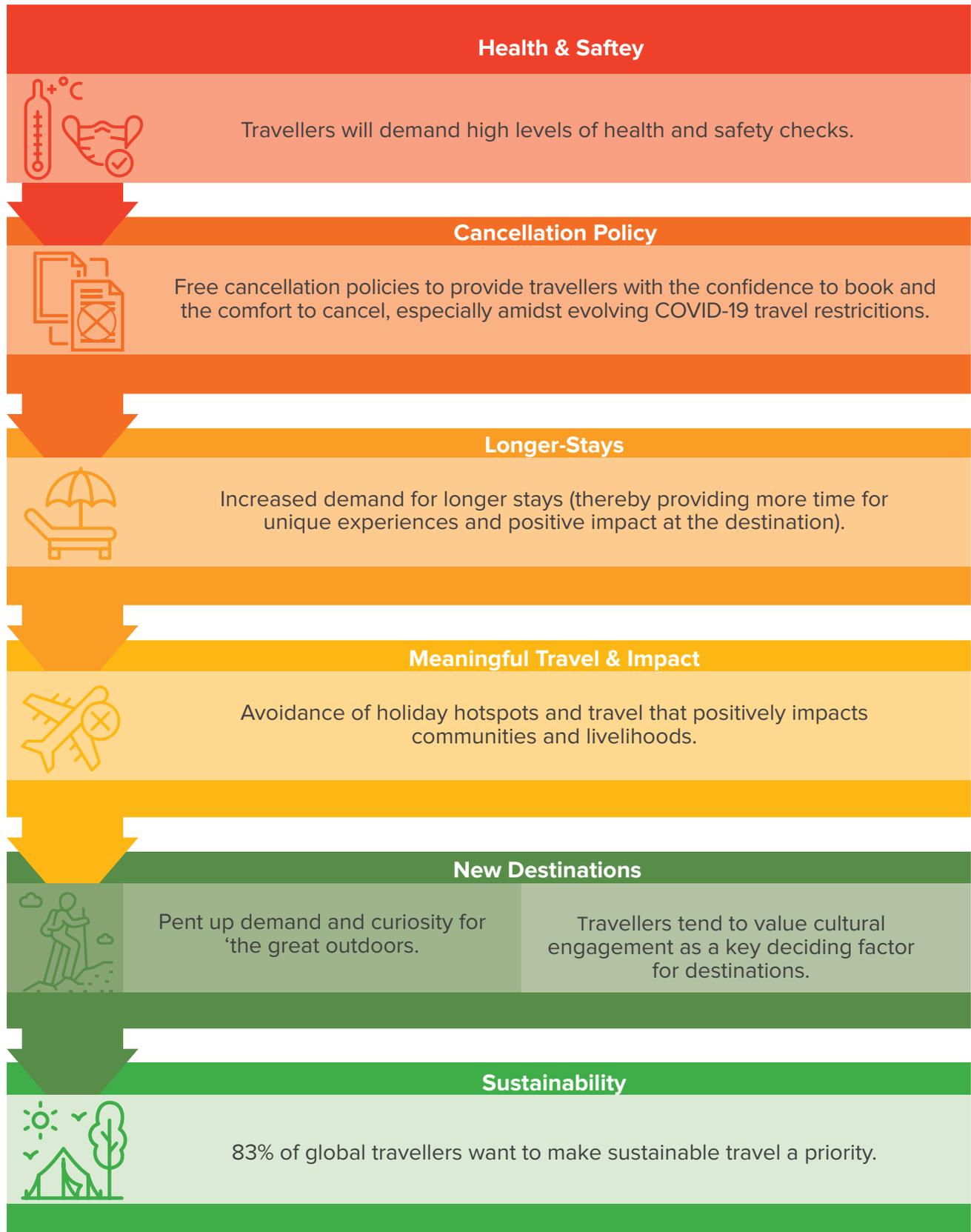
<sup>34</sup> Winter et al (2009). Outdoor Recreation, Nature based tourism and Sustainability. Sustainability 2020 12, (81) pp. 1-12

<sup>35</sup> Top 10 Travel Trends 2021 <https://www.responsibletravel.com/copy/travel-trends>

<sup>36</sup> <https://wttc.org/News-Article/New-report-from-WTTC-and-Trip-com-Group-reveals-latest-consumer-trends-and-the-shift-in-traveller-behaviours>

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

**Figure 9 - Major Trends in Consumer Behaviour and Travel Demands in 2022**



Research conducted in 2019 by the Compete Caribbean Partnership Facility (CCPF) entitled, ***Diversification of Caribbean Tourism Experiences***<sup>38</sup> (even though the research was conducted before the COVID-19 pandemic) provides some useful insights that can be beneficial to the further development of Grenada’s tourism product offering. The CCPF report identified four (4) Community Based Tourism (CBT) activities for Caribbean MSMEs to prioritize based on high benefits and high US interest:

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

Grenada already offers the identified CBT activities including nutmeg estate tours, cocoa estate tours and chocolate making activities, but some experiences can be enhanced or in the case of the local Fish Friday Festival- be revived not only for CBT and greater inclusivity, but also for the development of the blue economy. The CCPF research also highlighted that beach tourism will continue to remain a feature of Caribbean tourism, as sun, sea and sand are still motivating factors for travel to the Caribbean, but other factors highlighted earlier, are fast emerging. Tourists expressed a preference for transportation to be combined with packaged activities and were generally willing to pay more than current prices, as much as, USD 300 per CBT activity.

### 4.3 Stakeholder Perspectives

The MSME interviewees felt that apart from beach tourism, which is offered in other Caribbean destinations, it was Grenada’s spices, the friendliness of its people and the safety of the destination that were unique selling points. They felt that more needed to be done to develop the cultural sector(entertainment), agro-tourism, eco-tourism, and CBT.



“I think after the pandemic they should revamp...I feel they should shift to agro-tourism because food supply, supply chain everything... Right now, it’s you know, and I feel like they focus mainly on yes, the beaches are one of our main attractions, waterfalls different sites, but with that they always say they will develop these sites and you know they do a recording and that’s it. So, it’s a lot of little things. Well, I’m in the entertainment aspect, so I will always say to push more in entertainment and stuff like that, but for me, I believe you know, they should focus on doing agro-tourism and be more eco-friendly and sustainable and stuff like that.”

Focus Group Participant, GG14

Though the MSME adventure tourism operator (GG15) received 80 per cent of his business from cruise tourism, he acknowledged the value of the yachting sector to Grenada’s economy- the multiplier effect and its growth potential.

<sup>38</sup> <https://www.competecaribbean.org/documents/diversification-of-caribbean-tourism-experiences/>

“The other side is that a lot of the yachts... the yachties...from the physical spend when they come, a lot of the yachts are left here on dry dock and so there’s a lot of work going on in the yachting sector and trying to fix boats and employing a lot of Grenadians to fix boats, to repair and clean and so on, and the potential of that is not, I don’t think, that we are doing as well as we should be doing there to capture that kind of information, you know, in terms of economic benefits that that can bring. So, in a way, I think we have to take a very good look at that and also the potential for jobs you know because we still import, a lot of people, to the service the yachting sector.”

Focus Group Participant, GG15

Government tourism officials also, like the tourism MSMEs, acknowledged that beach tourism is still strong because it is the reason why international visitors come to the Caribbean, but noted opportunities to expand CBT, adventure tourism, voluntourism and the need for locals to better understand the opportunities and linkages.



“... Grenada is surrounded by water, we are a tropical destination, that is the fundamental reason why people are still coming to the Caribbean. We definitely want to say...yes, Sun, Sea, Sand but really and truly those are still the fundamentals why you come. You just need to diversify that on the terrestrial point right, with other elements that show lifestyle and culture, and certainly, I believe that we can strengthen all elements across the board. And even look at you know some adventure stuff... Certainly, we need to exemplify our sustainable products prioritize those things, and I think it’s also a matter of stakeholders understanding you need to revive and as a result, we need to find a way to show them the way that they can. We’ve been trying to build a voluntourism program. I mean voluntourism is present in Grenada because you have a number of people that have been doing it for years. People in Carriacou, you know, the turtle watching ... But what we need to do I think, in order to strengthen your sustainable products is to find ways to get persons in the community more involved. We need to be able to show linkages that can work but to me, sometimes small businesses don’t realize it themselves.”

Product Development and Research Manager, GTA

The GHTA CEO was in accord with the GTA Manager about product diversification initiatives being sustainable, and about opportunities for voluntourism. The CEO also highlighted tapping into the blue economy and expressed the view that Grenada should aim to target more luxury cruise liners which are less people dense and have a lower environmental impact than large cruise ships. Additionally, she felt that Grenada could tap into culinary tourism and agro-tourism. She noted opportunities specifically for women in the floral culture cluster, which is receiving support through a CCPF project, where women owned MSMEs are able to supply, grow and sell their flowers to hotels, restaurant etc., and for export.

“Our organization is very focused on sustainability...We try to engage tourists as well, and certain beach clean-ups you know and beach clean-up days and things like that we engage tourists, for instance in hunting for lionfish, as we also tap into the blue economy. Here in Grenada, we will launch something called voluntourism so getting more people engaged, I mean I think it’s a win, win for Grenada in terms of our long-term sustainability plan, but also, it’s a win-win in terms of tourists seeing how they could get invested in Grenada and how they can tap into and volunteer, and also show us some of their skills...”

CEO, Grenada Hotel & Tourism Association

Notably, most of the stakeholders spoke of a human resource (HR) challenge- either in the yachting sector or the hospitality sector (accommodation, restaurants). This has implications for service quality and the visitor experience. While the hospitality sector is notorious for high turnover rates due to long hours and low pay, the HR challenge appears to be in other sectors and should be tackled at a Cabinet level.

Sentiments and concerns expressed by other stakeholders in published articles and comments about tourism development in Grenada lament the lack of aesthetical appeal of the capital city, the need for better storytelling, documentation and interpretation of many tourism sites and attractions. The authors of the draft National Sustainable Tourism Development Plan (2021 p.66) noted, “...it was evident that Grenada’s material and intangible heritage lacked a knowledge base. Grenada has not embraced the documentation of its history. This fact is reflected in the absence of basic information about the different sites visited or the precarious situation of the museums. The consequences of this go beyond a problem of information for visitors; this is a national issue that hinders locals from knowing and feeling proud of their past.”



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

As noted earlier, Grenada’s product offering is diverse, but the country can benefit from product and market development. A SWOT Analysis was conducted for Grenada in order to highlight strengths, weaknesses, opportunities and threats for product and market development. The identified market segments in Table 3, trends and activities in Section 4.2 and the opportunities highlighted in the SWOT will accelerate the transition towards a more inclusive and sustainable tourism industry and progress towards the Sustainable Development Goals (SDGs). The opportunities are not limited to women owned MSMEs but to all MSMEs, but it is anticipated that women can benefit and make a significant contribution to CBT activities in Grenada through traditional cuisine, cooking lessons, arts and craft and accommodation services. A product and market development assessment is provided at **Table 4**.

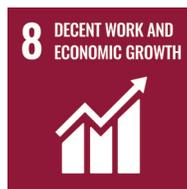
Table 4- SWOT Analysis for Tourism Product &amp; Market Development



## 4.5 Policy Interventions

There are number of critical issues that should be tackled at the Government level as several stakeholders have sounded the alarm. Without these interventions Grenada’s tourism competitiveness will be at risk:

- Protection and Promulgation of the Tangible and Intangible Heritage:** This is an issue that goes beyond the visitor experience – it is a about creating a sense of identity and national pride for locals. There is urgent need to protect the built heritage of Grenada e.g., historical buildings, museums, and monuments. The intangible heritage- oral traditions, indigenous practices and sacred traditions are at even greater risks, as without documentation, persons with the knowledge may eventually die out. The history of popular culture events such as Carnival and performance arts (African traditions in Carriacou and Petite Martinique) must also be documented and taught in schools. Grenada’s National Trust is doing some inventorying and education, but more support is needed from the public and private sectors.
- Environmental Protection:** The cruise and yachting tourism are important components of Grenada’s tourism economy, but all forms of marine tourism come at cost to the environment, therefore, stringent measures must be in place to guard against coral reef degradation and seagrass damage; sewage, fuel, and lubricating oil pollution; and the preservation of designated marine protected areas.
- Focus on Value over Volume, Packaging, and Inclusivity:** Product and market development should focus on attracting longer stay visitors and providing more authentic experiences. More emphasis needs to be place on developing community-based tourism activities for domestic and international - tourists, and growing the creative sector to support culture, heritage & the arts, as as well as the events market. Inclusivity and the empowerment of women will be further enhanced through strengthening the on-line presence of tourism MSMEs, given that 70 % of visitors research a destination on-line, before booking.



## Additional Resources

- Community Based Tourism Enterprise Handbook and Training Materials | <http://ourtourism.onecaribbean.org/cbt-toolkit>
- The Development of a Strategic Business Management Model for the Development of Heritage Tourism Products in the Caribbean | <https://www.onecaribbean.org/content/files/CRSTDPHeritage%20Tourism%20Report.pdf>

## 5. FOCUS AREA III: STAKEHOLDER ENGAGEMENT AND REGIONAL COORDINATION

### 5.1 Overview

Some local tourism stakeholders participated in the 2021 virtual workshops which were part of the consultative process for the development of National Sustainable Tourism Development Plan (NSTDP) for Grenada, Carriacou and Petite Martinique. However, virtual events are not inclusionary, especially where MSMEs may have no mobile data plan, limited connectivity, limited digital skills or limited knowledge/comfort levels with applications such as Microsoft Teams. Additionally, with many stakeholders in “survival mode” and “meetings fatigued” the level of stakeholder engagement is not high.

During the pandemic, there was a stakeholders’ conversation initiative, but tourism officials expressed some level of frustration with stakeholders’ engagement and were uncertain about what new strategies could be employed for greater stakeholder engagement (See more in Section 5.2). The Ministry with responsibility for Tourism is also seeking to address issues of inclusivity by developing a policy and strategy for community tourism.

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 some economic sectors.

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 tourism players in the public and private spheres (including MSMEs). The following examples of regional coordination are also noteworthy:

- World Tourism Day Conference 2021 (September 27) – Virtual Caribbean Tourism Conference jointly hosted by the CTO, University of the West Indies (UWI), Caribbean Regional Public Health Agency (CARPHA), Caribbean Hotel and Tourism Association (CHTA), OECS, Association of Caribbean States (ACS), Caribbean Development Bank (CDB), Inter-American Development Bank (IDB), UNDP, Global Tourism Resilience and Crisis Management Centre (GTRCMC), Organization of American States (OAS) and Compete Caribbean.
- Guidelines and Checklists for Safely Resuming Business Operations and Restoring Caribbean Tourism in 2020 – developed by CTO, CHTA, CARPHA, OECS and the GTRCMC.
- CARPHA’s Tourism and Health Program: Provides regional guidelines for traveller health issues in accommodation and passenger ship settings, capacity building in food safety, hospitality health and safety, and environmental standards. The Tourism and Health Information System (THiS)- is a web-based application for syndromic surveillance of populations in tourist accommodations. The system was developed by CARPHA in partnership with the CHTA, CTO and the IDB. This real time, early warning system is confidential and only accessible

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

## 5.2 Stakeholder Perspectives

The tourism MSMEs did not feel adequately engaged by tourism officials, though one interviewee admitted he participated in a NSTDP consultation (workshop) and do sometimes receive information about what’s happening as a member of the GHTA.

The MSMEs felt that “financing” was Grenada’s greatest tourism challenge at the national level, and at the firm or business level, “financing” was seen as a hindrance to the development of an entrepreneurial spirit:

“Well, for me, it’s financing, I do believe there’s some people in Grenada that have very, very good plans and intentions. But sometimes you may think these people, you know would have a good vision, you know, but sometimes it’s more personal, but not for the island. But I do think financing is one of the things too, because for me, I had some creative, crazy ideas and things that I would love to share, you know with somebody that can actually execute it in terms of the level of financing that it would need but yeah, I would say financing.”

Focus Group Participant, GG15

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.

“I don’t think we get the kind of support that we should be getting, you know. I don’t think so, and I think because we have so much potential, you know but trapped by financing, the kind of financing that would allow you to reach your full potential to expand the way that you would like to, really engage, you know, with the public and to do as well as your business has the potential to do. And that that lack of financing or inability to access financing or the cost of financing has put us in a bind. So how do you help with the entrepreneurial spirit of your people when you’re not willing to back it?”

Focus Group Participant, GG14

While MSMEs can access financing through the Small Business Development Fund from the Grenada Development Bank access is not always easy for the unbanked and those in the informal sector.

Tourism officials acknowledged that financial support for tourism MSMEs is a challenge, but capacity building and handholding can be key areas of state intervention. They stressed the need for women MSME to see themselves in other successful business owners to encourage emulation and mulled over the idea of including this as part of their annual tourism awareness programme.

“It comes back to providing training and capacity building, so that they would be able to effectively manage the operations that that they’re currently in. Financial support might be a little bit ticklish, but I think definitely that technical support in terms of building capacity and whether it’s a case of handholding or providing the medium for them to receive the sort of training and capacity building that that they need.”

Sr. Technical Officer, Ministry of Tourism, Civil Aviation, Climate Resilience & the Environment

The tourism professionals were at odds as to what they could do to improve stakeholder engagement:



“That is so hard...You try to do tourism stakeholder conversations right, because we started these online stakeholder conversations. And you know that you expect maybe say, 300 people, and every time you see the same 98. And then they complain that they do not know what’s going on in tourism. So I really just don’t know...”

Product Development and Research Manager, GTA

“I don’t know if this is just a Grenada problem but it’s really difficult to get the stakeholders to buy-in, so maybe we need to probably find a different strategy to reach them but I am not too sure what we can do at this point...”

Sr. Technical Officer, Ministry of Tourism, Civil Aviation, Climate Resilience & the Environment

While acknowledging the need for more inter-ministerial collaboration at the national level, particularly with Tourism and the Ministry of Carriacou and Petite Martinique Affairs, it was felt that at the regional level, more needed to be done for the Caribbean brand:

“I think that we have a Caribbean Tourism Organization, that is supposed to have us together as a hub - marketing us as a region. And it’s supposed to be a tool for us to send our communication out and also be able to provide support when we require it right. I think over the years, I have seen growth, but I still think from a regional collective perspective, I think we still operate as independent islands, as opposed to really having a Caribbean marketing thrust, be it product development or otherwise, because, even if we’re all sand, sea, sun, terrestrial, not one island is the same, and so I think, I truly believe that we are complementary...”

Product Development and Research Manager, GTA

The GHTA CEO saw the issue of inclusivity not only at the intra-island level but inter-island as well, that is mainland versus sister isles (- this is a common issue in multi-island countries in the Caribbean). The CEO also alluded to fact that there are some tensions between larger business and smaller businesses in the accommodation sub-sector, but she felt that the smaller properties were in a better position to adapt during the pandemic, even if that meant becoming “quarantine hotels.”

“I know that some of the businesses in Carriacou were struggling because, for instance, we might have had like a few tours trickling into the mainland, but then we were trying to safeguard our sister islands, so you know what might have been a safety issue in terms of limiting those who can go over to our sister islands, you know you had businesses that were suffering as well right because they depend on tourism. Now, I think we are trying to push more tourism that direction so yes, we use it in the way we’ve done it here in Grenada, for instance, they have suffered for a time but now we can showcase the safety, the beauty of the sister islands.”

CEO, Grenada Hotel & Tourism Association

At the regional level, the GHTA executive expressed a desire for common entry protocols for ease of travel.

### 5.3 Policy Interventions

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



- Reducing regional airline ticket fees and taxes.** The cost of regional travel has been a perennial problem. For some Caribbean destinations, it has proven cheaper to travel to Florida than to fly to some regional destinations. Research and analysis by the ACS reveal that intra-regional flights among Caribbean SIDS for extra-regional flights originating from outside of the Caribbean illustrates that the average amount of taxes and fees included in the full fare of a given intra-regional flight is weighted approximately 13 times heavier per nautical mile travelled than for its extra-regional counterpart. (Although the distance travelled on intra-regional flights is much shorter). On average, the base fare for a short-haul intra-regional flight, which excludes taxes and fees, costs an average of 4.8 times more per nautical mile than an extra-regional flight<sup>39</sup>. Regional airlines and other tourism players such as the CTO have long argued that the fees and taxes on airline tickets are hampering the development of the intra-regional travel market. It is
- an issue that the former Chairman of CARICOM, Prime Minister Gaston Browne had placed on his agenda and made a reality for Antigua and Barbuda, which reduced airline ticket taxes by 50 % in July 2021. The Government of Barbados has also reduced taxes on regional airline tickets. These recent initiatives illustrate what is possible, but more harmonization, and the cooperation of Caribbean airport authorities is needed.
- Developing Environmental Policies for Marine Tourism:** There has been a few unsuccessful attempts to develop a Regional Cruise Tourism Policy dating back to the 1990s. In the end the cruise lines pit island Governments against each other and quickly trade one port of call for the next, resulting in the loss of revenue from head taxes and loss of income for hair-braiders, vendors, tour operators, guides, taxi-drivers, and others. A lower hanging fruit could be policies for environmental protection and polluter pay-mechanisms

<sup>39</sup> Aviation Taxation Burden: An Examination of Caribbean SIDS | ACS-AEC

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. They should work with the Government 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.

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## Additional Resources

- Sustainable Tourism Destination Council  
<https://www.gstcouncil.org/for-destinations/>
- UNDP Finance Hub for SDGs and COVID-19 Recovery  
<https://sdgfinance.undp.org/>
- Integrated Policy Practitioners Network  
<https://sdgintegration.undp.org/ippn>
- Resuming Tourism Operations in Era of COVID-19  
<https://www.onecaribbean.org/resources/guidelines-and-checklists-resuming-operations/>

## 6. RECOMMENDATIONS AND CONCLUSION

Access to financing and capacity development of Grenada's tourism MSMEs would be key areas to accelerate the transition towards a more inclusive and sustainable tourism industry and progress toward the Sustainable Development Goals (SDGs). Digital technologies can enhance output and productivity but too many businesses in the region have been slow to adapt to the changing environment. Studies have shown that an increase in broadband services and the adoption of digital technologies can increase output and tourism MSMEs in Grenada must be encouraged to get on-board. There should be strategies to increase the penetration of broadband services as this can contribute up to a 3.2 per cent increase in GDP and increase in productivity by 2.6 percentage points (IDB, 2018). The lessons learnt during the Covid-19 pandemic and the future of tourism in Grenada requires:

- (i) Robust health and safety protocols: if harmonized at least across the OECS, this will bolster intra-regional tourism
- (ii) Further development of the intra-regional travel market given the global trends to shorter travel distances and longer stays
- (iii) Agile tourism strategies that are anticipatory of hazard events arising out of climate change impacts, global economic shocks, and other crises
- (iv) Inclusive and sustainable tourism that supports the development of niche markets with lower environmental impacts and products and market that make a greater contribution to the local economy
- (v) Strengthening of inter-sectoral linkages to increase GDP contributions and reduce leakages
- (vi) Use of ICT tools and applications for marketing including crisis communication; and stakeholder engagement and collaboration with public, private, and community-based organisations
- (vii) Market and product development to reduce the seasonality of demand of the various categories of visitors
- (viii) Evidence-based decision making

Value must take precedence over volume. Countries in the Caribbean, and even more so the smaller islands of the Eastern Caribbean, must recognize there is an incompatibility with a volume driven tourism development strategy and sustainability. Unmanaged expansion has incremental social and environmental impacts with implications for overcrowding, traffic management, sewage treatment, waste management, domestic transport, water demands, health, safety, security and other issues. There must be a shift away from arrivals as a key performance benchmark to other quantitative and qualitative benchmarks that balance economic contributions with the social and physical/ecological carry capacity of the destination.



# ANNEXES

## Annex I- Interviewee Profiles

### (a) SUMMARY PROFILE OF GRENADA 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

This interview took place on 7th December 2021.

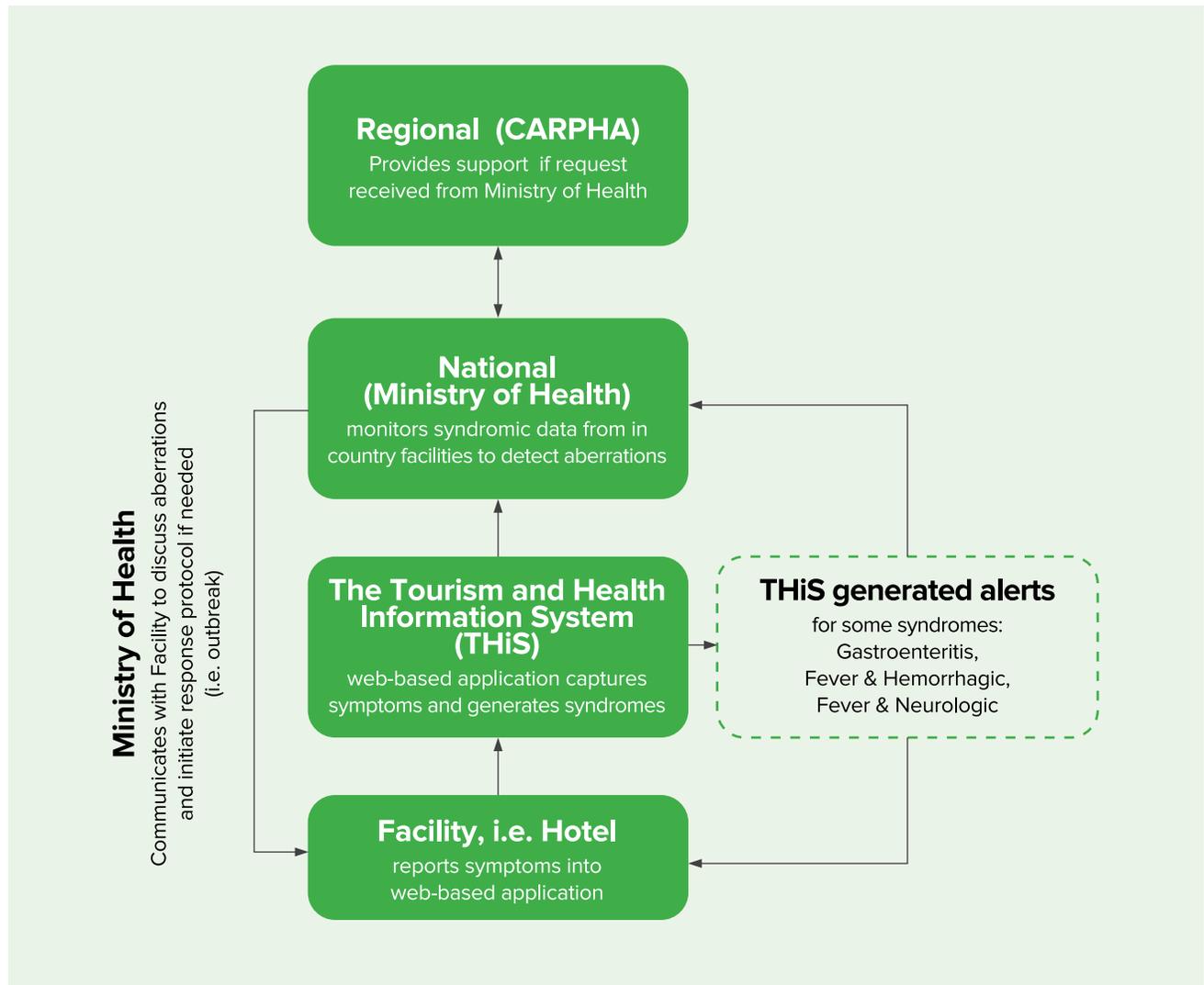
#### a) Interviewees: Government Tourism Officials (January 18, 2022)

- 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

#### (b) Interviewee: Private Sector (January 17, 2022)

Arlene Friday, Chief Executive Officer- Grenada Hotel & Tourism Association

## Annex II - Coordination and Surveillance Pathway for THiS Web App



Source: CARPHA, 2021<sup>40</sup>

<sup>40</sup> <https://carpha.org/THP/THiS-Hotel-Based-Surveillance>





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