RESILIENT TOURISM IN THE EASTERN CARIBBEAN

From COVID-19 recovery to a resilient tourism framework for post-pandemic growth
Overview

1. Vulnerability of tourism in the Eastern Caribbean
2. A sector crippled by Covid-19 with a gradual and uneven recovery
3. Fostering the sector's resilience and higher long-term growth
4. Q&A and Discussion
Part I
Vulnerability of tourism in the Eastern Caribbean
Economic vulnerability: Tourism dependency is high and correlates with country size

Source: WTTC, 2019 (Total GDP Contribution)
Climate vulnerability: The region is highly exposed to natural disasters with the tourism industry increasingly impacted

- In 2004, Hurrican Ivan destroyed 90% of guestrooms in Grenada (~29% of GDP)
- The 2017 hurricane season caused a loss of more than 826,000 visitors

Source: 360° Resilience: A Guide to Prepare the Caribbean for a New Generation of Shocks
Economic, market and climate vulnerabilities have exacerbated existing challenges in the Eastern Caribbean

- Insufficient participation in higher and more attractive value market segments; over reliance on all-inclusive tourism and cruises by some countries.
- Overcrowding and lack of tourist dispersion throughout a destination.
- Insufficient diversification and increasing dependency on the North American market for most destinations.
- High level of imported goods used in tourism.
- Very poor connectivity for some of the smaller destinations.
- Poor waste management affecting countries’ brands and sustainability.

Eastern Caribbean countries need to build back more resilient tourism sectors to be more resistant to shocks.
Part II
A fragile tourism sector crippled by COVID-19 showing uneven recovery
Covid-19 has been crippling for most of the Caribbean due to the direct impact on tourism and spillovers to other sectors. In 2020, GDP and tourism's contribution to GDP fell by 12% and 52% respectively.
The recovery has begun, tourists that return are spending more, but the pace of the recovery is uneven and slow

- Receipts are rebounding faster than arrivals (Annex 6)

- Recovery is reliant on relaxations of travel restrictions, vaccination rates, connectivity and recovery in North America (e.g., Dominican Rep.)

- Countries with higher dependency on regional tourism (festivals) and poor connectivity have seen a slower rebound (e.g., Dominica)

- Advance booking data shows recovery will accelerate in the coming months but subject to risks (including price increases)

<table>
<thead>
<tr>
<th>Tourist arrivals</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
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<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>-76</td>
<td>-50</td>
<td>-2</td>
<td>-31</td>
</tr>
<tr>
<td>Dominica</td>
<td>-92</td>
<td>-86</td>
<td>-81</td>
<td>-75</td>
</tr>
<tr>
<td>Grenada</td>
<td>-95</td>
<td>-79</td>
<td>-70</td>
<td>-49</td>
</tr>
<tr>
<td>St. Kitts and Navis</td>
<td>-92</td>
<td>-90</td>
<td>-84</td>
<td>-59</td>
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<tr>
<td>St. Lucia</td>
<td>-83</td>
<td>-57</td>
<td>-40</td>
<td>-28</td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>-88</td>
<td>-88</td>
<td>-69</td>
<td>-47</td>
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<tr>
<td>Regional Benchmarks:</td>
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<td></td>
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<tr>
<td>The Bahamas</td>
<td>-74</td>
<td>-49</td>
<td>-31</td>
<td>-42</td>
</tr>
<tr>
<td>Barbados</td>
<td>-97</td>
<td>-90</td>
<td>-70</td>
<td>-63</td>
</tr>
<tr>
<td>Belize</td>
<td>-81</td>
<td>-51</td>
<td>-43</td>
<td>-41</td>
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<tr>
<td>Costa Rica</td>
<td>-79</td>
<td>-57</td>
<td>-27</td>
<td>-38</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>-62</td>
<td>-31</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Jamaica</td>
<td>-77</td>
<td>-46</td>
<td>-30</td>
<td>-29</td>
</tr>
</tbody>
</table>

Source: World Tourism Organization (UNWTO); Caribbean Tourism Organization (CTO).
Part III
Towards a framework for resilient tourism
A suggested Vision - Tourism in the Eastern Caribbean in 2030

Transition to *climate resilient, sustainable and high-value* tourism leveraging the region’s unique cultural and natural endowments to create higher growth, and more jobs.

**Approach**

- **Accelerate the sector’s recovery from the Covid-19 impact** through more vaccinations, updated Covid-19 protocols, improved communication to key market segments and support to firms.

- **Foster a pivot in national strategies** that focuses on the medium- to long-term opportunities and reforms to increase sustainability.
  - Diversify destinations and source markets through innovation and marketing
  - Increase the value capture from tourism by targeting higher spending markets and improving linkages across the economy
  - Build greater crisis resilience and commit to climate action
  - Foster environmental sustainability.
A Resilient Tourism Framework

• **Minimize losses and disruptions** – of physical and human assets and key business operations. Actions taken before, during, and immediately after disasters are critical.

• **Continue or quickly resume operations** – during and immediately after disasters. This can be enabled through preparatory business continuity and disaster response plans which guide post-disaster actions.

• **Sustain and increase competitiveness** – following disasters through response and recovery actions that build sustainability – building back better.

*Source: Resilient Tourism: Competitiveness in the Face of Disaster. World Bank Group, 2020*
Applying a resilience framework to recovery from COVID-19

**Short-Term: Minimize losses and quickly resume**
- Public health readiness, improving public management, and tactical urbanism
- Sector-specific actions to support SMEs
- Sustain connectivity
- Facilitate private-public dialogue on the response

**Medium-Term: Increases competitiveness**
- Strengthen the enabling environment for innovation & renew marketing strategies
- Reduce social and environmental impacts mitigate climate risks
- Increase attractiveness & diversify tourism sites
- Improve access to basic services and develop more climate resilient infrastructure
- Foster inclusive value chains
- Enhance connectivity with consideration to climate neutral growth

**Cross Cutting**
Tourism governance, infrastructure, digital innovation and skills
How WB projects are building tourism resilience and competitiveness in the Eastern and broader Caribbean*

<table>
<thead>
<tr>
<th>Project</th>
<th>Focus Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unleashing the Blue Economy in the Caribbean</strong></td>
<td>• Improving Blue Economy policies (including tourism)</td>
</tr>
<tr>
<td><strong>UBEC IPF $60M (pipeline)</strong></td>
<td>• Upgrading &amp; developing key infrastructure to enable a transition to more sustainable and climate resilient tourism</td>
</tr>
<tr>
<td></td>
<td>• Matching grant program to foster firm innovation &amp; resilience in Blue Economy sectors (e.g., tourism)</td>
</tr>
<tr>
<td><strong>OECS Regional Tourism Competitiveness Project</strong></td>
<td>• Countries: Grenada, Saint Lucia, and SVG.</td>
</tr>
<tr>
<td><strong>IPF $26M (active)</strong></td>
<td>• Project restructuring will focus on upgrading existing sites and diversifying into new tourism sites (e.g., Saint Lucia Villages) making the sector more inclusive</td>
</tr>
<tr>
<td><strong>Jamaica: Rural Enterprise Development Initiative</strong></td>
<td>• Roll out of COVID-19 safety protocols</td>
</tr>
<tr>
<td><strong>REDI 2 IPF $40m (active)</strong></td>
<td>• Emergency grants for rural agro and tourism cooperatives</td>
</tr>
<tr>
<td></td>
<td>• Support for agro-tourism linkages</td>
</tr>
<tr>
<td></td>
<td>• Fast tracking community tourism investments (COVID-recovery grants) diversifying from all-inclusive</td>
</tr>
<tr>
<td><strong>Dominica Emergency Agricultural Livelihoods and Climate Resilience</strong></td>
<td>• Restoration of major national forest trail for eco-tourism purposes</td>
</tr>
<tr>
<td><strong>Project IPF $33M (active)</strong></td>
<td>• Promote domestic supply of fresh agricultural products through a productive-alliance approach (fruits, vegetables) to local hotels, restaurants</td>
</tr>
</tbody>
</table>

*Multiple interventions on Disaster Risk Management
The tourism sector in the Caribbean is vulnerable to climate, market and economic risks.

Prior to COVID-19, the sector was underperforming relative to its rich endowments and COVID-19 has severely damaged it. The crisis offers a unique opportunity to undertake far-reaching reforms to build a more resilient, sustainable and higher-value sector.

Economic diversification opportunities need to be explored in parallel.

The WBG is available to provide technical and financial support to help transform the tourism sector and open avenues for economic diversification.
Annexes
Tourism is vital to the economies of the Caribbean

With the Eastern Caribbean and other smaller islands generally showing higher dependency

- **20% GDP contribution***
  - 15.5% contribution to GDP for the large and 42.9% for OECS and small insular countries
  - GDP contribution increased by 17 percent in 2019 compared to 2009

- **17% travel and tourism jobs***, **
  - 15% jobs in tourism in the large countries and 51.6% for OECS and small insular countries with >54% employment for women

- **38% contributions to exports***, **
  - 32.2% for the large and 42.9% small insular countries

...not just due to tourism but to the spillovers for agri-business, fisheries, retail, cultural and creative industries, finance and construction.

And there is scope for an even larger contribution to growth by moving to higher value segments.

*Average across countries
** Direct and indirect
Market Vulnerability: Most Eastern Caribbean States have become increasingly reliant on North America. By contrast, the Dominican Republic has been more successful in diversifying market sources.

**Caribbean Countries’ Tourism Arrivals by Region (2019)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Caribbean</th>
<th>North America</th>
<th>Europe</th>
<th>Rest of the World</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATG</td>
<td>3.04</td>
<td>32.62</td>
<td>53.59</td>
<td>10.75</td>
</tr>
<tr>
<td>BHS</td>
<td>2.82</td>
<td>89.31</td>
<td>44.24</td>
<td>14.10</td>
</tr>
<tr>
<td>BRB</td>
<td>4.10</td>
<td>44.24</td>
<td>73.39</td>
<td>0.71</td>
</tr>
<tr>
<td>BLZ</td>
<td>14.09</td>
<td>11.82</td>
<td>60.55</td>
<td>2.65</td>
</tr>
<tr>
<td>DMA</td>
<td>7.90</td>
<td>14.92</td>
<td>29.15</td>
<td>16.62</td>
</tr>
<tr>
<td>DOM</td>
<td>17.47</td>
<td>18.94</td>
<td>8.64</td>
<td>19.67</td>
</tr>
<tr>
<td>GRD</td>
<td>20.72</td>
<td>5.54</td>
<td>85.91</td>
<td>47.27</td>
</tr>
<tr>
<td>HTI</td>
<td>5.27</td>
<td>9.81</td>
<td>66.46</td>
<td>83.50</td>
</tr>
<tr>
<td>JAM</td>
<td>3.22</td>
<td>23.84</td>
<td>54.89</td>
<td>20.51</td>
</tr>
<tr>
<td>KNA</td>
<td>2.01</td>
<td>21.91</td>
<td>46.21</td>
<td>19.26</td>
</tr>
<tr>
<td>LCA</td>
<td>3.27</td>
<td>14.18</td>
<td>59.19</td>
<td>13.80</td>
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<tr>
<td>VCT</td>
<td>12.83</td>
<td>14.18</td>
<td>59.19</td>
<td>13.80</td>
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<td>TTO</td>
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</tbody>
</table>

**Source:** World Tourism Organization (UNWTO); Country-specific: arrivals of non-resident tourists at national borders by country of residence 2019.
What is more, many Eastern Caribbean states are reliant on low-yield cruise ship visitors.

2019 Cruise Ship Arrivals (%)
Dominica, Grenada, St. Lucia, SVG

2019 Cruise Ship Spending (%)
Dominica, Grenada, St. Lucia, SVG

*Small Caribbean Countries in this sample are represented by Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines, due to limitations in spending data.

Note: Refer to Annex 3 for cruise ship arrival comparison with big Caribbean countries.
Source: World Bank Group (WBG); ACORN Tourism Development Consultants.
Fastest Recovery: the Dominican Republic outperformed 2019 arrivals by 15% in 2021 Q4

In addition to being amongst the fastest in COVID-19 vaccinations and counting with a high pre-existent air connectivity, the DR accelerated the sector's recovery by implementing measures to reopen the tourism sector:

**Worker Support**
- Tourism workers were amongst first vaccinated (almost 100% by late 2021)
- Programs for furloughed workers were established in early 2020

**Entry Rules**
- Lifting travel restrictions for visitors (100% by late 2021)
- Offering free medical insurance to tourists in certain hotels
- Robust testing for residents

**Expansion of Markets**
- Diversification of markets beyond North America and traditional European markets
- Further market diversification at risk in the short term due to geopolitical conflicts
### Tourism receipts
(Percent change 2019-2021)

<table>
<thead>
<tr>
<th>Country</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>-68%</td>
<td>-79%</td>
<td>-72%</td>
<td>-61%</td>
<td>-41%</td>
<td>-23%</td>
<td>7%</td>
<td>17%</td>
<td>-10%</td>
</tr>
<tr>
<td>The Bahamas</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-41%</td>
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<tr>
<td>Barbados</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-84%</td>
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<td></td>
<td>-11%</td>
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<tr>
<td>Belize</td>
<td>-</td>
<td>-</td>
<td>-65%</td>
<td></td>
<td></td>
<td>-30%</td>
<td></td>
<td></td>
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<tr>
<td>Dominica</td>
<td>-89%</td>
<td>-91%</td>
<td>-93%</td>
<td>-88%</td>
<td>-83%</td>
<td>-78%</td>
<td>-76%</td>
<td>-84%</td>
<td>-70%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>-</td>
<td>-</td>
<td>-63%</td>
<td></td>
<td></td>
<td>-30%</td>
<td></td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>Grenada</td>
<td>-92%</td>
<td>-94%</td>
<td>-91%</td>
<td>-89%</td>
<td>-72%</td>
<td>-58%</td>
<td>-57%</td>
<td>-58%</td>
<td>-58%</td>
</tr>
<tr>
<td>Haiti</td>
<td>-</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Jamaica</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>St. Kitts and Navis</td>
<td>-95%</td>
<td>-96%</td>
<td>-95%</td>
<td>-94%</td>
<td>-87%</td>
<td>-91%</td>
<td>-90%</td>
<td>-81%</td>
<td>-82%</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>-72%</td>
<td>-81%</td>
<td>-71%</td>
<td>-57%</td>
<td>-30%</td>
<td></td>
<td>6%</td>
<td>-2%</td>
<td>11%</td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>-89%</td>
<td>-93%</td>
<td>-87%</td>
<td>-94%</td>
<td>-91%</td>
<td>-78%</td>
<td>-68%</td>
<td>-68%</td>
<td>-58%</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-96%</td>
<td></td>
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</tbody>
</table>

**Source:** World Tourism Organization (UNWTO).
Total COVID-19 Vaccination Rates (%) by Quarter

Source: Our World in Data.
Data for Antigua & Barbuda, Grenada, St. Kitts & Navis, St. Lucia and St. Vincent & the Grenadines was unavailable and thus is not shown in the chart.

Source: Our World in Data.
The Covid-19 pandemic has aggravated connectivity gaps in the smaller countries.

Available Seat Capacity 2019, 2020 and 2021

Source: MCT Global Aviation Dashboard
Hotels in Caribbean countries experiencing beach loss by 2050 under a moderate climate change scenario

Notes: Coastal hotels are those that are located within 1km (Euclidean distance) from the beach. The bars show the mean share of hotels experiencing beach loss; the error bar represents the 95 percent confidence interval. Countries are categorized according to the mean amount of projected beach loss. Countries with low beach loss are in the bottom third; those with medium beach loss are in the middle third; and those with high beach loss are in the top third.
Short-Term Measures: Reopening safely and reactivating demand (next 12 months)

- **Public health readiness, improving public management and tactical urbanism**
  - Accelerate vaccination rates
  - Enhance public health protocols
  - Provide training to workers and communicating readiness to key markets
  - Reconfigure public spaces
  - OECS Regional Health Project

- **Sector-specific actions to support SMEs**
  - Provide advice on best practice in support to firms for the recovery
  - Reduce costs and foster formalization by digitizing licensing, registration and payments
  - Training in sustainability and local sourcing
  - Jamaica - Rural Enterprise Development Initiative (REDI 2) grants
  - Unleashing the Blue Economy

- **Connectivity**
  - Assess the financial impact of Covid-19 on the aviation sector in the region and its medium-term development
  - Sint Maarten Airport liquidity support

- **Improve public-private dialogue**
  - Foster public-private dialogue (e.g., Jamaica) and a whole-of-government approach to facilitate policy coordination
  - Improve communication with the private sector through consultation, tourism data collection, conduct pulse surveys
Medium-Term Measures: Building back better (12-36 months)

- Strengthen the enabling environment for innovation and renew marketing strategies
  - Facilitate the development of new and more sustainable products through:
    - Policies
    - SME financing
    - Entrepreneurship
    - Digital skills and training
  - Renew marketing strategies:
    - Seeking market diversification
    - Focusing on more resilient and higher-value segments
    - Promoting new multi-island circuits

- Upgrade and diversify key tourism sites
  - Increase public investments to upgrade and diversify tourism sites (e.g., Saint Lucia Villages) and leverage private investments
  - Enable greater development of intangible heritage and cultural and creative industries

- Increase access to services and develop a more 'climate resilient' infrastructure
  - Improve access to basic services and key infrastructure (e.g., roads, IT and waste management)
  - Ensure infrastructure and buildings follow more resilient standards and codes
  - Foster recovery planning
Medium-Term Measures: Building back better (12-36 months)

- **Reduce social and environmental impacts**
  - Develop Ethical Codes of Conduct on zero GBV-tolerance with the private sector
  - Encourage sound natural resources management and foster the *Blue and Circular Economies* (e.g., OECS)
  - Develop guidelines for carbon-neutral tourism

- **Foster inclusive value chains and greater local value capture**
  - Incentivize connections between buyers and sellers and provide support to improve supplier quality and reliability (e.g., fisheries and agro-industry)
  - Promote greater linkages to creative industries

- **Enhance connectivity to key markets and between islands**
  - Liberalize the regional air service market
  - Revise airport fees
  - Strengthen safety and foster highly targeted air service marketing
  - Support development of regional ferries, especially within the OECS