



Tourism for Development

Rebuilding Tourism Competitiveness:
from Crisis to Sustainability



Blue Tourism in Islands and Small Tourism-Dependent Coastal States:

Tools & Recovery Strategies



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¹ TACSO is a coalition that brings together businesses, the financial sector, NGOs, and IGOs, seeking to ensure coastal and ocean-based tourism is sustainable, resilient, addresses climate change, reduces pollution, supports ecosystem regeneration and biodiversity conservation and invests in local jobs and communities. <https://oceanfdn.org/projects/tourism-action-coalition-for-a-sustainable-ocean/>

² PROBLUE is an umbrella multi-donor trust fund, administered by the World Bank, that supports the sustainable and integrated development of marine and coastal resources in healthy oceans. <https://www.worldbank.org/en/programs/problue>



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Acronyms

ANZ	Australia and New Zealand Banking Group
BEST	Business Employee Support and Transfer
CARICOM	Caribbean Community
CBD	Convention on Biological Diversity
CBT	Community-based Tourism
CHTA	Caribbean Hotel and Tourism Association
CO ₂	Carbon Dioxide
CREST	Center for Responsible Travel
CSR	Corporate Social Responsibility
CTO	Caribbean Tourism Organization
CV	Cabo Verde
DMO	Destination Management Organization
EAP	East Asia Pacific
EIA	Environmental Impact Assessment
FHTA	Fiji Hotel and Tourism Association
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GSTC	Global Sustainable Tourism Council
ICT	Information Communications Technology
IFC	International Finance Corporation
IUCN	International Union for the Conservation of Nature
LCR	Latin America and the Caribbean Region
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium Enterprise
NBT	Nature-based Tourism
NGO	Non-governmental Organization
OECD	Organization for Economic Co-operation and Development
PADI	Professional Association of Diving
PATA	Pacific Asia Travel Association
PPE	Personal Protective Equipment
SDG	Sustainable Development Goal
SIDS	Small Island Developing State
SME	Small and Medium Enterprises
SSA	Sub Saharan Africa
STP	São Tomé and Príncipe
TG	The Gambia
UN	United Nations
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	United Nations World Tourism Organization
\$	United States Dollar
WBG	World Bank Group
WCPA	World Commission on Protected Areas
WEF	World Economic Forum
WTTC	World Travel and Tourism Council

Glossary



Adventure travel is a type of tourism, involving exploration or travel with perceived (and possibly actual) risk, and potentially requiring specialized skills and physical exertion.³

Blue Economy is the sustainable and integrated development of economic activities in healthy oceans. It refers to sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health.⁴

Blue Tourism is a sustainable alternative of the traditional tourism practices in coastal and maritime areas. It is typically a low impact activity focusing on the promotion of local communities and the conservation of natural resources,⁵ and is a sub-component of sustainable tourism. This contrasts with large-scale tourism characterized by beach resort tourism and international cruise tourism.

Coastal tourism refers to tourism and recreation activities, such as swimming, sunbathing, sea kayaking, and surfing, and other activities for which the proximity of the sea is an advantage, such as coastal walks and wildlife watching.⁶ Coastal tourism also includes non-beach activities such as mangrove tours, coastal cliffs rock-climbing, etc.

Ecotourism is defined by the Global Ecotourism Network as responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and creates knowledge and understanding through

interpretation and education of all involved: visitors, staff and the visited.⁷

Marine tourism refers to predominantly water-based activities, such as sailing, scuba diving, and nautical sports (often carried out in coastal waters) and cruising.⁸

Marine and Coastal Tourism activities are typically defined as all the activities that take place in coastal and marine environments (cruises, recreational boating, fishing, diving, snorkeling, swimming, and surfing). However, if they are sustainable, not damaging to the environment and local cultures, and economically viable, then can be considered *Blue Tourism* activities, contributing to a blue economy.

Small Island Developing States (SIDS): SIDS are a distinct group of 38 UN Member States and 20 Non-UN Members/Associate Members of United Nations regional commissions that face unique social, economic, and environmental vulnerabilities.⁹ See Annex 1 for list of these States.

Small Tourism-dependent Coastal States: Small states are defined by the World Bank as having a population of less than 1.5 million. Tourism dependent states are defined here as those that have more than 20 percent of GDP from tourism. Small Coastal States that are tourism-dependent tend to exhibit the same constraints as SIDS so are considered together. An example of a small tourism-dependent coastal nation is The Gambia.

³ Adventure Travel Trade Association. <https://www.adventuretravel.biz/>

⁴ World Bank Group (2017). *What is the Blue Economy?* Retrieved from <https://www.worldbank.org/en/news/infographic/2017/06/06/blue-economy>

⁵ World Bank Group (2017). op. cit.

⁶ European Commission (n.d.). A European Strategy for more Growth and Jobs in Coastal and Maritime Tourism. Available at https://maritime-spatial-planning.ec.europa.eu/sites/default/files/doc_1.en_0.pdf

⁷ <https://www.globalecotourismnetwork.org/definition-and-key-concepts/>

⁸ European Commission (n.d.) op. cit.

⁹ United Nations (n.d.). About Small Island Developing States. Available at: <https://www.un.org/ohrlls/content/about-small-island-developing-states> (Accessed: 7 July 2021). List of SIDS available at <https://www.un.org/ohrlls/content/list-sids> and in the Annex 1.

Executive Summary

Small Island Developing States (SIDS) and small tourism-dependent coastal states (referred to in this report collectively as SIDS) have been the most gravely impacted by global climate and COVID-19 pandemic crises and are expected to face even greater economic and social challenges in the years to come.

In the context of pandemic recovery, access to information is critical for good decision-making about the future. While information and research on sustainable and blue tourism in SIDS does exist, it is hard to find, difficult to analyze, and challenging to turn into policy guidance.

In response to this challenge, the World Bank, in collaboration with the World Resource Institute and the Ocean Foundation, has prepared a multi-phase project. Phase one is a comprehensive inventory of pertinent information and research for Blue Tourism in SIDS collated and compiled in 2021. Phase two is this guidance note which was developed to share some of the learnings from the inventory. The last phase of the work is to convert the inventory into an online searchable e-library – [The Blue Tourism Resource Portal](#), to facilitate public access to these data for all tourism stakeholders. The portal is due to be launched in 2022. This resource is complementary to the World Bank’s [online directory on Tools and Resources for Nature Based Tourism](#).¹⁰

The result is a suite of resources aimed to assist those working in SIDS (including academics, practitioners, development partners, and the private sector), to transition to more sustainable and resilient tourism. While these guidelines were focused on SIDS, many recommendations apply to other coastal countries and territories that are reliant on tourism.

The guidance note is a synthesis of findings from a literature review of the inventory of Blue Tourism Resources, consumer market research, and tourism trend monitoring undertaken by the World Bank Global Tourism Team since the start of COVID-19. It begins with an assessment of the impact of COVID-19 on SIDS by region. The note includes a practical summary of COVID-19 recovery pathways that will help SIDS develop more competitive and sustainable tourism sectors, combining knowledge from international and regional agencies including the World Bank Group, UN World Tourism Organization (UNWTO), the World Travel and Tourism Council (WTTC), the Organization for Economic Co-operation and Development (OECD),

and the Caribbean Tourism Organization. Illustrated with real-world examples from SIDS, the guidance note incorporates best practices and lessons learned on reopening to tourism over three phases: short term, medium-term and longer-term sustainability, before presenting some strategic pathways for ‘Building Back Bluer’. The note ends by introducing the Blue Tourism Resource Portal —a database and e-library of information about blue tourism— and highlighting some specific tools and resources that can address current gaps in knowledge.

The report highlights some of the pre-existing challenges facing global tourism, particularly SIDS such as low market and product diversification, weak value chain linkages and vulnerability to climate change and natural disasters, along with five market trends accelerated by COVID-19. These are:

- **The pandemic has increased interest in active, outdoor, and nature-based activities.** A recent longitudinal study by Booking.com found that interest in staying at green accommodations has grown by over 30 percent between 2016 and 2021.¹¹ SIDS have strong assets and a huge potential to capitalize on adventure tourism, particularly around coastal activities, such as diving and snorkeling.
- **Tourists are placing more importance on sustainability and ensuring that the economic benefits of tourism reach local communities.** Consumer market research undertaken post COVID-19 by Booking.com with a sample of 30,134 respondents across 32 countries shows that 71 percent of them want to travel more sustainably (up 10 percent from 2021) and 53 percent are more determined to make sustainable travel choices when they travel now than a year ago.¹²
- **Increased concern about safety and health risks.** After their own vaccination status, destination hygiene, healthcare and travel restrictions are among top COVID-19 concerns affecting travelers’ holiday decisions. Wellness and regenerative vacations are growing in popularity.¹³

Figure 1. Phases of the Blue Tourism project



¹⁰ <https://oceantourism.org/portal/>

¹¹ Booking.com (2021). Sustainable Travel Report 2021. June 2021. Available at <https://globalnews.booking.com/download/1037578/booking.comsustainabletravelreport2021.pdf>

¹² Booking.com (2022). Sustainable Travel Report 2022. Available at <https://content.presspage.com/uploads/685/booking.comsustainabletravelreport2022-newzealand.pdf?10000>

¹³ World Bank Group (Forthcoming). New Tourism Demand Trends: Risk, Health and Sustainability in the Age of COVID-19, Washington, D.C.

- **Longer lengths of stay and higher spending per trip.** International tourism receipts have recovered faster than volumes of visitors, increasing 15 percent in 2021 to reach US\$1,500 per tourist due to pent-up savings and longer lengths of stay.¹⁴ This provides opportunities for higher quality and long stay accommodation.
- **Digital service use is accelerating.** Travelers, especially the younger generations, are increasingly using digital services and tools to book directly and once in the destination. Businesses with pre-existing digital skills and investments are likely to recover faster.

Based on these new trends and in response to the pre-existing structural challenges and constraints to competitiveness, seven strategies are explored in the final part of the report. These are:

1. **Shift towards more sustainable resorts.** The growth of socially conscious travelers is increasing pressure on resorts to increase local content, reduce the use of plastics, and improve environmental management with more circular business models.¹⁵
2. **Building local supply chain linkages.** Experience from World Bank Group (WBG) operations and knowledge products offers insights on how to enhance local linkages and increase local benefit sharing. Linkage programs work with hotels, resorts and producers to understand where demand exists, and where import substitution can realistically occur.
3. **Digital nomads and long-term stays.** According to a recent research study, 15.5 million American workers currently describe themselves as digital nomads, an increase of 42 percent from 2020 and 112 percent from the pre-pandemic year.¹⁶ Anecdotal evidence from Barbados suggests long-stay tourists spend as much as 12 times as regular tourists.¹⁷ Attracting longer stays, such as digital nomads, requires special considerations including: relocation services; special visa options and taxation policies; and high-quality of life (at a lower relative cost of living).¹⁸
4. **Expanding the high-value wellness market.** SIDS have rich natural resources and a varied number of medicinal and aromatic plants that have uses in wellness and beauty care, excellent climate, and good existing assets (beaches, thermal/mineral springs).¹⁹ However, investment is needed to attract this market segment and compete with destinations such as Costa Rica, Mexico and Thailand.²⁰
5. **Leveraging increased interest in eco and adventure tourism.**²¹ The adventure tourism segment is valued as

at least US\$420 billion, about 30 percent of the US\$1.4 trillion global outbound travel market. SIDS have the resources to develop a strong adventure tourism product, but there is a need to improve and expand on safety and certification and skills of operators.

6. **Building inter-regional travel with yachting.** The yachting industry constitutes a major but often undervalued revenue source building on SIDS strong marine assets. COVID-19 has added additional complications to an already complex process of entry protocols for each country but investments in this area can yield high returns. Cross-destination coordination is crucial along with the development of eco-marinas that do not damage sensitive corals or sea grass beds.
7. **Capturing higher value from cruise.** As cruise tourism continues to grow, SIDS need to increase benefits and decrease costs from cruising through increased length of stay, decreased ship size, an increase in fly-cruise models that start from a destination, and the attraction of environmentally responsible small vessels and port facilities.

There are costs associated with ‘building back bluer’ tourism: there will likely be winners and losers in the transition process. Critical enablers are explored in the report: coordination, connectivity, digitization, conservation and capacity.

- For tourism to be part of a blue economy approach, cross-sector **coordination** is critical. Tourism needs to be considered not as a discrete area but in connection with sustainable fisheries, agribusiness, transport, and rural development.
- COVID-19 also exacerbated already difficult inter-island transport. Expanding **connectivity** between the Caribbean and new source markets and destinations is essential to reduce dependency from traditional ones.
- Given the cross-cutting nature of both the tourism industry and **digital transformation** initiatives, actions to address digital transformation constraints should begin with strong leadership and coordination.
- Capturing new market segments like yachting and diving requires greater consideration of marine **conservation**, expanded no-take zones and protected areas, and enhanced management of marine resources.
- Increasing quality of services and digitalization requires **capacity upgrading** to meet international standards in safety, service-delivery, environmental management, and governance.

¹⁴ World Bank Group (2022). Tourism Watch – Quarterly Report Issue 1. March 2022.

¹⁵ Circular economy business models are those which aim to create value through restoration, regeneration, and re-use of raw materials such as energy, food, water, and waste.

¹⁶ MBO Partners, Inc. (2021). *The Digital Nomad Search Continues*. Available at <https://www.mbopartners.com/state-of-independence/2021-digital-nomads-research-brief/>

¹⁷ World Bank Group (2021). The Future of Travel & Tourism Webinar. October 29th, 2021.

¹⁸ MBO Partners, Inc. (2018). *Digital Nomadism: A Rising Trend*. Retrieved from <http://www.mbopartners.com/state-of-independence/research-trends-digital-nomads/>

¹⁹ LCT Consulting and Associates LTD (2013). *Caribbean Spa and Wellness Strategy 2014-2018*. Available at <https://www.globalwellnesssummit.com/wp-content/uploads/Industry-Research/Global/2013-Caribbean-Spa-and-Wellness-Strategy.pdf>

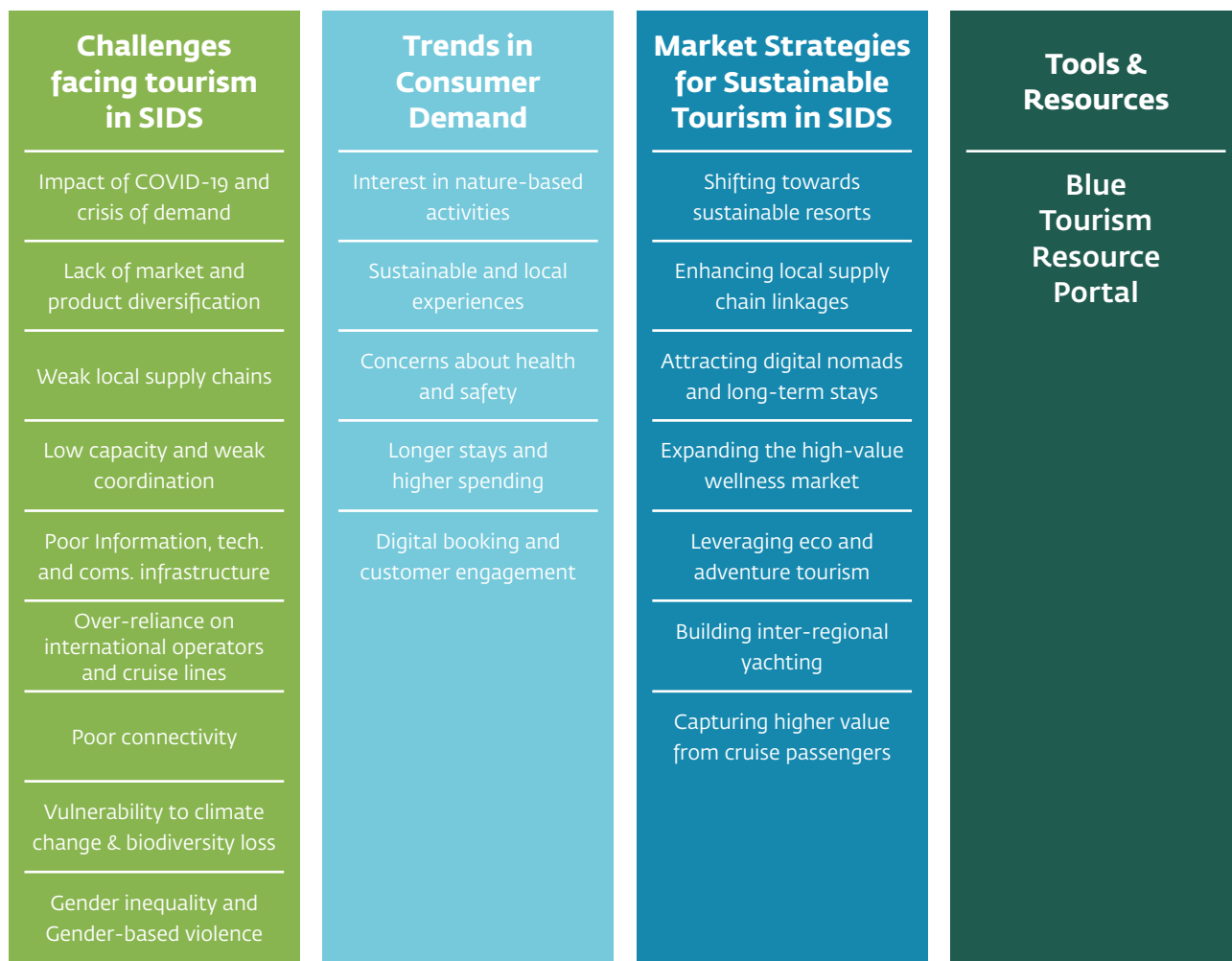
²⁰ Travel Agents Selling the Caribbean (2020). *Wellness Tourism: Balancing Safety Protocols and Guest Expectations Amid the Impact of COVID-19 Webinar*. Retrieved from <https://sflcn.com/wellness-tourism-balancing-safety-protocols-and-guest-expectations-amid-the-impact-of-covid-19/>

²¹ See glossary for definitions of ecotourism and adventure tourism.

There will be increased competition for reduced numbers of higher-spending tourists. Critical to the design of projects and development assistance to support this transition will be improved research and data, and better systems for monitoring the impact of policy shifts,

not just on volume but on local value creation, inclusive job creation and on the environment. This will help policy makers make more informed decisions about the short-, medium-, and longer-term costs and benefits of sustainability strategies, policies, and investments.

Figure 2. Mapping Longer-term Sustainability Pathways



Source: The World Bank

As SIDS move beyond medium term recovery to define long-term strategies, SIDS tourism stakeholders, especially policy makers, will need enabling tools, resources, and support along the process. The note highlights some tools and resources from the Blue Tourism Resource Portal that can help guide a transition to these more sustainable trajectories.

Access to information cannot alone solve these complex challenges, but it is a foundation for capacity building that practitioners can use to fast-track tailored solutions. With a combination of national expertise, stakeholder consultation, and financial and technical support pragmatic and locally appropriate solutions and operations can be designed. As efforts are made to

‘build back bluer’ tourism sectors, close monitoring will be needed of those policies that contribute to improved community outcomes and those that fail. Expanding economic monitoring beyond visitor spending and GDP inputs to incorporate the full range of economic and environmental costs of tourism development will be critical. This guidance note and accompanying Blue Tourism Resource Portal provide a summary of the impact of COVID-19 on SIDS, along with strategies and resources for recovery.

*“Investing in sustainable tourism in the SIDS is the only path to ensure that the sector continues to advance socio-economic welfare while protecting their fragile ecosystems.”*²²

UN World Tourism Organization

²² UNWTO (2019). Tourism in Small Island Developing States (SIDS): Building a more sustainable future for the people of islands. Available at <https://webunwto.s3-eu-west-1.amazonaws.com/2019-07/unwto-tourism-in-sids-a4wtables.pdf> (Accessed: 23 April 2021): pp2.

Introduction to Blue Tourism

This guidance note contains data, tools, and recovery strategies relevant to small islands and small tourism-dependent coastal states.



The objective of this guidance note is to assess the impact of COVID-19 on Small Island Developing States (SIDS) and Small Tourism-dependent Coastal States (referred to in this report collectively as SIDS), to provide a sequenced series of response strategies, and to highlight some of the other tools currently available on Blue Tourism and COVID-19 responses. The guidance note and accompanying Blue Tourism Resource Portal (in development), are designed to provide knowledge and information to assist SIDS stakeholders to transition towards a sustainable and resilient recovery of their tourism sectors.

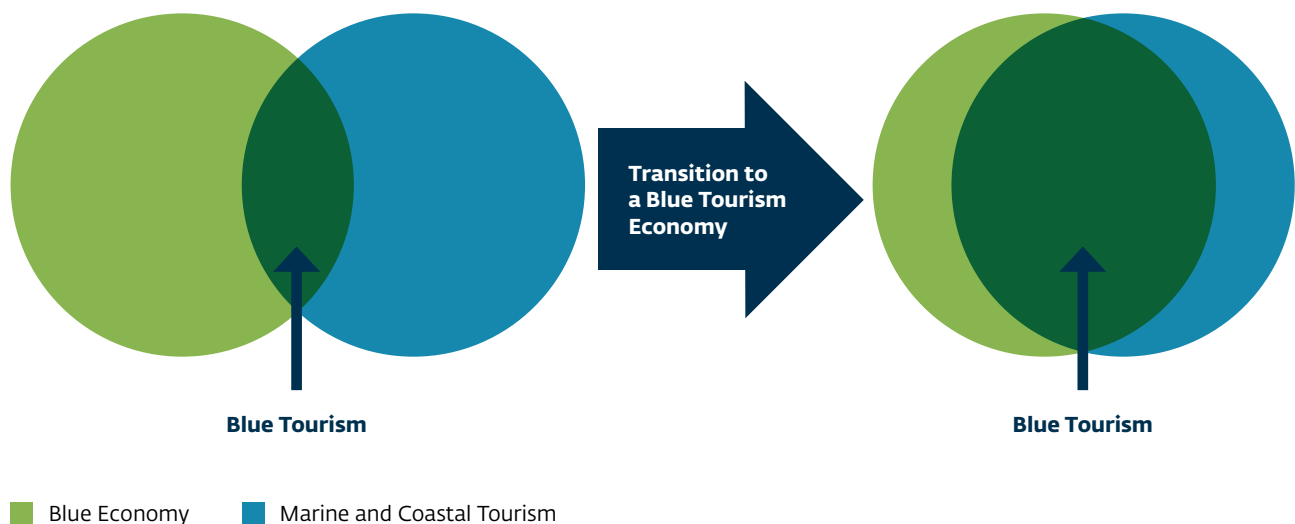
Oceans are critical to the fight against climate change. They help regulate global temperatures and the global carbon cycle by absorbing nearly one third of atmospheric carbon dioxide. Coastal ecosystems such as mangroves, seagrasses, and reef systems, not only protect the coastline, but they have a great capacity to store carbon in their sediments over long time scales. Vegetated coastal habitats represent one of the most efficient carbon sinks naturally available and are therefore an important tool for climate mitigation and adaptation, in addition to being crucial habitats hosting rich biodiversity and providing key ecosystem services.

Oceans and coastal zones are also critical to tourism. According to the UNEP almost 70 million trips are taken

each year just to visit coral reefs, generating \$36 billion a year in revenue and creating 6.5 million jobs.²³ Not all tourism activities that occur in the coastal zone are sustainable. Marine and Coastal Tourism activities are typically defined as all the activities that take place in coastal and marine environments (cruises, recreational boating, fishing, diving, snorkeling, swimming, and surfing). If these activities are sustainable (not damaging to the environment and local cultures) and economically viable, they can be considered *Blue Tourism* activities, contributing to a blue economy.²⁴

Blue Tourism is a sustainable alternative of the traditional tourism practices in coastal and maritime areas. It is typically a low impact activity focusing on the promotion of local communities and the conservation of natural resources,²⁵ and is a sub-component of sustainable tourism. This contrasts with large-scale tourism characterized by beach resort tourism and international cruise tourism. It is not the activity that defines what a Blue Tourism activity is, but how the activity is organized and operated, and its impacts. The objective of a *Blue Tourism* transition is to expand the overlap between the *Blue Economy* and *Marine and Coastal Tourism*, thereby moving towards and growing *Blue Tourism*; ideally, the two circles completely overlap. See Figure 3 below.

Figure 3. Blue Tourism Transition



Source: OECS Blue Economy Analytics, 2020, Internal report.

²³ R. Brunbaugh (2017). *Protecting million dollar reefs is key to sustaining global tourism*. UNEP. Retrieved from <https://www.unep.org/news-and-stories/story/protecting-million-dollar-reefs-key-sustaining-global-tourism>

²⁴ Northrop, E. (2022). *Opportunities for Transforming Coastal and Marine Tourism: towards sustainability, regeneration and resilience*, High-Level Panel for a Sustainable Ocean Economy, Washington, D.C. https://oceanpanel.org/wp-content/uploads/2022/06/22_REP_HLP-Tourism_revised-names.pdf

²⁵ World Bank Group (2017). *op. cit.*

A woman in a vibrant, multi-colored traditional dress stands on a sandy beach, looking out at the ocean. To her left is the bow of a wooden boat with blue and yellow accents. The background shows the calm sea under a clear sky.

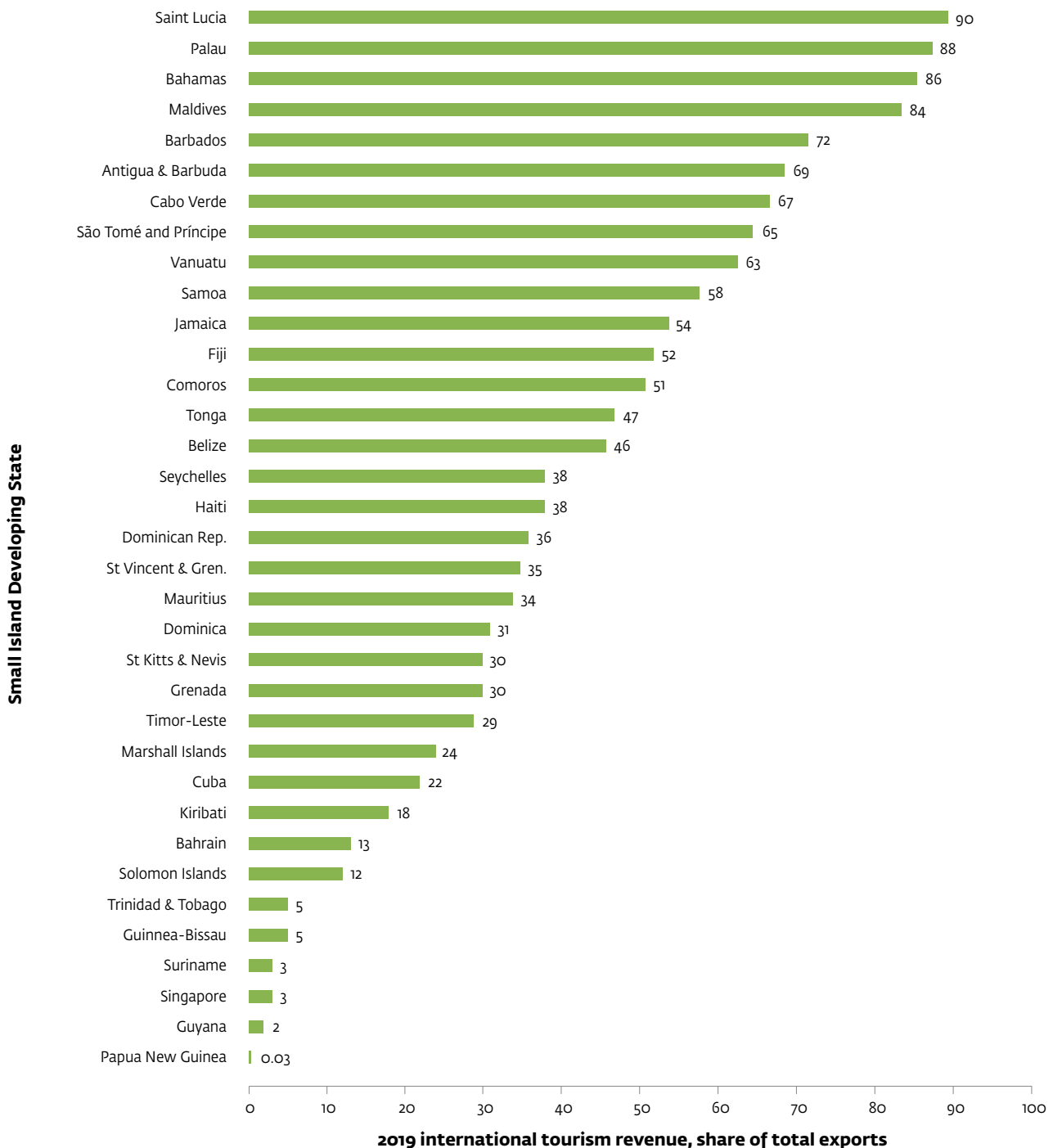
The Impact of COVID-19 on SIDS and Small Tourism-dependent Coastal States

Tourism income is critical to the economic viability of many SIDS.

In 2019, SIDS earned \$55 billion in exports from tourism (four percent of the world total) and hosted 44 million international tourist arrivals (3 percent of total international arrivals globally).²⁶ Tourism accounted for

more than 30 percent of total exports in the majority of the 38 SIDS, with four countries earning more than 80 percent of exports from tourism (see Figure 4 below).²⁷

Figure 4. SIDS International Tourism Revenues, Share of Total Exports (2019)²⁸



Note: No data available for Micronesia FSM, Tuvalu or Nauru
Source: UNWTO

²⁶ US\$ indicates United States Dollar throughout the report.

²⁷ UNWTO (2020a). Small island destinations in critical need of urgent support as tourism plunges, UNWTO warns. 29 June 2020. Available at <https://www.unwto.org/news/small-island-destinations-in-critical-need-of-urgent-support-as-tourism-plunges> (Accessed: 21 April 2021).

²⁸ UNWTO (2020b). *Tourism in SIDS: the challenge of sustaining livelihoods in times of COVID-19*, UNWTO Briefing note – Tourism and COVID-19. Issue 2, June 2020. Available at: <https://www.e-unwto.org/doi/pdf/10.18111/9789284421916> (Accessed: 21 April 2021).

Tourism arrivals are unequally spread across SIDS. SIDS in the Atlantic, Indian Ocean and South China Sea group account for 53 percent of the 44 million international tourists in 2019, while the Caribbean hosted 43 percent, and the Pacific group just 4 percent. Three destinations represent about 60 percent of total SIDS arrivals: Singapore (34 percent), Dominican Republic (15 percent), and Cuba (11 percent).²⁹

COVID-19 compounded existing challenges in SIDS. The pandemic created a perfect storm for SIDS, adding to pre-existing constraints such as high external debt and increasing impacts of climate change and natural disasters threatening lives and abilities to achieve the Sustainable Development Goals. In 2020, SIDS experienced an average GDP decline of 7.41 percent, compared to the 5 percent average GDP contraction of the world total,³⁰ and in 2021 their recovery represented a 3.24 percent GDP increase with respect to the previous year, in comparison with the 5.56 percent global average. Countries like Maldives and Barbados were especially heavily impacted, experiencing negative 2020 GDP growth rates of 33.5 and 18.98, respectively.³¹

Travel restrictions, their intensity and timeline have had the highest impact on recovery rates. According to the UNWTO, between January and May 2020, all global destinations imposed travel restrictions, and 45 percent totally or partially closed their borders for tourists.³² By February 2021, 32 percent of all destinations worldwide (69 in total) were completely closed to international tourism, and just over half of these (38 destinations) had been closed for at least 40 weeks. As of May 2022, 89 percent of SIDS still had partial restrictions to international air arrivals in place, 4 percent of them had total restrictions and just 7 percent had no air arrival restrictions.³³

The impact on global travel was devastating, particularly for SIDS. Global international tourist arrivals declined 73 percent in 2020 with arrivals in 2021 being 72 percent below pre-pandemic levels according to UNWTO estimates.³⁴ SIDS experienced a slightly higher than average decline in arrivals. Between April 2020 and March 2021, the drop in international airline seat capacity landing (as a proxy for arrivals) in SIDS was 77 percent compared to the same period in 2019-2020.³⁵ The cruise sector, on which many small islands depend,

has been at the frontline of the COVID-19 crisis due to a series of major outbreaks on board.³⁶ In 2020, cruise ship arrivals were at 25 percent of their 2019 level.

The reduction in arrivals and spending has had cascading series of economic impacts across SIDS. Reduced receipts led to a sharp decline in foreign exchange and tax revenues, delayed payments and credit problems, company closures of hotels and airlines, job losses. In the Caribbean for example, the Caribbean Hotel and Tourism Association (CHTA) reported that hotels were owed large sums by outbound tour operators, with some facing closure. The average amounts owed to hotels as of June 2020 was \$219,000 per hotel, with many owed more than a million by large, outbound operators.³⁷ In turn this has reduced public spending capacity and the ability of governments to deploy measures necessary to support livelihoods through the crisis. In Fiji, the country's national airline grounded 95 percent of flights for several months amid travel restrictions and border closures around the world. The Fiji Hotel and Tourism Association (FHTA) reported a staggering 279 hotels and resorts had closed by April 2020 (out of approximately 400) due to the outbreak, causing more than 25,000 people to lose their jobs. By July 2020, 110,000 tourism employed staff in Fiji (directly) had been put on leave without pay, terminated (with little or no benefits), or made redundant (with payouts per contractual requirements).

The United Nations briefing paper on COVID-19 funding for Small Island Developing States (2020) highlights economic challenges as a perfect storm for SIDS, including challenges of COVID-19, external debt, climate change, collapse of tourism and climate disasters threatening lives and abilities to achieve the Sustainable Development Goals. The recently released report from the High-Level Panel on a Sustainable Ocean Economy (2022) provides examples of sustainable, regenerative and resilient coastal and marine tourism along with future trends and forecasts.³⁸

Impact by Region

Latin America and the Caribbean SIDS were among the most heavily affected by the pandemic. Latin America and Caribbean (LCR) SIDS experienced an average annual GDP decrease of 12.98 percent in 2020. LCR

²⁹ UNWTO (2020b). op. cit.

³⁰ World Bank Group. World Development Indicators. <https://datatopics.worldbank.org/world-development-indicators/> Data updated on April 27th, 2022.

³¹ IMF. World Economic Outlook <https://www.imf.org/en/Publications/WEO>. Data updated in April 2022. For some countries growth rates are IMF estimations.

³² UNWTO (2020c). *100 percent of global destinations now have COVID-19 travel restrictions*. UNWTO reports. 28 April 2020. Available at: <https://www.unwto.org/news/covid-19-travel-restrictions> (Accessed: 21 April 2020).

³³ UNWTO/IATA Destination Tracker. <https://www.unwto.org/tourism-data/unwto-iata-destination-tracker> (Accessed May 5, 2022).

³⁴ UNWTO (2022). *Tourism grows 4% in 2021 but remains far below pre-pandemic levels*. Available at: <https://www.unwto.org/news/tourism-grows-4-in-2021-but-remains-far-below-pre-pandemic-levels> (Accessed March 31 2022).

³⁵ World Bank Aviation Dashboard.

³⁶ Hudson, S. (2020). COVID-19 and travel: Impacts, responses and outcomes. Goodfellow Publishers Ltd; Neveit, J. (2020) Coronavirus: Anger grows for stranded crew on forgotten cruises. BBC, 19 May 2020. Available at: <https://www.bbc.com/news/world-us-canada-52722765> (Accessed: 23 April 2021). and see Spenceley, A (2020). COVID 19 and sustainable tourism: Information resources and links. Available at: <https://annaspenceley.wordpress.com/2020/04/02/covid-19-and-sustainable-tourism/>, Cruise ships section.

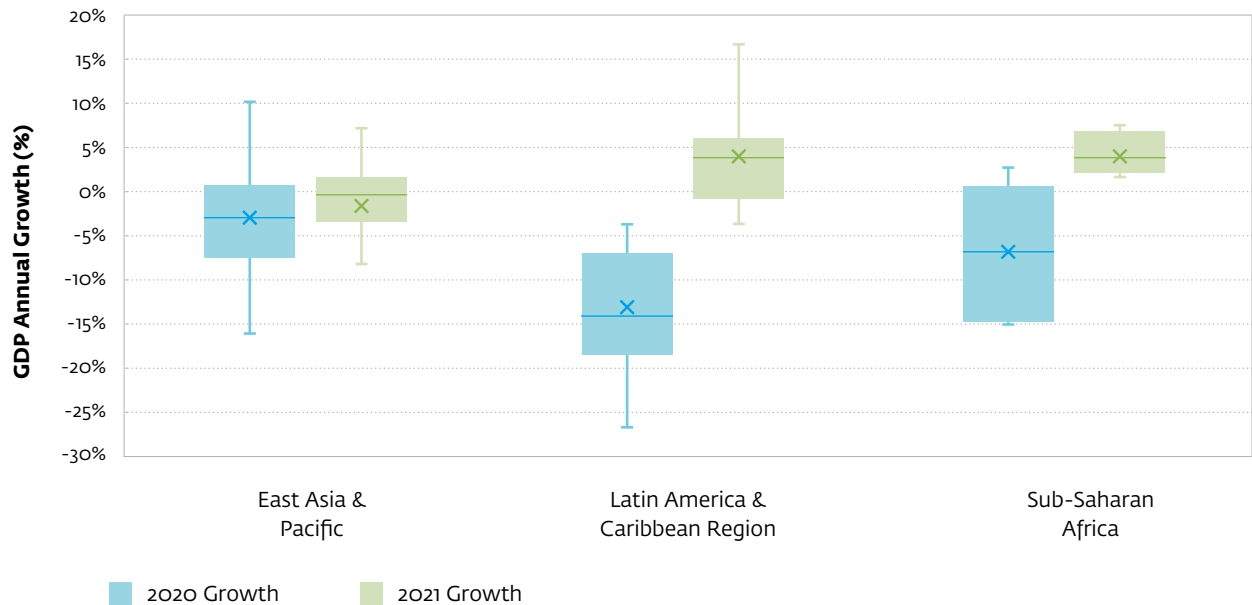
³⁷ TravelMole (2020a). *Caribbean hotels demand TUI pays outstanding bills*. 9 June 2020. Available at: <https://www.travelmole.com/news/caribbean-hotels-demand-tui-pays-outstanding-bills/> (Accessed: 22 April 2021).

³⁸ Northrop, E. (2022). Opportunities for Transforming Coastal and Marine Tourism: towards sustainability, regeneration and resilience, High-Level Panel for a Sustainable Ocean Economy, Washington, D.C. https://oceanpanel.org/wp-content/uploads/2022/06/22_REP_HLP-Tourism_revised-names.pdf

was also the region with the largest differences in GDP decreases ranging from -26.78 percent in Turks and Caicos Islands to -3.25 percent in Saint Vincent and the Grenadines. However, LCR seemed to bounce back faster. IMF estimations attribute to these SIDS a higher-than-average GDP upturn of 3.85 percent in 2021. In contrast, the East Asia Pacific region still suffered

just 1.25 percent decline with respect to 2020 numbers. Finally, Sub-Saharan Africa SIDS performance resulted in an average GDP decrease of 6.65 percent in 2020. In 2021, recovery in Sub-Saharan Africa SIDS was the highest (average of GDP growth of 4.43 percent) and most consistent across countries of all three regions included in this comparison.³⁹

Figure 5. SIDS 2020 and 2021 Range of GDP Performance by Region



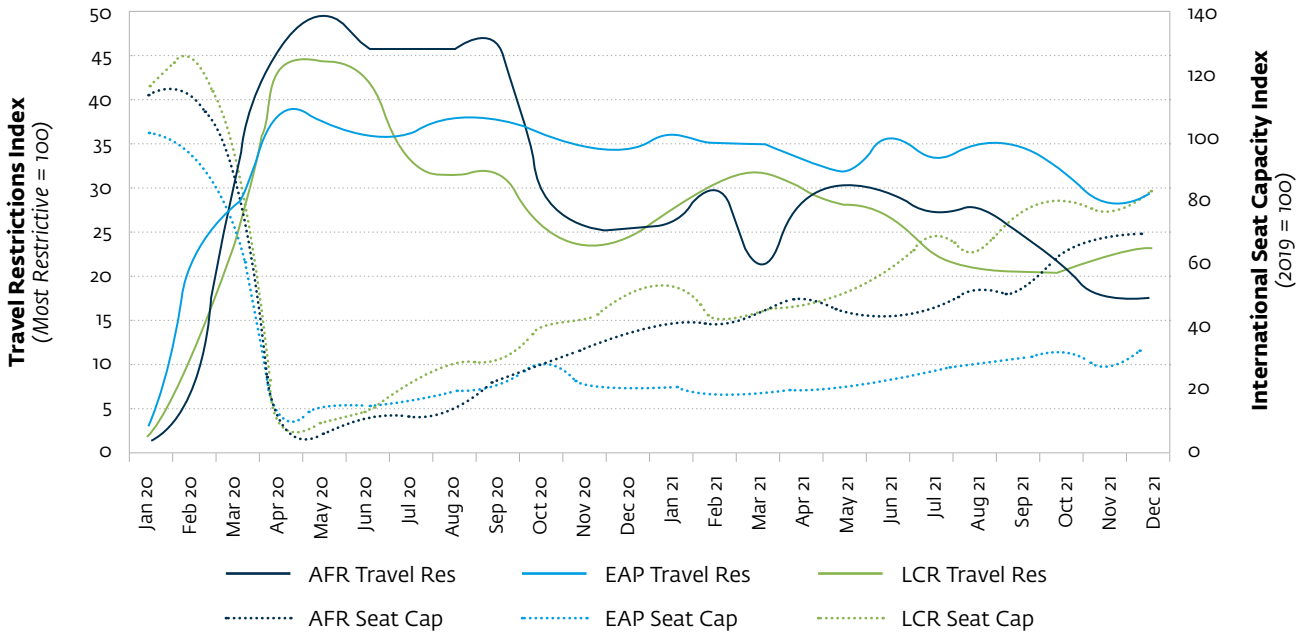
Note: World Bank Calculations: sample of 17 (2020) and 14 (2021) EAP SIDS; 19 (2020) and 16 (2021) LCR SIDS; and 6 (2020 and 2021) SSA SIDS
Source: World Bank World Development Indicators; IMF World Economic Outlook (Accessed April 2022)

Regional differences in performance are likely closely related to travel restrictions, proximity to source markets, and size of the domestic tourism market. As can be observed in Figure 6, the progressive easing of travel restrictions to international arrivals starting from the summer of 2020 correlates with an increase in airline seat capacity, a proxy for arrivals. On average, East Asia Pacific (EAP) SIDS had the highest restrictions compared to LCR and SSA SIDS. In October 2020, when Latin America and the Caribbean (LCR) and Sub Saharan Africa (SSA) SIDS began easing travel restrictions and regaining seat capacity, EAP SIDS continued to have higher restrictions and lower seat capacity.

In the US Virgin Islands for example, which had very low restrictions throughout the pandemic, the charter yacht business in 2021 is expected to generate roughly double the \$45 million made in the local economy in 2019. Comparatively, the British Virgin Islands, which was mostly closed to international tourists, had strict COVID-19 safety protocols and very few yacht arrivals.⁴⁰ Hotel occupancy rates in the US Virgin Islands in middle 2021 were almost triple that of the rest of the region, and seven times that of the Bahamas.⁴¹

³⁹ International Monetary Fund (2022). World Economic Outlook update April 2022. Notes: some numbers included in the averages are IMF estimates; Guyana has been excluded of the analysis since in 2020 had a GDP annual growth rate of 43.38 due to the start of oil production in the country.
⁴⁰ Palmer, E. (2021). *The Caribbean conundrum: United by tourists, divided by COVID*. The New York Times, 25 May 2021, Available at: <https://www.nytimes.com/2021/05/25/travel/caribbean-vacation-coronavirus.html> (Accessed: 2 June 2021).
⁴¹ Palmer, E. (2021). op. cit.

Figure 6. International Travel Restrictions Index & International Seats Capacity Index for SIDS by Region⁴²

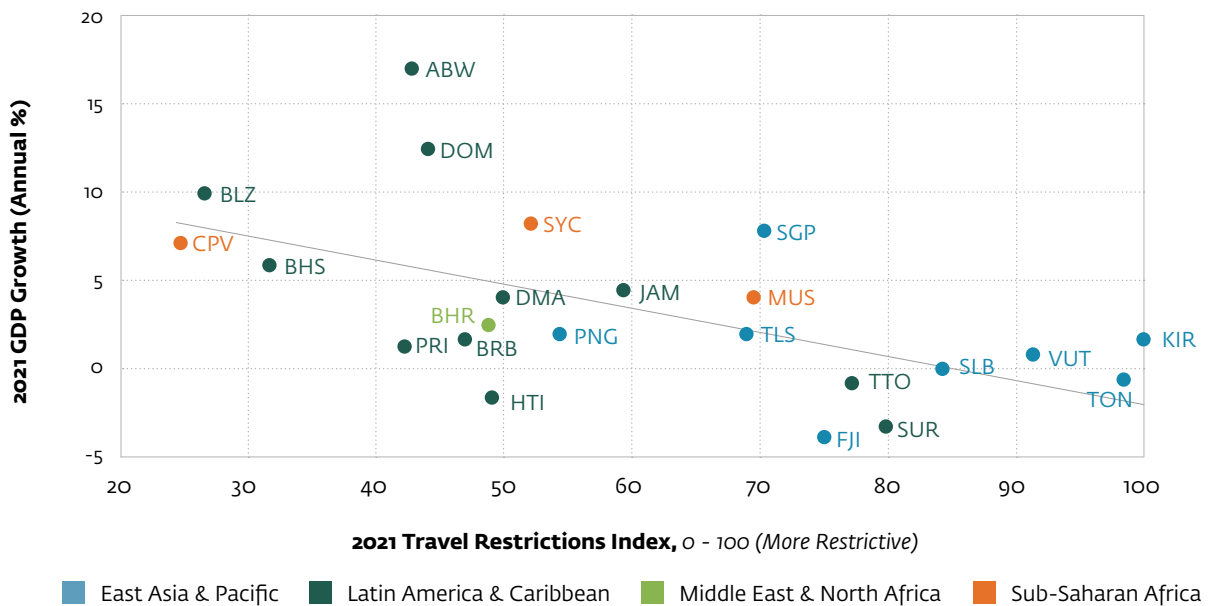


Source: World Bank Analysis based on WB Aviation Dashboard and Oxford COVID-19 Government Response Tracker.
 Note: Sample of 55 SIDS: 6 (AFR), 21 (EAP), 28 (LCR).

Travel restrictions are also negatively correlated with 2021 economic upturn in a regional SIDS analysis. In an analysis of 23 SIDS from four regions, research finds a strong negative correlation of 0.48 between the 2021 Travel Restrictions Index and the estimates for 2021

GDP growth (annual percentage change). That is, the higher the travel restrictions in 2021, the lower the GDP growth. At a regional level, EAP SIDS had more travel restriction in 2021 than LCR SIDS and correlating lower GDP growth.

Figure 7. Relationship between 2021 Economic Performance and Travel Restrictions in Selected SIDS, by Region



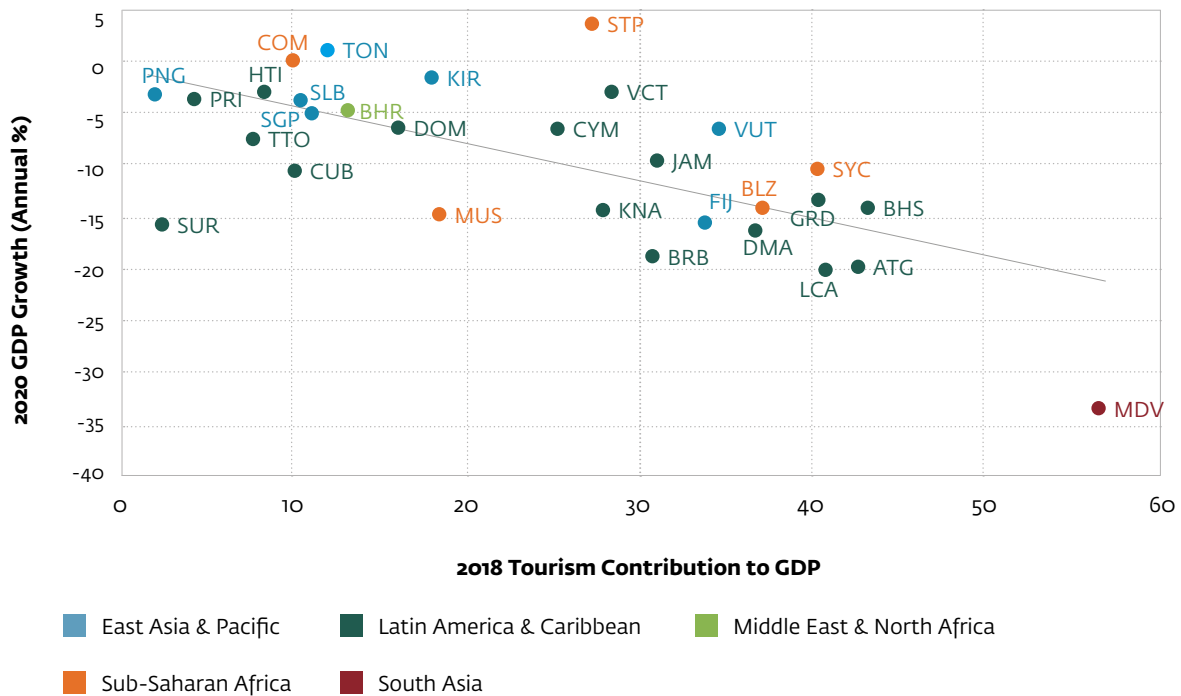
Source: Oxford COVID-10 Government Response Tracker, IMF World Economic Outlook.
 Note: in some cases IMF growth rates are based on estimations. See Annex 1 for country acronyms for this figure.

⁴² The Travel Restrictions Index is calculated on a scale of 0 (least restrictive) to 100 (most restrictive), leveraging data from the Oxford COVID-19 Government Response Tracker. For a given day, an individual country is assigned a value of 0 if it imposes no international travel restrictions, 25 if it screens international arrivals, 50 if it imposes quarantine requirements on at least some international travelers, 75 if it bans arrivals from select geographies, and 100 if it imposes a total border closure. Monthly averages are calculated for each country based on the days for which data were available for that country. Global and regional averages are simple averages across countries with available data for the month.

Not surprisingly, WB research also found a strong and clear negative correlation between economic dependency on tourism in SIDS (i.e., tourism contribution to GDP) and 2020 economic performance (0.67). That is, the higher the economic dependence on tourism the lower was 2020 economic performance.⁴³ A similar trend

appears for tourism’s contribution to employment, with a negative correlation of 0.55 to 2020 economic performance. Other factors seem to magnify the impact of COVID-19 in SIDS and other countries, such as pre-pandemic external debt levels (as a percentage of Gross National Income).

Figure 8. Relationship between 2020 Economic Performance and Tourism Dependence in Selected SIDS, by Region



Source: World Bank World Development Indicators, World Travel & Tourism Council
 Note: See Annex 1 for country acronyms for this figure.

⁴³ This is a general statement but there are outliers and variations over time and across sources. GDP dependence on tourism is also a reflection of the size and diversity of the economy, and economic performance can also be influenced by other variables such as infections rates or income level.

Box 1. Pacific SIDS Focus

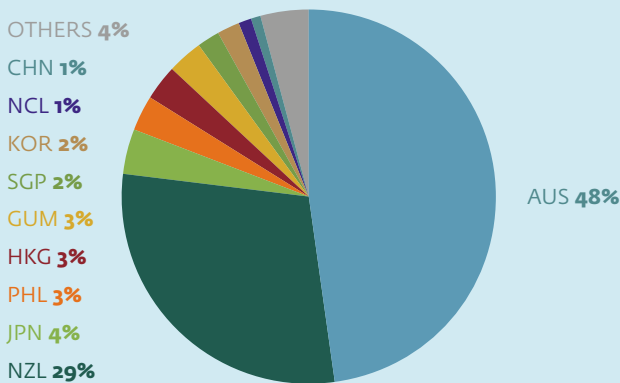
Countries studied: Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

In 2020, 12 East Asia Pacific (EAP) SIDS experienced a total decline in international air passenger arrivals of 76 percent with respect to the previous year. In absolute terms, Fiji, one of the highest tourism-reliant economies in the region, lost over 700,000 international passengers in twelve months. For the Federated States of Micronesia,

air arrivals losses in 2020 represented a decrease close to 80 percent with respect to the previous year.

The COVID-19 pandemic changed tourism demand for EAP SIDS in absolute terms, slightly reducing reliance on key markets of Australia and New Zealand. Of particular note is the increase in proportion of arrivals from Singapore well as the peak fall in Japan visitors. It is too soon to tell if these are temporary or long-term shifts.

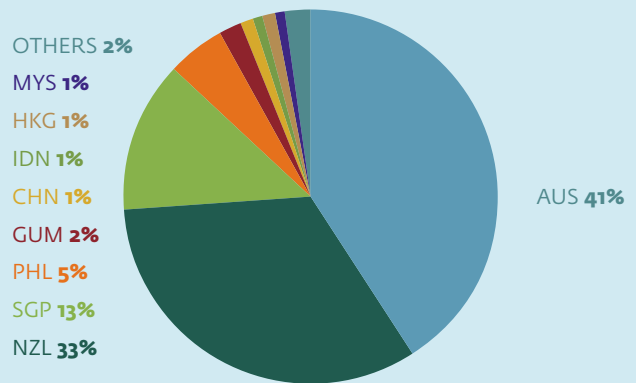
Figure 9. Arrivals from EAP to 12 Pacific Selected SIDS, Apr 2019-Mar 2020



Source: OAG Traffic Analyzer

Note: See Annex 1 for country acronyms for this figure.

Figure 10. Arrivals from EAP to 12 Pacific Selected SIDS, Apr 2020-Mar 2021



Source: OAG Traffic Analyzer

Note: See Annex 1 for country acronyms for this figure.

Recovery Trajectories

Recovery from the pandemic has taken much longer than originally anticipated due to the emergence of the Delta and then Omicron variants. Most tourism experts now expect international tourism not to return to pre-COVID levels until 2023/24.⁴⁴ A recent survey by the Caribbean Hotel and Tourism Association showed that

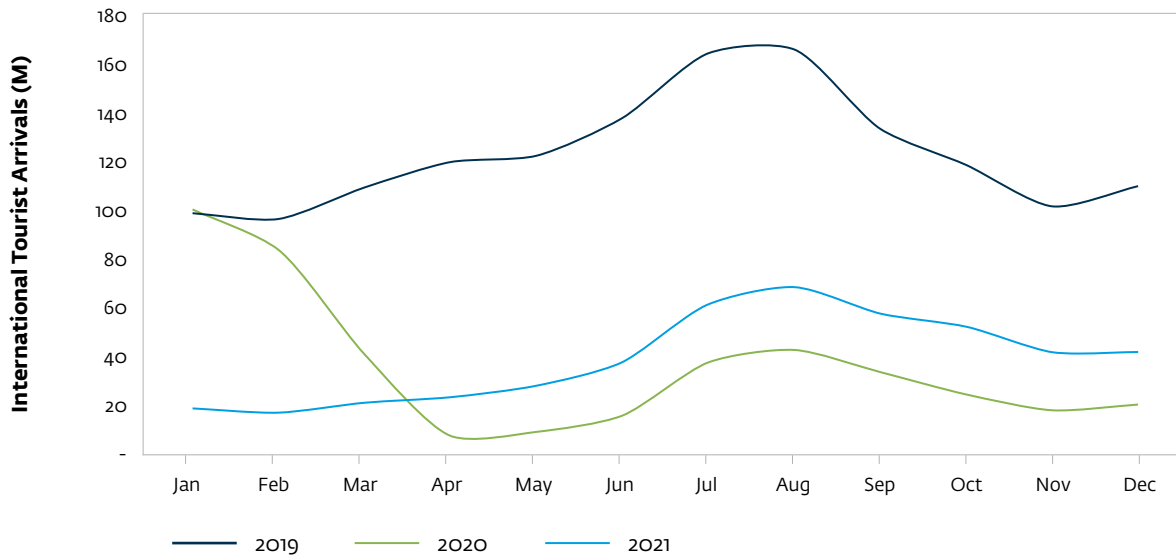
75 percent of businesses surveyed expect full recovery by mid-2023, although more than half of these are unsure they will be able to stay open for business until then.⁴⁵ A key challenge as the sector looks to re-open will be how to ensure critical interlinked parts of the tourism supply chain are all functional from baggage handling to busses and ground operators.⁴⁶

⁴⁴ UNWTO (2020d) UNWTO panel of experts October edition: return to 2019 levels expected by 2023. Available at: <https://www.unwto.org/node/11557> (Accessed: 10 November 2020).

⁴⁵ Palmer, E. (2021). op. cit.

⁴⁶ OECD (2021a). Managing tourism development for sustainable and inclusive recovery. OECD Tourism Papers 2021/01, OECD Publishing: Paris. Available at: <http://dx.doi.org/10.1787/b062f603-en>. (Accessed: 22 February 2021).

Figure 11. International Tourist Arrivals in 2019, 2020 and 2021

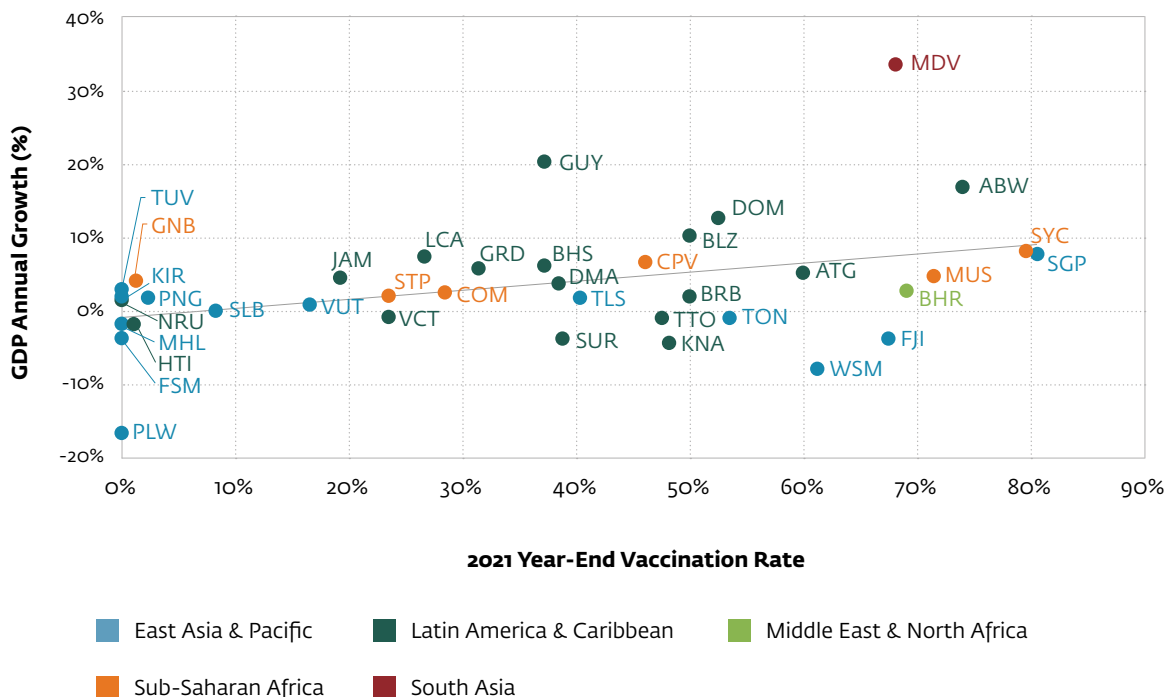


Source: UNWTO Tourism Data Dashboard

Vaccination rates have been a critical factor in economic recovery. In 2021 vaccinations were significantly correlated with 2021 recovery, with a correlation coefficient of 0.41 (see Figure 12). That is, the higher the vaccination rate of the population, the better economic performance in terms of GDP annual growth. In Dominican Republic, nearly 100 percent of tourism sector workers were

vaccinated by late 2021, as reported by the Ministry of Tourism. The government also lifted travel restrictions for incoming visitors and offered free medical insurance for tourists staying at certain hotels, along with a robust testing policy. These measures have allowed the country to quickly rebound from the pandemic and remain one of the Caribbean’s most attractive destination.

Figure 12. Relationship between Vaccination Rates and 2021 Economic Performance in Selected SIDS, by Region



Source: World Bank Analysis based on: Our World in Data, IMF World Economic Outlook

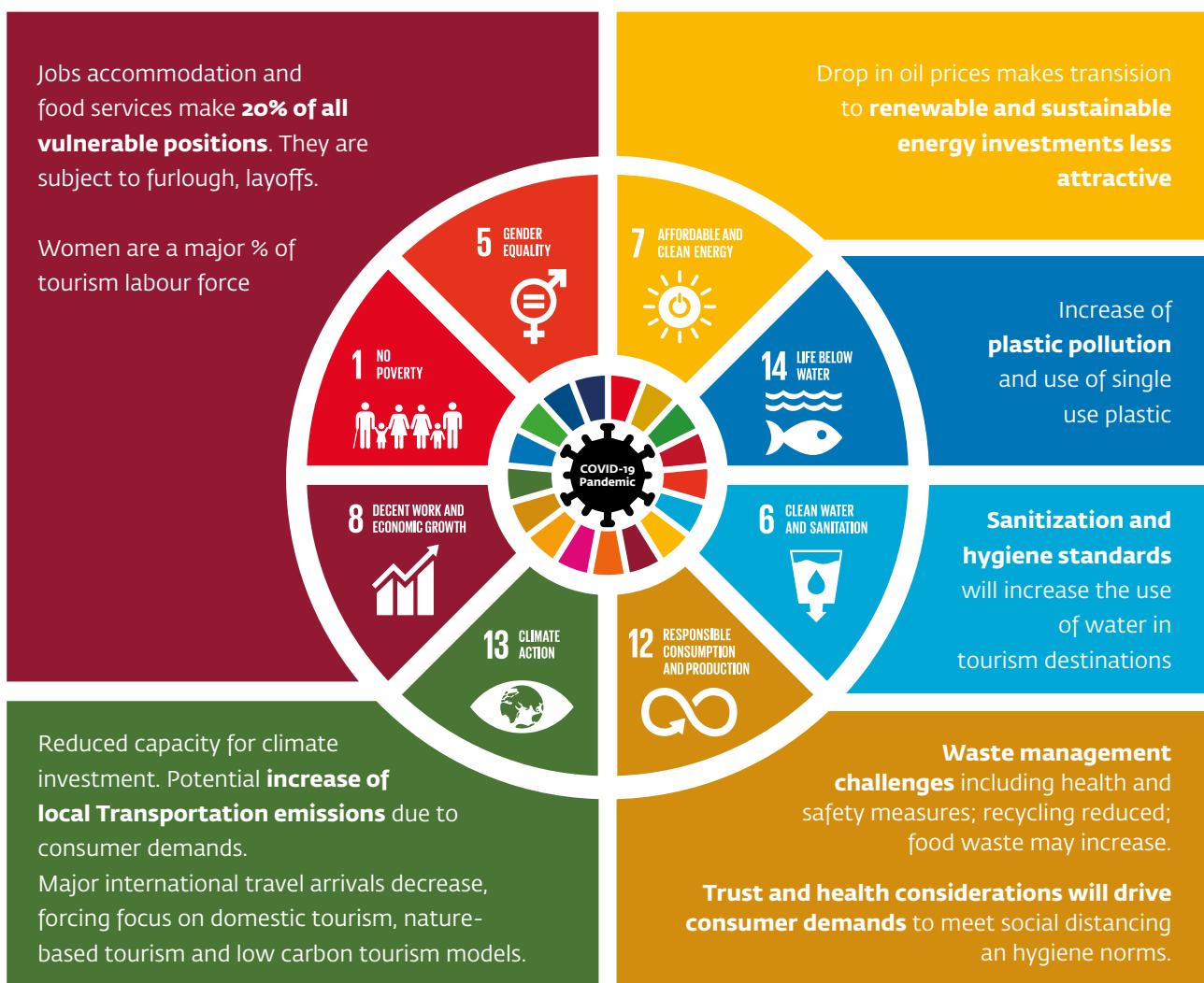
Note: in some cases IMF growth rates are based on estimations. Note: See Annex 1 for country acronyms for this figure.

Impact on the Environment

In addition to economic fragility, SIDS also have fragile environments. SIDS are particularly vulnerable to climate change, sea level rise and natural hazards, environmental challenges in SIDS include threats of overfishing and potential collapse of inshore marine ecosystems, invasive alien species, breakdown of sand and sediment budgets; degradation and scarcity of freshwater resources; loss of ecosystem services from mangroves and coral reefs; limited land resources; and detritus of ocean plastic from other nations.⁴⁷

Many observers are concerned that the pandemic will roll back progress made towards the Sustainable Development Goals (See Figure 13).⁴⁸ In areas such as pollution and particularly single-use plastic, for example, there have been significant negative impacts of the pandemic. On a positive note, the pandemic has created a brief respite for some wildlife. For example, there was an increase in the number of nesting turtles on beaches in India and Thailand.⁴⁹ Indo-Pacific humpback dolphins returned to Hong Kong waters without usual ferry traffic.⁵⁰ Humpback whales were heard singing without cruise ship interference in Alaska,⁵¹ and dolphins were observed in a Sardinian port.⁵²

Figure 13. Potential Impacts of COVID-19 in Destinations and the SDGs⁵³



⁴⁷ UNEP (2014). Emerging issues for Small Island Developing States. Results of the UNEP Foresight Process. United Nations Environment Programme (UNEP). Nairobi, Kenya. Available at <https://sustainabledevelopment.un.org/content/documents/2173emerging%20issues%20of%20sids.pdf> (Accessed: 7 July 2021).

⁴⁸ Spenceley, A. (2021). The future of nature-based tourism: Impacts of COVID-19 and paths to sustainability. Luc Hoffmann Institute, Available at <https://luchoffmanninstitute.org/future-nature-based-tourism-report/>

⁴⁹ Reuters (2020). Coronavirus lockdown boosts numbers of Thailand's rare sea turtles. The Guardian. 20 April 2020. Retrieved from <https://www.theguardian.com/environment/2020/apr/20/coronavirus-lockdown-boosts-numbers-of-thailands-rare-sea-turtles> (Accessed: 19 October 2020).

⁵⁰ Davidson, H. (2020). Dolphin numbers up in Hong Kong after Covid crisis halts ferries. The Guardian. 15 September 2020. Retrieved from <https://www.theguardian.com/world/2020/sep/15/dolphins-return-hong-kong-covid-crisis-halts-ferries> (Accessed: 14 October 2020)

⁵¹ Pennington, E. (2020). Humpback whales seize chance to sing Alaska's cruise-free Covid summer. The Guardian. 2 October 2020. Retrieved from <https://www.theguardian.com/environment/2020/oct/02/humpback-whales-sing-alaska-covid-summer-researchers> (Accessed: 14 October 2020).

⁵² Kretzmer, H. (2020). These locked-down cities are being reclaimed by animals. World Economic Forum. 17 April 2020. Retrieved from <https://www.weforum.org/agenda/2020/04/covid-19-cities-lockdown-animals-goats-boar-monkeys-zoo/> (Accessed: 1 October 2020).

⁵³ Spenceley, A. (2020). op. cit.

Box 2. Regional Examples of Environmental Impact of COVID-19

- France, Greece, Italy, and some southern Mediterranean states have reported increased plastic spillage in the forms of masks and other anti-COVID-19 protection equipment (plastic gloves, etc.) in maritime basins, fishing lanes, and coastal areas.⁵⁴
- In the Philippines reefs have been found covered with single-use face masks close to Manila, with masks breaking down and being consumed by wildlife.⁵⁵
- In Indonesia, Seychelles, Indian Ocean, Fiji, Philippines and Hawaii the decline in tourism forced some communities to turn to unsustainable fishing as a food source, putting pressure on coastal fisheries and reefs.^{56 57}

Furthermore, the pandemic has dramatically impacted the ability of governments to manage and fund the conservation of parks and outdoor spaces. The COVID-19 pandemic put a spotlight on the reliance of many biodiversity hotspots, parks, and marine protected areas on tourism revenues. According to the UNEP almost 70 million trips are taken each year just to visit coral reefs, generating \$36 billion a year in revenue and creating 6.5 million jobs.⁵⁸ The consequences of lower conservation budgets may include less funding for law enforcement and monitoring, leading to increases in wildlife crime and illegal natural resource extraction e.g., logging, fishing. Having fewer tourists and operators present in protected areas also means fewer eyes that could see and report illegal activities.⁵⁹ In the Galapagos Islands, for example, a study projected that a six-month entry restriction for pandemic reasons would lead to the loss of 53 percent of total yearly income, or nearly US\$10 million.⁶⁰ In parts of East Africa, wildlife poaching, illegal hunting and fishing, logging and bush burning has increased due to lack of tourism revenue which directly impacts funding for park rangers and security.⁶¹

Our Word in Data shows that Mauritius, Reunion and Trinidad and Tobago experienced the largest decline of visitor numbers to parks and outdoor spaces of selected small island states (see Figure 14).

Oceans are critical to the fight against climate change. Oceans and coastal zones play a critical role in increasing resilience to climate change (through coral reefs, seagrass and mangroves) and they help regulate global temperatures (by absorbing nearly one third of atmospheric carbon dioxide). Vegetated coastal habitats represent one of the most efficient carbon sinks naturally available and are therefore an important tool for climate mitigation and adaptation, in addition to being crucial habitats hosting rich biodiversity and providing key ecosystem services. Typically, these coastal ecosystems belong to governments who also bear the costs for their management and conservation as a public goods. International development partners, NGOs and private investors have begun the development and use of new financing instruments to help protect environmental resources and provide a more sustainable source of income but more progress is needed. (Box 3).

⁵⁴ Carr, S. (2020) The COVID-19 pandemic, Part 2: Perspectives on the future of coastal and marine tourism and its implications for coastal and marine ecosystems. The Skimmer. 27 July 2020. Retrieved from <https://meam.openchannels.org/news/skimmer-marine-ecosystems-and-management/covid-19-pandemic-part-2-perspectives-future-coastal56322369> (Accessed: 22 April 2021).

⁵⁵ BBC (2020a). *Coronavirus: Divers find Philippine reef covered with single-use face masks*. 9 March 2020. Available at: <https://www.bbc.com/news/av/world-asia-56322369> (Accessed: 22 April 2021).

⁵⁶ Techera, E. (2019). *Achieving blue economy goals: The need for improved legal frameworks across the Indian Ocean*. Seychelles Research Journal. August 2019. Available at: <https://seychellesresearchjournalcom.files.wordpress.com/2019/08/achieving-blue-economy-goals-erika-techera.pdf> (Accessed: 3 June 2021).

⁵⁷ Northrop, E., et al. (2020). "A Sustainable and Equitable Blue Recovery to the COVID-19 Crisis". Report. Washington, DC: World Resources Institute. Available at <http://www.oceanpanel.org/bluerecovery>

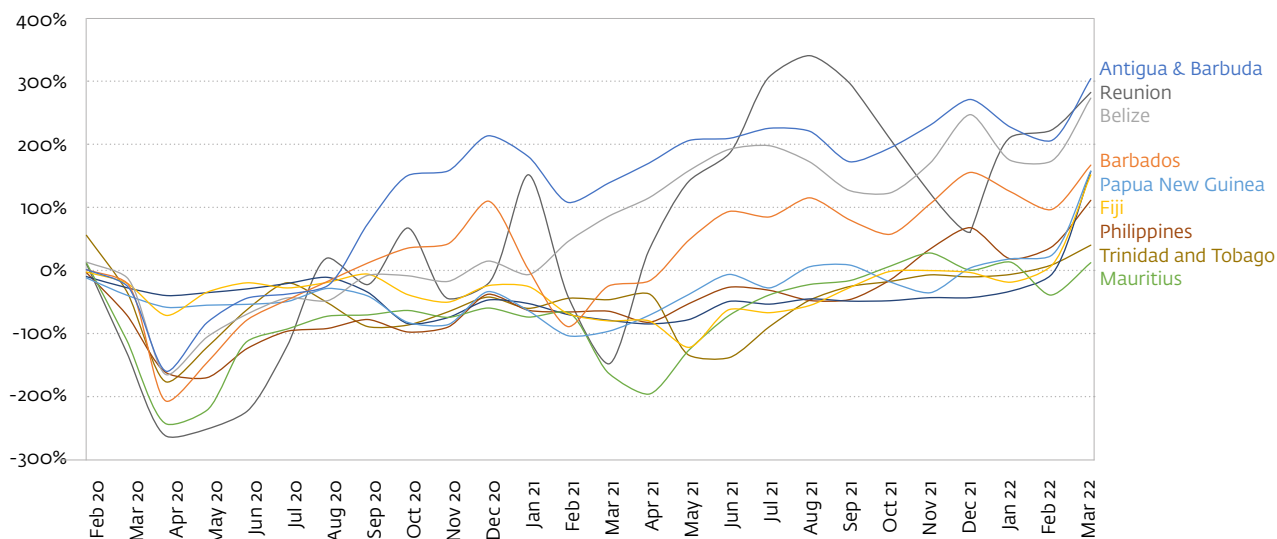
⁵⁸ R. Brunbaugh, (2017). Protecting million dollar reefs is key to sustaining global tourism, UNEP. <https://www.unep.org/news-and-stories/story/protecting-million-dollar-reefs-key-sustaining-global-tourism>

⁵⁹ Spenceley, A. (2021). op. cit.

⁶⁰ Díaz-Sánchez, Juan Pablo, and Moisés Obaco (2020). "The Effects of Coronavirus (COVID-19) on Expected Tourism Revenues for Natural Preservation. The Case of the Galapagos Islands." *Journal of Policy Research in Tourism, Leisure and Events*: 1-5.

⁶¹ Roberts, Sophy (2020). "Africa's Year of Zero: A Special Report on the Future of Wildlife Tourism." *Financial Times*, October 28, 2020. Available at <https://www.ft.com/content/6a4f6c76-8a00-46ef-a645-23a5cda58825>

Figure 14. Changes in Visitation to Parks and Outdoor Spaces during COVID-19 in Selected SIDS⁶²



Source: Our World in Data

Box 3. Examples of Financial and Risk Management Instruments as an Alternative to Tourism Revenue

Blue bonds: Fixed-income financial instruments where capital is invested upfront in initiatives that deliver measurable outcomes, such as carbon and biodiversity credits. The need for positive cash flows and verified outcomes is paramount because investors get repaid only for proven results. This is perhaps the most common instrument currently used and exemplified in the Seychelles.

Debt swaps: Debt-for-nature swaps leverage funds for use in local conservation efforts and are based on the model of debt-for-equity swaps; the proceeds are invested in conservation activities in the indebted country. It can also involve debt forgiveness. Blue carbon credits are generated through a wide range of activities that sequester carbon or demonstrate biodiversity conservation metrics.

Conservation trusts/Endowment funds (hybrid model): these can be trusts or grant-making entities that provide finance for operations of conservation areas or specific conservation project activities. They are capitalized by governments, foundations, and the private sector. Often there is no expectation of a return and therefore the funds can support higher-risk projects that have less certain outcomes.

Carbon Credits: Carbon credits are generated through a wide range of activities that sequester carbon; blue carbon refers to sequestration in marine and coastal ecosystems (mangroves, tidal wetlands, seagrasses,

and so on). There are limited examples, but the field is growing and can build on the experience gained in terrestrial carbon sequestration.

Parametric insurance products: The Caribbean Oceans and Aquaculture Sustainability Facility (COAST), the world's first parametric insurance, was developed by the World Bank for the fisheries sector to be a catalyst to promote resilience and sustainable management of the marine environment. It promotes formalization of the sector by giving fishers incentives to register their operation. It aims ultimately to reduce the natural disaster risk that climate change poses to food security and foster policy reforms that promote climate-smart fisheries practices and coastal resilience.

Payment for Ecosystem Services: Financial compensation derived from polluting activities or any related exploitation and use of natural or marine areas. It is possible to implement a payment for ecosystem services in which polluting activities fund the treatment of waste produced by these activities and give a tax preference to non-polluting local activities. In Martinique, for example, the state draws royalties from fishing and hunting rights, the exploitation of marine cultures, products of extractions, rights of way for operators of telecommunication networks. The income amounted to almost €300 million in 2010.⁶³

⁶² Our World In Data (2022). This data shows how the number of visitors to parks and outdoor spaces has changed relative to the period before the pandemic. This includes places like local parks, national parks, public beaches, marinas, dog parks, plazas, public gardens. Retrieved from: <https://ourworldindata.org/grapher/change-visitors-parks-covid?tab=chart&country=ABW~ATG~BHS~MUS~TTO~FJI~HTI~BRB~CPV~CIV~DOM~GNB~HND~PNG~PRI~REU~TGO> (Accessed: 7 July 2021).

⁶³ Mann, S. and Twining-Ward, L. (2022). Financing: Connecting Ambition with the Means to Achieve Sustainability, Expert Essay, High-Level Panel for Sustainable Ocean Economy. <https://oceanpanel.org/perspective/louise-twining-ward-and-shaun-mann-financing-connecting-ambition-with-the-means-to-achieve-a-sustainable-ocean-tourism-model/>

An aerial photograph of a coastline. On the left, a sandy beach meets the turquoise ocean. A long, narrow pier extends from the beach into the water. The water is clear, revealing dark rocks and coral reefs. The sky is a deep blue, and the overall scene is serene and natural.

Recovery Pathways

Most recovery pathways identify a sequence of interventions for short-term, medium- and longer-term recovery.⁶⁴

⁶⁴ See Annex 2 for detailed examples of different types of interventions.

Whereas shorter term interventions focus on health and economic support, longer-term approaches provide pathways for public and private innovation and a transition to a more sustainable and resilient recovery.

Short term responses were understandably about health of destination communities and visitors and the survival of tourism businesses. Establishing protocols and communicating them clearly in a complex and changing environment were the primary challenges. Destinations like Singapore and Portugal that were fast and effective in the protocols were used as role models for others before institutional protocols like those of World Travel and Tourism Council (WTTC) were established. Support for tourism businesses varied by destination from grants to tax relief, wage subsidies, training to prevent layoffs.⁶⁵ As the pandemic evolved from a short to a longer-term situation, these support mechanisms necessarily shifted and data collection on industry needs became critical. Business pulse surveys were implemented in many destinations.

Medium term responses focused on how to improve policies and governance, encourage innovation and drive recovery through improved marketing reach. The value of crisis preparedness has been evident during the pandemic. Close collaboration between the public and private sector are essential during this period and formalized public-private dialogue structures—such as those established in the Gambia and Jamaica—have shown their value. Business innovation, particularly in the area of digital payments, digital marketing and online services has accelerated in importance as a result of the pandemic. New business opportunities have emerged for visitor tracking and health services, and even emerging destinations are establishing apps and websites to clarify entry protocols and streamline immigration procedures. Finally, the development of new marketing materials responding to increased consumer interest in nature, safety, and hygiene and new demand for local products and domestic demand.

Longer-term sustainability strategies generally aim to improve environmental outcomes, reduce climate impacts, and create resilient jobs – otherwise known as

“build back better”.⁶⁶ This includes working towards commitments of the Glasgow Declaration for Climate Action in Tourism of 2021 for net zero emissions by 2050 and by improving adaptation strategies.⁶⁷ It also includes improvements in social inclusion and tourism to improve value capture for women and youth. Increasing funding and improving management of conservation assets is an additional theme for longer term strategies. Finally transitioning to more sustainable and circular economy business models is recommended. Not all strategies will be possible or feasible for all destinations.

There are two important considerations for these strategies: to acknowledge and assess the transition cost and be agile in support to the sector. Inevitably there will be transition costs and winners and losers as assets will need to be repurposed or adapted to meet sustainability goals and new data and analyses will be needed to monitor progress. The development of higher quality infrastructure despite bringing higher expenditures, may make it harder for local communities to be owners and managers due to lack of capital. Consumer demand, policy change, and increased corporate social commitments will be key drivers along with government aspirations for the sector development. Guidelines to promote resilient, sustainable, and inclusive tourism are being developed by the OECD to support the G20 Tourism Working Group.⁶⁸

Governments will need to continue to be agile and adjust the form and scope of support they provide. Whereas for a short-term crisis, some direct firm support may be warranted, in the longer term government support may discourage private investment, degrade productivity, and hinder the allocation of resources to more productive uses.⁶⁹ A recent World Bank report provides some guiding principles for interventions by governments to support the recovery of the tourism sector and recommends that support focus on addressing market failures (see Box 4) and/or government failures, to avoid creating market distortions.⁷⁰ Common market failures in tourism are explained in the following Box.

⁶⁵ The World Bank's Markets, Competition and Technology Global Unit has identified 587 individual policy responses across 119 countries in the tourism sector between January 2020 and October.

⁶⁶ UNWTO (2020e). One Planet vision for a responsible recovery of the tourism sector. Available at: <https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-06/one-planet-vision-responsible-recovery-of-the-tourism-sector.pdf> (Accessed: 5 October 2020).

⁶⁷ To accelerate climate action in tourism and to secure strong actions and commitment to support the global goals to halve emissions over the next decade and reach Net Zero emissions as soon as possible before 2050.

⁶⁸ OECD (2021b) Draft: Guidelines for action to promote resilient, sustainable and inclusive tourism: Report on progress to the G20 Tourism Working Group. CFE/TOU(2021)5, 8 February 2021.

⁶⁹ World Bank Group (2022). *Expecting the Unexpected: Tools and Policy Instruments to Support the Recovery and Resilience of the Tourism Sector*, World Bank Group, Washington D.C.

⁷⁰ Op cit.

Box 4. Common Market Failures in Tourism

Non-Economic Externalities: Tourism often can have substantial impacts – both positive and negative – on the environments and/or cultures of host countries and communities. For example, some forms of tourism generate pollution, while others can protect and regenerate ecosystems and bolster revenues for conservation.

Economic Externalities: Tourism can alternately enhance or undermine the productivity of other economic activities depending on the nature of work of those employed by the sector. If tourism helps workers acquire new skills that carry over to future jobs, other sectors may experience positive benefits. Tourism jobs which do not expose workers to technology may, however, have minimal productivity spillovers. Additionally, by generating foreign exchange, tourism can benefit sectors that utilize imported goods.

Information Asymmetries: Information asymmetries are inherent in tourism as tourists are—absent a trusted information source—generally uncertain of the sustainability, quality and safety of local products and services and may accordingly reduce their consumption due to the associated (perceived) risk. Consumption may also be suppressed if tourists are not assured of the quality and reliability of local products and services.

Coordination Failures: Tourism destinations ordinarily comprise complex value chains. Often, a tourism firm will not be viable without the existence of firms in other segments, creating a need for coordination between firms. For example, a hotel may not be viable without an airline to serve the destination, yet the airline would not be viable without a lodging at the destination. Tourism value chains are particularly susceptible to the loss of firms serving segments which exhibit high fixed costs, human capital specific to both the location and the task, and relatively low levels of competition.

Imperfect Competition: Due to the importance of coordination to tourism value chains, vertical integration is common in the tourism sector. High fixed costs, increasing returns to scale, and/or network effects may predispose certain segments to natural monopolies, as for instance is the case in online booking platforms and airlines. This may result in higher costs and fewer choices for consumers, thus reducing the competitiveness of destinations or segments. At the same time the large majority of local businesses may be left behind as too small to fund.

Short-Term Responses

In SIDS like in other destinations, short-term responses to COVID-19 were about controlling the spread of the COVID-19 virus while protecting businesses from insolvency and protecting worker's livelihoods.⁷¹ But in SIDS these short-term responses were even more important due to the small and often vulnerable populations, often high economic dependency on tourism and reliance on air travel and on imported goods. For example, the UNWTO's highlights the special need for immediate recovery programs in SIDS given their reduced domestic markets.⁷² Owing to their low hospital capacity, hotels in SIDS were frequently used for COVID-19 patients and quarantine centers.

Given the high economic dependency on tourism in most SIDS, there was more reason for governments to step in to provide special support for tourism businesses. Governments, like The Gambia, created destination crisis platforms and plans. Others, like Jamaica, developed COVID-19 protocols and verification systems and phased re-openings. In some destinations, tourism workers that lost their jobs in the hospitality sector returned to subsistence fishing and farming, while others like Mauritius workers were paid to engage in

conservation activities, renovations, pollution clean-up and coral reef conservation efforts (see Table 1). Each context is different and there are many variables at play in recovery such as speed of relaxation of travel restrictions, communication strategies, vaccination rates and infection rates in the main markets so it is difficult to isolate particular strategies as the most useful in this phase.

Aruba, Bahamas, Barbados, Bermuda, Dominica, Grenada, St. Lucia, Turks & Caicos, and the US Virgin Islands all received the WTTC Safe Travels stamp throughout 2020 and 2021. The Caribbean was one of the first regions to open to US travelers, while many usual destinations had imposed restrictions (e.g., Europe, Canada, Thailand, etc.). The Dominican Republic, for example, attracted 1.7m visitors from January to March 2022, only 8 percent less than in 2019, mainly due to complete relaxation of travel protocols. On the other hand, Bahamas, Barbados, and Jamaica received between 39 and 50 percent fewer tourists in 2021 than for the same period of 2019.⁷³ Figure 15 compares the impact of relaxation of travel restrictions on COVID -19 death rates.

⁷¹ World Bank Group (2021). *Rebuilding Tourism Competitiveness: Tourism response, recovery and resilience to the COVID-19 crisis*, Washington DC. Available at <https://openknowledge.worldbank.org/handle/10986/34348>

⁷² UNWTO (2020f). *Briefing note on Tourism in SIDS: the challenge of sustaining livelihoods in times of COVID-19*. UNWTO, Madrid. Available at <https://www.e-unwto.org/doi/book/10.18111/9789284421916>

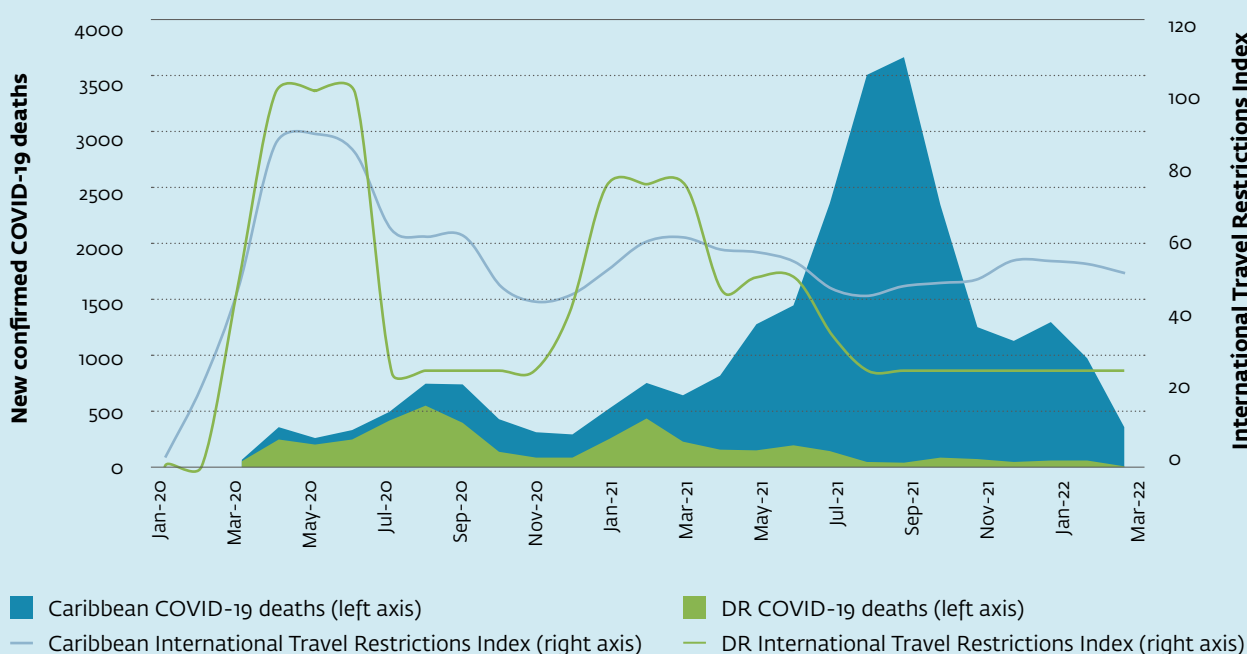
⁷³ Tourism Analytics (2022). *Total Stopover Visitors 2022 Year to date*. Retrieved from <https://tourismanalytics.com/caribbean.html>

Box 5. Dominican Republic's Travel Restrictions Policy

The Dominican Republic (DR) has been named as a pandemic success story.⁷⁴ While on average the Caribbean suffered a GDP decrease of 9 percent in 2020, with countries such as St. Lucia reaching minus 20.37 percent, the DR economy contracted only 6.72 percent.⁷⁵ In 2021, data shows DR had an annual GDP rebound of 12.26 percent, the second highest regional increase after Aruba.⁷⁶ The main reason for this stronger recovery, in addition to good flight connections, proximity to the US market, and better healthcare facilities, is a

softer travel restrictions policy of the country with respect to the regional average, which allowed DR to increase its international arrivals during the pandemic. Initially, however, this openness is correlated with more COVID-19 deaths, which suggests restrictions were dropped too soon. This was corrected in early 2021, with travel restrictions increasing ahead of the Delta variant.⁷⁷ This example underlines the importance of timing and data in the management of pandemic travel restrictions. See Figure 15 for the data.

Figure 15. COVID-19 Deaths and Travel Restrictions Index in the Caribbean and in the Dominican Republic



Source: Oxford COVID-19 Government Response Tracker, Our World in Data.

The World Bank World Development Report of 2022 also highlighted the wide variation in the combination of policy tools that countries have used to fight the immediate economic effects of the pandemic.⁷⁸ Figure 16 shows the percentage of countries within country

income groups that adopted different types of fiscal policy measures and highlights that the immediate response to the pandemic included a number of policy tools that were either untested in emerging economies or altogether unprecedented at this scale.

⁷⁴ Murphy, H. (2022). Why Is Everyone Going to the Dominican Republic? The New York Times. January 27, 2022. Retrieved from <https://www.nytimes.com/2022/01/27/travel/dominican-republic-tourism-pandemic.html>

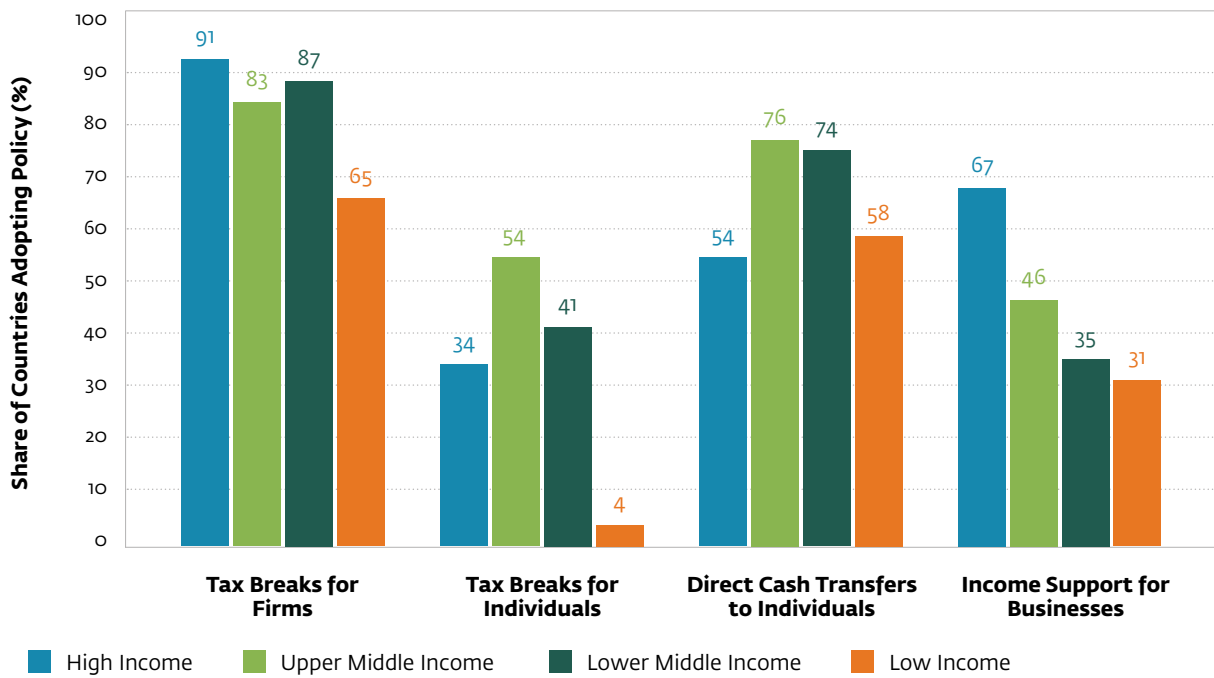
⁷⁵ World Bank Group. World Development Indicators. <https://datatopics.worldbank.org/world-development-indicators/> Data updated on April 27th, 2022.

⁷⁶ International Monetary Fund (2022). World Economic Outlook update April 2022.

⁷⁷ Gonzalez, T (2021). Hoteles de Dominicana recibirán test de antígenos gratis para sus clientes. Hosteltur. January 29, 2021. Retrieved from https://www.hosteltur.com/141727_hoteles-de-dominicana-recibiran-test-de-antigenos-gratis-para-sus-clientes.html

⁷⁸ World Bank Group (2022). World Development Report. Available at <https://www.worldbank.org/en/publication/wdr2022>

Figure 16. Percentage of Fiscal Policy Responses to the COVID-19 Crisis, by Country Income Group as of June 30, 2021



Source: World Development Report 2022



Table 1. Examples of Short-term Island Crisis Responses to Support the Tourism Sector (February-August 2020)

Country	Crisis responses
Aruba	Health measures. A phased re-opening was established: first for visitors from Bonair and Curacao from 15 June 2020; then from most of the Caribbean, Europe and Canada from 1 July 2020, then the USA on 10 July 2020. Advanced public health measures were put in place. Limits were placed on visitor numbers at tourist attractions during peach periods. All arrivals must have a negative COVID-19 test result within 72 hours of arrival (or alternatively test on arrival and spend 24 hours in a hotel pending the results). ⁷⁹
Bali (Indonesia)	Return to farming. In Indonesia's popular tourist island of Bali, tourism employees quickly returned to farming as resorts closed. Tourism-dependent cities like Denpasar, Kuta and Sminkyak neighbors turned empty plots of land into community gardens for food. In two popular tourist islands, Nusa Lembongan and Nusa Pencia, (seaweed farming with its stable prices) has rapidly expanded from 2 to 200 seaweed farmers. ⁸⁰ Other tourism employees have returned to farming and fishing on their family farms, while community members are giving food aid to the unemployed, including rice, noodles, oil and sugar. ⁸¹
Barbados	Digital nomads. Early in the pandemic, the idea of one-year remote work visas was proposed. The 'Welcome Stamp Visa' began in July 2020, and by May 2021 more than 2,500 people had applied, mostly digital nomads from the USA, UK, Canada and Nigeria. In a survey of 100 of these visa holders, around 75 percent had never visited Barbados before, and were paying \$2,500 to 5,000 per month for housing. ⁸²
Corsica (France)	Collaborative roadmaps. The island of Corsica's DMO, Corsica Tourism Agency, lead a consultative process, including a co-ordination platform bringing together all stakeholders to prepare for the recovery and launch promotional campaigns. The crisis reiterated the importance of the <i>Corsican Tourism Roadmap</i> which already advocated for the necessary ecological and digital transition of tourism. ⁸³
Cyprus	Health costs. Cyprus pledged to cover the holiday costs of anyone who tested positive for COVID-19 after travelling there (May 2020). A 100-bed hospital was set aside specifically for tourists who test positive, as well as several "quarantine hotels" for the patients' families. Tourists would only need to bear the cost of their airport transfer and repatriation flight. ⁸⁴
Dominican Republic	Insurance. Granted free health insurance for tourists to cover any Coronavirus-related costs until the end of 2020 (September 2020). ⁸⁵ This is important as supply has been a challenge during this period.
Fernando de Noronha (Brazil)	Immunity. The archipelago of Fernando de Noronha reopened to outsiders – as long as they can prove they have been infected and recovered from COVID-19 (August 2020). The results of either PCR virus tests or IgG antibody tests would be accepted if conducted at least 20 days before arrival. The belief was that these tourists were now immune and would neither transmit the virus, nor be infected again. ⁸⁶ This has since been disproven.
Fiji	No change fees. Fiji Airways sold bulk tickets for forward bookings to premier and corporate clients and waiving all change fees to generate income in the short-term for future bookings. ⁸⁷

⁷⁹ TravelMole (2020b). *Aruba starts phased tourism reopening*. 15 June 2020. Retrieved from https://www.travelmole.com/news_feature.php?news_id=2043090 (Accessed: 21 April 2021).

⁸⁰ King, C. (2020). *op. cit.*

⁸¹ Laula, N. and Paddock, R. C. (2020). *With tourists gone, Bali workers return to farms and fishing*. 20 July 2020. The New York Times. Retrieved from <https://www.nytimes.com/2020/07/20/world/asia/bali-tourism-coronavirus.html> (Accessed: 22 April 2021).

⁸² Palmer, E. (2021). *op. cit.*

⁸³ OECD (2021a). *op. cit.*

⁸⁴ BBC (2020b). *Coronavirus: Cyprus to pay holiday costs of infected tourists*. 28 May 2020. Retrieved from <https://www.bbc.com/news/world-europe-52818749> (Accessed: 21 April 2021)

⁸⁵ OECD (2021c). *COVID-19 in Latin America and the Caribbean: An overview of government responses to the crisis*. Updated 11 November 2020. Available at: <https://www.oecd.org/coronavirus/policy-responses/covid-19-in-latin-america-and-the-caribbean-an-overview-of-government-responses-to-the-crisis-0a2dee41/> (Accessed: 21 April 2021).

⁸⁶ Philipps, T. (2020). *Brazil's island idyll reopens to tourists- as long as they have had COVID-19*. The Guardian. 30 August 2020. Retrieved from <https://www.theguardian.com/world/2020/aug/30/brazil-island-fernando-de-noronha-reopens-tourists-covid-19> (Accessed: 21 April 2021).

⁸⁷ World Bank (2020). *op. cit.*

Table 1. Examples of Short-term Island Crisis Responses to Support the Tourism Sector (February-August 2020) (continued)

Country	Crisis responses
Jamaica	Cash support. The government launched a Business Employee Support and Transfer (BEST) program to provide temporary cash transfers to businesses operating in the hotels, tours, and attractions of the tourism sector. ⁸⁸ Sandals Hotel made the 38-room Sandals Carlyle available for patients recovering from COVID-19 and needing to be monitored. ⁸⁹ The Sandals Resorts re-opened in June 2020 with enhanced cleaning protocols (and similarly for resorts in Antigua, Barbados, Grenada, Jamaica, St Lucia and Turks & Caicos). New cleaning protocols include a triple-check system with a minimum of three inspections daily of hard surfaces, including door handles and interiors of vehicles used for airport transfers. ⁹⁰
Macau	Domestic promotion. The Macau government introduced subsidized tours for local residents, allocating \$35 to two tours each, in a \$35 million initiative. The tours were associated for specific training on COVID-19 prior to their commencement. ⁹¹ (June 2020)
Maldives	Negative tests. The Maldives reopened unconditionally to international tourists in July 2020, but changed policy by September by requiring all travelers to show proof of a negative COVID-19 test upon arrival. Some high-end properties conduct additional in-resort COVID testing as an added layer of protection against the spread of the virus. ⁹²
Papua New Guinea	Conservation funding. Conflict Islands Turtle Season Crisis Appeal crowdfunding had raised \$9565 to support turtle protection, tagging and rescue (September 2020). ⁹³
Samoa	Development financing. Awarded \$5.1 million from the World Bank for COVID-19 response as part of an IDA grant to most in-need countries. Assistance from the Samoa National Provident Fund includes 20 percent early withdrawal from members in the hospitality sector that lost employment due to the pandemic, and postponement of employer contributions for six months in 2020. ⁹⁴
St Lucia	Promotion. Released a marketing campaign to re-boot tourism after re-opening to international visitors. The campaign aimed to highlight responsible reopening and the inspirational spirit of Saint Lucia, implementing policy to coexist with COVID-19. ⁹⁵ (June 2020) St Lucia established COVID-19 certified hotels, that meet the country's COVID protocols. The country required a negative COVID-19 test up to 7 days before travel, airport screening and completion of a pre-arrival form (July 2020). ⁹⁶
The Seychelles	Financial support. The government committed \$70 m to guarantee salary payments of all employees until December 2020, and postponed various taxes due between April and June to September 2020. The Central Bank of Seychelles and all commercial banks agreed a moratorium on loan repayments of affected sectors for 6 months, on interest and capital repayments. ⁹⁷ A 2-year cruise ship ban was imposed in May 2020, to minimize the chances of a second wave of COVID-19. ⁹⁸ Two phases for reopening were planned: ⁹⁹ <ul style="list-style-type: none"> • Phase 1: Private jets to island resorts, acting as holiday destinations and quarantine centers • Phase 2: Opening on the three main islands with limited movement with tracing apps

⁸⁸ Jamaica Information Service (2020). BEST Cash Component of CARE Programme in Progress for Tourism Workers. Retrieved from <https://jis.gov.jm/features/best-cash-component-of-care-programme-in-progress-for-tourism-workers/>. (Accessed: 25 August, 2022)

⁸⁹ TravelMole (2020c). *Sandals hands over hotel to help recovering COVID-19 patients*. 1 April 2020. Retrieved from <https://www.travelmole.com/news/sandals-hands-over-hotel-to-help-recovering-covid-19-patients/> (Accessed: 21 April 2021).

⁹⁰ TravelMole (2020c). op. cit.

⁹¹ TravelMole (2020d). *Macau introduces subsidies tours for locals*. 18 June 2020. Retrieved from https://www.travelmole.com/news_feature.php?news_id=2043158. (Accessed: 21 April 2021).

⁹² Marcus, L. (2021). *How the Maldives became the biggest 2020 international tourism success story*. CNN Travel. 17 February 2021. Retrieved from <https://www.cnn-com.cdn.ampproject.org/c/s/www.cnn.com/travel/amp/maldives-tourism-arrivals-coronavirus-intl-hnk/index.html> (Accessed: 21 April 2021).

⁹³ Conflict Islands Conservation Initiative (CICI) (2020). *Turtle season crisis appeal*. Retrieved from <https://www.cici.org.au/so/47NGdjfXh#main> (Accessed: 28 September 2020)

⁹⁴ UNWTO (2020e). op. cit.

⁹⁵ TravelMole (2020e). *Saint Lucia's new marketing campaign to re-boot tourism*. 17 June 2020. Available at: <https://www.travelmole.com/news/saint-lucia-s-new-marketing-campaign-to-re-boot-tourism/> (Accessed: 21 April 2021)

⁹⁶ Britell, A. (2020). *Why St Lucia is a model for reopening tourism in the Caribbean*. Caribbean Journal. Available at: <https://www.caribjournal.com/2020/08/27/why-saint-lucia-is-a-model-for-reopening-tourism-in-the-caribbean/2043127> (Accessed: 22 April 2021)

⁹⁷ The Seychelles (2020). *Response to the COVID-19 pandemic*, Available at https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-06/SEYCHELLES_UNWTO-Presentation-for-Minister.pdf (Accessed: 22 April 2021).

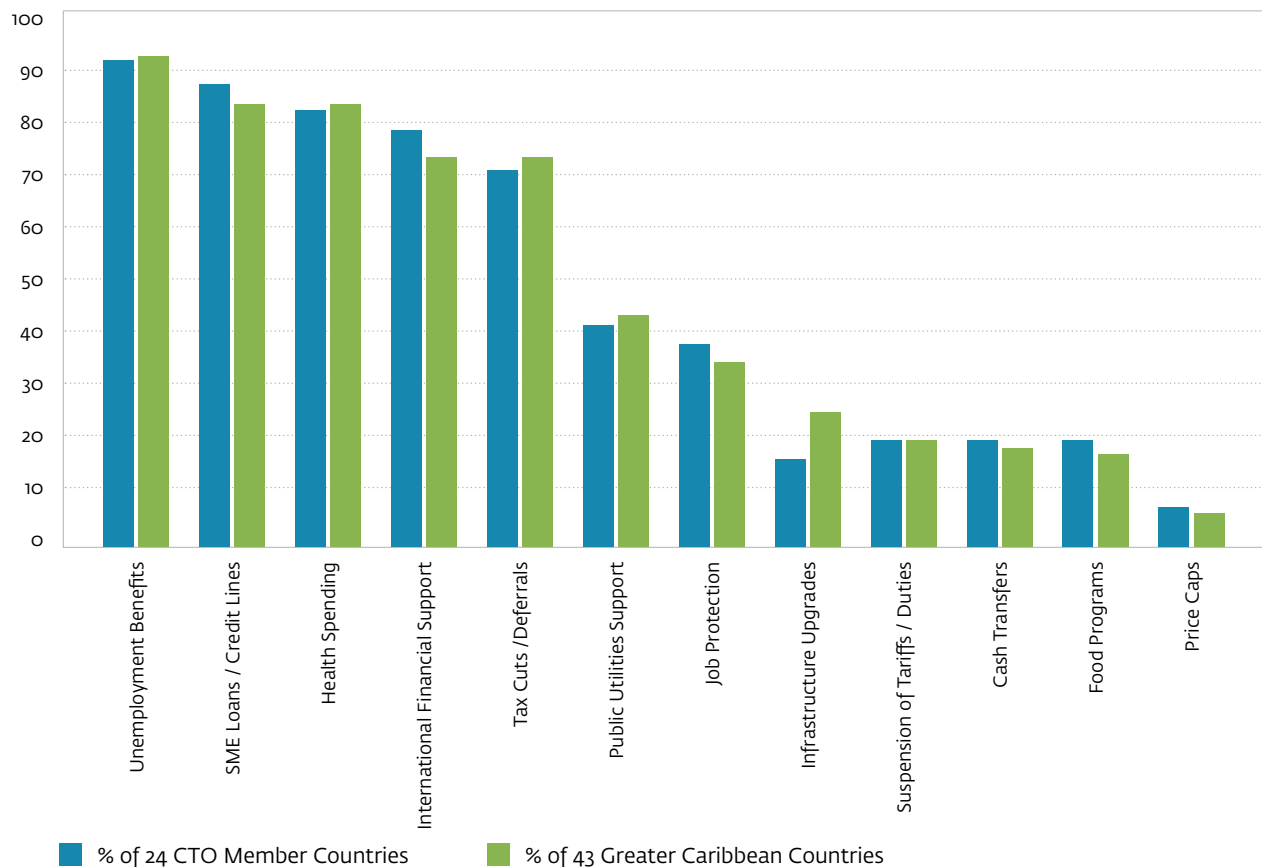
⁹⁸ TravelMole (2020f). *Seychelles imposes two-year cruise ship ban*. 21 April 2021. Retrieved from <https://www.travelmole.com/news/seychelles-imposes-two-year-cruise-ship-ban/> (Accessed: 22 April 2021).

⁹⁹ The Seychelles (2020). op. cit.

Illustrating short responses that took place in one region, [Destination Organization Responses to COVID-19: CTO Member States \(2020\)](#) provides an overview of survey responses from 16 member states in May 2020. The report shares insights into actions taken destinations to improve preparedness, mobility, impacts, address crisis communication, destination marketing

and management, economic relief (see Figure 17) and recovery planning by Caribbean states. Most of the Caribbean states had provided unemployment benefits, loans and credit lines for SMEs, established tax cuts or deferrals, had boosted health spending and obtained international financial support.

Figure 17. Economic Relief Measures in Response to COVID-19 in the Caribbean as of June 2020¹⁰⁰



Source: George Washington University

Box 6. Lessons Learned from COVID-19 Impacts on High-end and Community-based Tourism

Research on marine tourism in Indonesia’s Wakatobi National Park suggests that the destination has focused on the growth of ‘high-end’ exclusive forms of tourism in the past but has neglected livelihood capital and made communities more vulnerable to ruptures like COVID-19.¹⁰¹ Here, high-end tourism has not been associated with a significant improvement in social or human capital, and the natural, physical, and financial capital improvements were seen as belonging to the elite and not greatly benefitting the wider population.

By contrast, Sao Tomean tour and homestay operators have maintained significant enough social capital during

the pandemic to be able to come together and respond to the rupture imposed by the pandemic, and there are observations of local homestay owners and community members policing their own reefs from outside fishing boats, despite the lack of tourism income as incentive.

Recommendations suggest that foreign operators follow the lead of such local initiatives, and that government institutions increase resources to these groups rather than focusing the majority of attention on foreign investors and operators.¹⁰²

¹⁰⁰ The George Washington University (2020). Destination Organization Responses to COVID-19. Available at <https://www.onecaribbean.org/wp-content/uploads/CTO-Destination-Organisations-Responses-to-COVID-19-Report-June-2020.pdf> (Accessed: 19 April 2021).

¹⁰¹ King, C. Iba, W and Clifton, J. (2021). “Reimagining resilience: COVID-19 and marine tourism in Indonesia”. Current issues in tourism. Available at <https://doi.org/10.1080/13683500.2021.1873920>

¹⁰² King, C. Iba, W and Clifton, J. (2021). op. cit.

Medium-Term Responses

Once the immediate emergency subsided, there was a shift to medium-term recovery measures, that bridged the space between immediate response and full reopening. Examples of medium-term responses by SIDS included agreements between governments to mutually recognize COVID-19 vaccination certificates, offers to promote domestic tourism and all-inclusive or long-stays deals for digital ‘workations,’ and yacht quarantine options (see Table 2). This phase also saw SIDS replicate successful strategies seen in other countries such as the digital nomad and long stay promotion strategies. Additionally, government and private sector built on opportunities to reopen parts of their industries or countries to attempt to regain a small portion of tourism revenue. This tumultuous period also meant that responses needed to be flexible as international travel restrictions and health guidance fluctuated regularly as the virus and pandemic evolved. During this time, while many governments in SIDS continued to provide financial assistance for workers and tourism businesses in the medium-term phase, very few implemented criteria on what types of businesses to support and even fewer integrated any social or environmental screening.

Globally digital transformation was especially important during this phase of recovery. The pandemic accelerated digitalization across all sectors as physical interaction and travel was limited. This spurred contactless service delivery in hospitality, increased virtual business meetings and event services, and a host of virtual experiences to satisfy entertainment needs during period lockdowns. From a government perspective, the pandemic increased the need for consistent, transparent and regular communication, often delivered through digital means across multiple media platforms. Governments also used this time to accelerate investments in e-government services to avoid in person service delivery.

SIDS governments and businesses also focused on digitalization in this phase, but implementation success varied based on the readiness of the industry. A recent World Bank enterprise survey of 594 businesses across four OECS countries found digital technology was one of the greatest accelerating trends during COVID-19 (See Figure 18).¹⁰³ It also revealed that the enterprises were only tapping into a small portion of the available digital services with a focus on marketing platforms and communication applications. The pandemic has underlined the digital deficits of these countries, exposing their lack of preparedness for digital transformation. SIDS continue to lag significantly in the digitalization process, in comparison to peers at similar levels of socioeconomic development. This is largely driven by a lack of underlying ICT connectivity and basic infrastructure,¹⁰⁴ a poor understanding of digital services available, and a lack of coordinated leadership in digital transformation. Restrictive financial regulations and policies and poor financial services, especially on e-payments, are also a specific challenges in digitalization in many SIDS.

Digital education and training services was one area of digitalization that saw success during this medium phase.

With the shut down of in person training and education and the sharp need for technical resources and knowledge on business crisis adaptation, the tourism industry saw a boom of e-education services. For example, UNWTO’s launched an online academy in 2020, the Pacific Tourism Organization (SPTO) bolstered its online tourism resource center and hosted webinars and online trainings for industry and governments, and the Pacific Asia Travel Association (PATA) launched a series of Government Insight Exchanges to help its members share response and reopening strategies. Portugal’s digital academy for tourism (see Box 7) is an example of leveraging digital tools to research a wide audience.

Box 7. Digital Academy for Tourism: Portugal

Focused on promoting the development of people and the training of companies, in 2020 Turismo de Portugal launched the Digital Academy, an online platform developed to face the growing demand for training and access to information in this area, offering courses, workshops, seminars and training services tailored to 12 Portuguese tourism schools. In just 18 weeks, the






Digital Academy provided 168 Executive Training online certificates and offered online consultancy to 359 enterprises. For the academic year 2020/2021, those 12 Portuguese tourism schools received 2,923 applications for a total of 1,740 vacancies, and some courses registered demand levels above 450 percent of the available spaces, showing the success of the program.¹⁰⁵

¹⁰³ World Bank (2021). Business Enterprise Survey Results, Internal report, OECS Blue Economy Tourism Analytics, Acorn and World Bank Group.

¹⁰⁴ UNWTO (2020). UNWTO launches its first online education committee. December 22, 2020. Retrieved from <https://www.unwto.org/news/unwto-launches-its-first-online-education-committee>

¹⁰⁵ Opção Turismo. 15 October 2020. Turismo de Portugal launches Digital Academy. Retrieved from: <https://opcaoturismo.pt/wp/es/turismo-de-portugal-lanca-academia-digital/>

Figure 18. COVID-19 Impacts in Four OECS Countries

 COVID-19 IMPACTS				
	 DOMINICA	 GRENADA	 SAINT LUCIA	 SVG
Level of impact of COVID-19 on business income (Out of 10)	8.7	8.6	9.7	9.8
Changes to business practices due to COVID (Top change)	Increased use of technology	Increased use of technology	Increased use of technology	Increased use of technology
Main use of technology due to COVID (Top change)	Digital marketing platforms. Business administration software.	Digital marketing platforms. Communication applications.	Communication applications. Online Banking and finance.	Digital marketing platforms. Business administration software.
Priority areas to address as the country emerges from COVID pandemic (Top 3)	1. Reduced litter 2. Sustainable tourism 3. Wellness tourism	1. Reduced litter 2. Recycling 3. Sustainable tourism	1. Reduced litter 2. Sustainable tourism 3. Recycling	1. Sustainable tourism 2. Reduced litter 3. Improved sanitation

Source: World Bank (2021), Business Enterprise Survey Results, Internal report, OECS Blue Economy Tourism Analytics, Acorn and World Bank Group.

Table 2. Examples of Medium-term Recovery Responses to Support the Tourism Sector (November 2020-April 2021)

Country	Crisis responses
Aruba	Digital Vaccine Passport. In March 2021 Aruba teamed up with Jet Blue, an airline which offers about 40 weekly flights from the United States to the island, to debut the world's first digital vaccine passport: CommonPass. People with the digital pass may take a virtually supervised at-home PCR test within three days of departure, upload results and reduce their immigration time. Vaccination information will be added to CommonPass as early as June 2021. ¹⁰⁶ As of mid-May 2021, almost 57,500 Arubans were at least partially vaccinated, with the island optimistically reaching herd immunity by summer 2021. ¹⁰⁷
Caribbean	Remote work visas. The remote-work concept initiated in Barbados (see Table 1) has been adopted across the Caribbean by countries including Anguilla, Aruba, Antigua & Barbuda, the Bahamas, Bermuda, the Cayman Islands, Curaçao, Dominica and Montserrat. ¹⁰⁸
French Polynesia	Full closures. In February 2021, (6 ½ months after first reopening), the islands of French Polynesia suspended entry for nearly all travelers. Border closure for islands like Tahiti, Bora Bora, and Mo'orea was an attempt to protect Polynesians from contagious new variants of COVID-19 and prevent a full lockdown. ¹⁰⁹ The government offered financial assistance to hotel and resort employees, and to tour operators, providing compensation for up to three months for those who have lost their income. ¹¹⁰

¹⁰⁶ T Palmer, E. (2021) op. cit.

¹⁰⁷ Palmer, E. (2021) op. cit.

¹⁰⁸ Palmer, E. (2021) op. cit.

Table 2. Examples of Medium-term Recovery Responses to Support the Tourism Sector (November 2020-April 2021) (continued)

Country	Crisis responses
Maldives	<p>Long stays. In Maldives, One&Only resort capitalized on people using digital-only for work and school, and devised a special package for guests staying a full month. The 28-day offering included meals, high-speed internet, wellness activities and use of a kids’ club and is priced from \$42,600 for a family of four.¹¹¹ The Anantara Veli sold “all-you-can-stay” packages for unlimited bookings during 2021 at a cost of \$30,000.¹¹²</p> <p>The Nautilus Maldives, promoted a “workation” package priced from \$23,250 for 7 days, or 3 weeks for \$52,000, including a dedicated personal assistant, non-stop refreshments and complementary laundry.¹¹³</p>
St Lucia & Barbados	<p>Negative tests. Established new entry rules requiring all visitors to produce a negative COVID PCR test, taken no more than 5 days before arriving in St Lucia, and 3 days before landing in Barbados (from February 2021).¹¹⁴</p>
Thailand	<p>Quarantines. A yacht quarantine programme allows visitors with a negative coronavirus test to spend their mandatory 2-week quarantine period on board a yacht or small cruise ship on the island of Phuket. Beginning in March 2021, the government hopes to generate \$58 million in yacht tourism revenue.¹¹⁵</p> <p>Phuket plans its own private COVID vaccination program for 250,000 residents, ahead of the national program (due in June 201), to spearhead a tourism industry recovery.¹¹⁶</p> <p>Thailand hoped attract retirees escaping the European winter and others who could stay for an extended period with special extended-stay visas (up to 9 months). Visitors have to go through quarantine, but could do so in high-end resorts. Over 100 resorts re-opened for these travelers, but only 346 overseas entered the country between October 2020 and January 2021 (vs a target of 1,200).¹¹⁷</p>
Turks and Caicos	<p>Private sector action. In January 2021, a new requirement of the US government for inbound international tourists to show proof of a negative antigen test threatened to close tourism for a second time. Despite low infection rates and high levels of vaccinations, the country lacked the necessary testing infrastructure to meet the USA’s new restrictions. With financial support of \$600,000 provided by Seven Stars Resort & Spa, the territorial government and private sector imported 60,000 test kits, certified 18 new testing sites (mostly at resorts), trained hotel staff to conduct tests, and passed new health standards laws. These measures averted the threatened closure. Since January 2021, the number of private jet flights has risen to 73 percent above 2019 pre-pandemic rates. Overall, tourism to the archipelago hovers around 70 percent capacity, but Seven Stars (offering drink vouchers along with complimentary COVID-19 tests) is fully occupied for May and almost sold out for June 2021.¹¹⁸</p>
US Virgin Islands	<p>Low restrictions. Borders never closed, and promotional slogans like “Reconnect with Paradise” and the opportunity for anyone to get vaccinated have encouraged visitors. Visitors are required to get tested but not to quarantine. The US Virgin Islands had fully vaccinated 31,645 residents and tourists as of mid-May and is on track to administer 50,000 first shots by 1 July.¹¹⁹</p>

¹⁰⁹ Carey, M. (2021). Bora Bora and Tahiti have closed their borders to tourism. Conde Nast Traveler. 8 February 2021. Retrieved from <https://www.cntraveler.com/story/bora-bora-and-tahiti-have-closed-their-borders-to-tourism> (Accessed: 21 April 2021).

¹¹⁰ Carey, M. (2021). op. cit.

¹¹¹ Marcus, L., (2021). *How the Maldives became the biggest 2020 international tourism success story*. CNN Travel. 1 February 2021. Retrieved from <https://www.cnn.com/cdn.ampproject.org/c/s/www.cnn.com/travel/amp/maldives-tourism-arrivals-coronavirus-intl-hnk/index.html> (Accessed: 21 April 2021).

¹¹² Marcus, L., (2020). *Maldives resort offers \$30 k ‘all-you-can-stay’ package*. CNN Travel. 13 November 2020. Available at: <https://edition.cnn.com/travel/article/anantara-maldives-annual-pass-intl-hnk/> (Accessed: 21 April 2021).

¹¹³ Hardingham-Gill, T. (2020). *Maldives resort launches \$2,250 luxury remote working package*. CNN Travel. 17 September 2020. Retrieved from <https://edition.cnn.com/travel/article/maldives-workation-package/index.html> (Accessed: 21 April 2021).

¹¹⁴ TravelMole (2021b). *Caribbean nations to introduce mandatory COVID tests*. 3 February 2021. Retrieved from <https://www.travelmole.com/news/caribbean-nations-to-introduce-mandatory-covid-tests/> (Accessed: 21 April 2021).

¹¹⁵ CNN (2021). *Thailand launches yacht quarantine for tourists*. 9 March 2021. Retrieved from <https://www.bbc.com/news/business-56329806> (Accessed: 21 April 2021).

¹¹⁶ TravelMole (2021c). *Phuket plans to go it alone with private vaccination drive*. 3 February 2021. Retrieved from <https://www.travelmole.com/news/phuket-plans-to-go-it-alone-with-private-vaccination-drive/> (Accessed: 21 April 2021).

¹¹⁷ Tahnthong-Knight, R. (2021). *Thailand sold itself as a paradise COVID retreat*. No one came. Bloomberg. 16 January 2021. Retrieved from <https://www.bloomberg.com/news/articles/2021-01-15/thailand-sold-itself-as-a-paradise-covid-retreat-no-one-came> (Accessed: 21 April 2021).

¹¹⁸ Palmer, E. (2021). op. cit.

¹¹⁹ Palmer, E. (2021). op. cit.

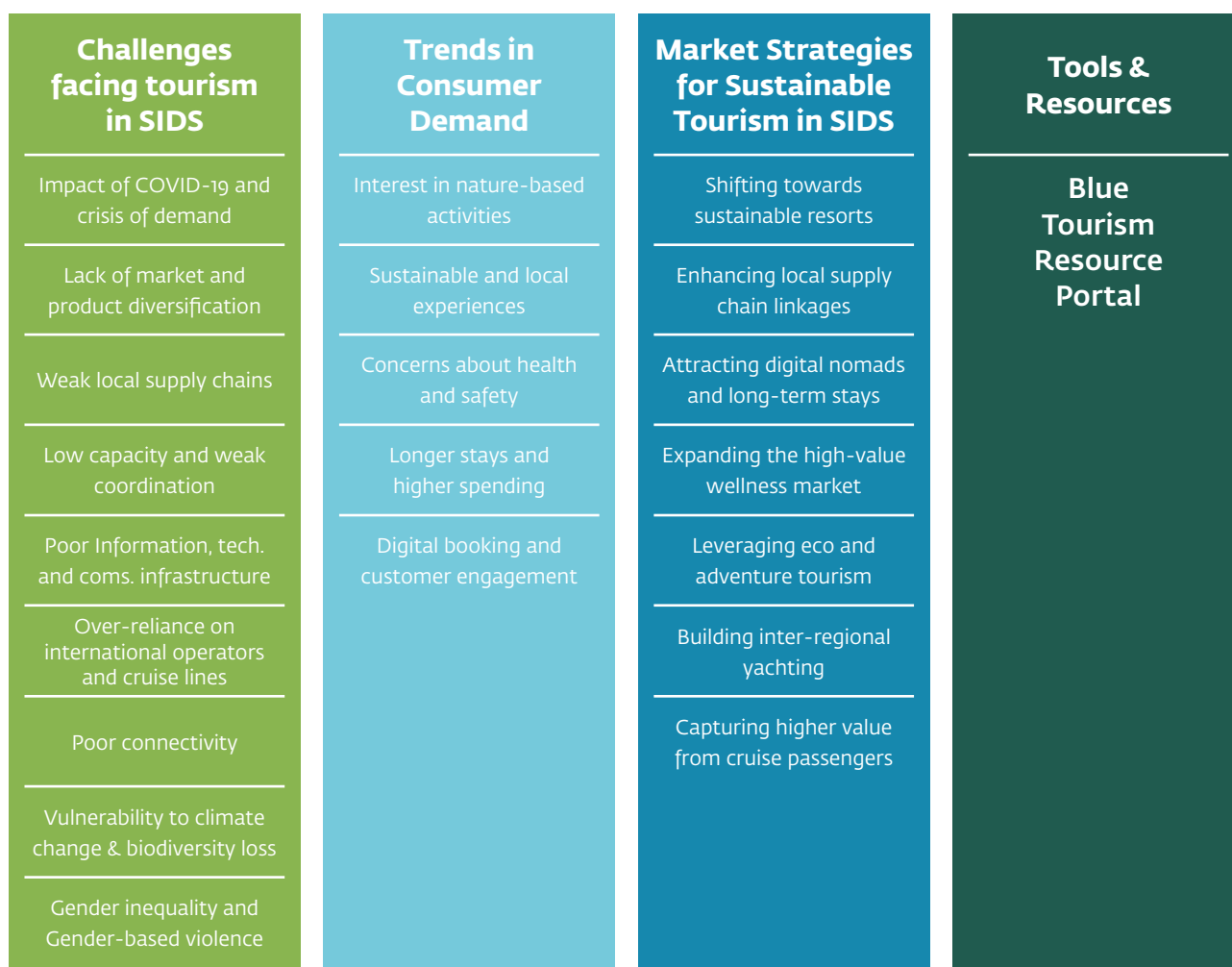
Mapping Longer-Term Sustainability Pathways

If recovery is about “returning to normal” or pre-pandemic visitor numbers, it will fail to address some of the underlying challenges facing tourism in SIDS. Many SIDS’ tourism sectors were facing challenges even before the pandemic due to poor sector and regional coordination, poor international transportation connectivity, low digitalization of the sector, and a lack of focus on conservation and climate adaptation. There has been a predominant focus on sun and sea tourism and consequent lack of market and product diversification, limited ICT and digital capacity, low investment in ICT

and environmental sustainability, and an over-reliance on international tour operators and cruise lines. SIDS are highly vulnerable to climate change; for example, the Caribbean region recorded more than 400 natural disasters since 1950,¹²⁰ and Vanuatu and Tonga were ranked as the first and second most disaster-prone countries in the world.¹²¹

This section of the report connects some of the key challenges facing tourism with new trends in consumer demand, and some potential strategies for great sustainability (see Figure 19). It also highlights resources and tools from the Blue Tourism Resource Portal that can help inform this transition.

Figure 19. Mapping Longer-term Sustainability Pathways



Source: The World Bank

¹²⁰ World Bank Group (2021). *360° Resilience: A Guide to Prepare the Caribbean for a New Generation of Shocks*.

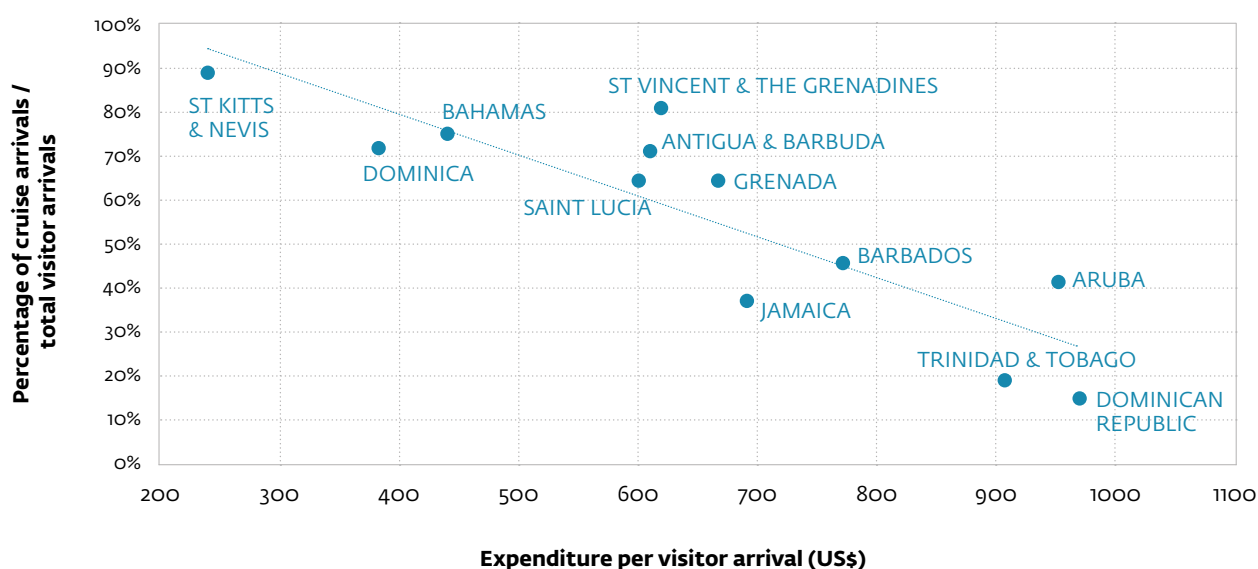
¹²¹ United Nations University (2016). *World Risk Report 2016*. Available at https://collections.unu.edu/eserv/UNU:5763/WorldRiskReport2016_small_meta.pdf

Challenges Facing Tourism in SIDS

Over-reliance on international tour operators and cruise visitors weakens the sector's potential for inclusive growth and community benefit. In the Caribbean, cruise passengers make up nearly 59 percent of all visitors but contribute less than 10 percent of total expenditure.¹²² On average, each cruise passenger spent US\$73 per visit in the local economy, compared to US\$1,700 spent

by a regular tourist.¹²³ Not surprisingly, spending per visitor arrival is therefore negatively correlated with the share of visitors that are cruise passengers (Figure 20). Further, countries with higher share of cruise visitor arrivals (as a portion of overall arrivals) also appear to have experienced stronger GDP declines in 2020 due to COVID-19 and slower recoveries in 2021 according to UNWTO and World Bank Group data.¹²⁴

Figure 20. Relationship between Share of Cruise Visitors and Expenditure per Arrival¹²⁵



Source: UNWTO, Compendium of Tourism Statistics, Data 2015-2019, 2021 Edition

Also common in SIDS are weak local supply chains for tourism. In the Caribbean, between 30 and 80 percent of the tourism spending does not stay in the country.¹²⁶ Even in local vegetable and fruits, production are often seasonal, quality may be low or inconsistent and cold storage absent, which makes it difficult for hotels to buy local products.

Women are prominent in tourism but generally disadvantaged and have particularly been impacted by

the pandemic. Lack of childcare support, harassment, gender-based violence are barriers to women's full participation in the labor force and pay equity. Women in Dominica and Jamaica, for example, earn about 85 cents for every dollar earned by men. The COVID-19 crisis disproportionately affected women – who tend to work in sectors that require in person presence such as trade, personal services, education, and tourism – with job losses 15 percentage points higher than men.¹²⁷

¹²² UNWTO *Compendium of Tourism Statistics, Data 2015-2019, 2021 Edition*. UNWTO, Madrid. Expenditure includes international receipts for travel items. These are expenditures by international inbound visitors in the reporting economy and do not include payments for international transport. This has been used due to a lack of receipts data that includes international transport for most countries in the set. Estimates have been made with 2015-2019 averages. Spending levels for cruise passengers are based on the research below. Countries included are: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Sint Kitts and Nevis, Saint Lucia, Saint Vincent and The Grenadines, Trinidad and Tobago, Jamaica and Dominican Republic.

¹²³ Business Research & Economic Advisors (2018). *Economic Contribution of Cruise Tourism to the Destination Economies*. Florida-Caribbean Cruise Association. October 2018. Spending by cruise passengers per country does not include all Caribbean destinations: US\$73.55 in Antigua and Barbuda, US\$131.95 in Bahamas, US\$77.8 in Belize, US\$64 in Barbados, US\$52.67 in Saint Vincent and the Grenadines, US\$51.5 in Grenada, US\$54.2 in Trinidad and Tobago and US\$81.12 in Saint Lucia. Regular tourist expenditure has been calculated with UNWTO data from 2018.

¹²⁴ UNWTO, *Compendium of Tourism Statistics, Data 2015-2019, 2021 Edition*; IMF World Economic Outlook; World Bank national accounts data; OECD National Accounts data files.

¹²⁵ Averages of spending and share of cruise visitors from 2014 to 2019. Visitor arrivals include both tourists (overnight visitors) and excursionists (visitors who don't spend the night). For the region, excursionists and cruise visitors are the same.

¹²⁶ Russel, D. (2020). *Addressing Leakages between the Tourism Hotel Sector and Other Sectors in the Bahamas*. Walden University. Retrieved from <https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=10909&context=dissertations>

¹²⁷ World Bank's Gender Innovation Lab for Latin America and the Caribbean (2021). *The Gendered Impacts of COVID-19 on Labor Markets in Latin America and the Caribbean*. January 2021. Retrieved from <https://documents1.worldbank.org/curated/en/675641612934705667/pdf/The-Gendered-Impacts-of-COVID-19-on-Labor-Markets-in-Latin-America-and-the-Caribbean.pdf>

Digital transformation of SIDS tourism sectors is hindered by poor leadership and coordination, limited digital skills and knowledge, lack of accessible data, and a weak regulatory environment. In SIDS these sectoral challenges are exacerbated by limited investments in ICT infrastructure, particularly in remote tourism destinations. While there is no single barrier holding back business and destination investment in digital, sector coordination and leadership is a critical gap in SIDS where national tourism organizations can be weak and underfunded. Since digitalization activities are spread across multiple agencies at national and regional levels, poor coordination can create duplication or misalignment of efforts. Poor leadership in digitalization means that digital skills development, tourism data collection and analysis, and policy are not prioritized in government planning. Finally, poor leadership means that policies can be misaligned with rapid developments in TravelTech. Regulations are not always maintaining pace with technology driven tourism business models, creating gaps in regulation that can impact destination competitiveness and create a void for new, tech-driven tourism business models.

Competition policy is a critical area of concern for SIDS that have smaller markets and face economies of scale challenges. The World Economic Forum (WEF)'s Latin America and Caribbean travel and tourism competitiveness landscape recognizes that industry services are already increasingly dominated by a small number of operators.¹²⁸ Travel businesses are serviced by online travel aggregators (OTAs), meta-search engines, travel service platforms and sharing economy players such as Airbnb.¹²⁹ Large, online platforms have the tendency to concentrate market power, especially in smaller markets like SIDS, inhibiting entry and competition from other businesses. While the use of direct marketing can enable SMEs to connect directly with domestic and international markets, this comes with marketing, promotion, use and developments costs typically born by the larger tech companies. Governments have a role to play in both creating competitive markets and innovation ecosystems that can support the development of locally led technology solutions.

Successfully implementing digital transformation will allow SIDS tourism industries to reduce costs, increase market penetration and boost profits, helping drive entrepreneurship, employment and inclusiveness. There is now much more market intelligence and digital technologies available to gain greater customer insight and preferences.¹³⁰ Greater digital readiness is positively correlated with tourism receipts,¹³¹ while improved adoption of digital services can lead to reduced costs as businesses use digitization to optimize operations and cut transaction expenses.¹³² However, most tourism SMEs in emerging economies have not explored the full range of digital services available to them and instead focus on traditional digital services like marketing, booking platforms and social media. Real business productivity gains typically come from backend digital services like property management systems, payment gateway services, inventory management, financial management, and human resource systems that can reduce the amount of time spend on business management.

International connectivity is an additional barrier to market diversification, while limited intra-regional connectivity and coordination in tourism thwarts the potential for multi-country tourism product. Caribbean countries are less likely to connect among them than with the rest of the world, even when the routes with at least one connection is considered.¹³³ Moreover, although competition for extra-regional routes exists, the market for routes within the Caribbean is very concentrated. Limited international air connectivity – although not equally problematic for all destinations – is a barrier to attract growing markets such as China or India and leaves the region highly dependent on a narrow set of source markets. For example, the United States represents over 60 percent of non-cruise arrivals to the region.¹³⁴

Accelerated Market Demand Trends

COVID-19 has dramatically reduced tourism consumer demand and increased traveler perception of risk but has also accelerated some pre-existing market trends. Five important market trends are listed here that are likely to influence opportunities for SIDS.

¹²⁸ World Economic Forum (2020). Latin America and Caribbean Travel & Tourism competitiveness landscape report: Assessing regional opportunities and challenges in the context of COVID-19: Insight report July 2020, Available at: http://www3.weforum.org/docs/WEF_LAC_Tourism_Compert_Report_2020.pdf (Accessed: 22 April 2021).

¹²⁹ World Economic Forum (2021). Latin America and Caribbean travel and tourism competitiveness landscape report: Assessing regional opportunities and challenges in the context of COVID-19. Available at https://www3.weforum.org/docs/WEF_LAC_Tourism_Compert_Report_2020.pdf

¹³⁰ World Economic Forum (2017a). Digital Transformation Initiative: Aviation, Travel and Tourism Industry, White Paper, 2017.

¹³¹ World Economic Forum (2017b). The Travel & Tourism Competitiveness Report 2017, 2017, p. 6.

¹³² World Economic Forum (2017a) op. cit.

¹³³ Briceño-Garmendia C. et al. (2015). *Connectivity for Caribbean Countries An Initial Assessment*. World Bank Group. Transport and ICT Global Practice. January 2015.

¹³⁴ UNWTO (2019). Country-specific: Arrivals of non-resident tourists at national borders, by country of residence 2014 – 2019, based on 2018 and 2019 data.

1. **Increased interest in active, outdoor, and nature-based activities, with a greater focus on sustainable, eco and nature-based destination.** A recent longitudinal study by Booking.com found that interest in staying at green accommodations has grown by over 30 percent between 2016 and 2021 and reveals how much this trend has been strengthened by the pandemic, growing from 73 percent in 2019 to 81 percent in 2021.¹³⁵ Similarly, to better understand how the COVID-19 pandemic changed traveler decision-making and attitudes on destinations, the World Bank conducted in-depth desk, qualitative and quantitative market research on three key European outbound markets (United Kingdom, Germany, and Sweden) and determined that at least one in three British and German tourists preferred to travel to sustainable, eco and nature-based destinations post COVID-19. As for the potential, across the three source markets surveyed over 70 million tourists were interested in traveling to SIDS.¹³⁶
2. **Tourists are placing more importance on sustainability and ensuring that the economic benefits of tourism reach local communities.** For example, consumer market research undertaken post COVID-19 by Booking.com with a sample of 30,134 respondents across 32 countries shows that 71 percent of them want to travel more sustainably (up 10 percent from 2021) and 53 percent are more determined to make sustainable travel choices when they travel now than a year ago.¹³⁷ This highlights the need for coastal and marine ecosystem protection to drive demand, enhance visitor satisfaction and ensure sustainability of critical marine assets.
3. **Increased concern about safety and health risks.** After their own vaccination status, destination hygiene, healthcare and travel restrictions are among top COVID-19 concerns affecting travelers' holiday decisions. At the destination, the next most important factors impacting traveler choice are the levels of hygiene and sanitation and availability of quality healthcare.¹³⁸ This result is relevant to SIDS as the tend to do worse on health indicators and facilities, according to the ATTA 2018 Adventure Tourism Development Index.¹³⁹ This stresses the importance of health standards for the industry and investing in public health infrastructure for the future. It also points to opportunities for wellness and restorative tourism for those wanting to escape the mental stress of lockdowns and illness.
4. **Longer lengths of stay and higher spending per trip.** The World Bank Tourism Watch indicated that international tourism receipts have recovered faster than volumes of visitors, increasing 15 percent in 2021 to reach US\$1,500 per tourist due to pent-up savings and longer lengths of stay.¹⁴⁰ This suggests that higher spending markets are returning faster than lower spending segments and provides opportunities to accelerate the long-desired transition to higher spenders in SIDS. This could be due to the differing impacts of the virus on different income groups. In the US, lower income groups were found to be hit the hardest and therefore less likely to take a vacation.¹⁴¹
5. **Digital booking and customer engagement.** The pandemic has also pushed more travelers to book directly (without intermediaries) and book once in the destination, driven by the need for more flexibility, shorter planning timelines, and better cancellation policies when booking direct. Travelers appear to focus direct booking on accommodation, transportation, site tours and guides, travel insurance and activities. This is likely linked to more in-destination booking, particularly for site tours, guides and entertainment. Overall, in-destination booking has been increasing, especially among younger travelers, driven by digital advancement and a desire for flexibility, spontaneity, and authenticity.¹⁴² This latter trend is also paired with a desire for more direct customer engagement and personalization. Younger travelers in particular want to build relationships with businesses before, during and after the trip with an expectation that this leads to an experience personalized to their specific needs and interests. Leveraging technology, such as artificial intelligence and data scraping, to deliver this in a cost-effective manner is critical for businesses.

¹³⁵ Booking.com (2021). op. cit.

¹³⁶ World Bank Group (2021) New Tourism Demand Trends: Risk, Health and Sustainability in the Age of COVID 19, World Bank Group, Washington D.C.

¹³⁷ Booking.com (2022). op. cit.

¹³⁸ World Bank Group (forthcoming) op. cit.

¹³⁹ Adventure Travel Trade Association and George Washington University (2018). 2018 Adventure Tourism Development Index. Retrieved from <https://learn.adventuretravel.biz/research/2018-adventure-tourism-development-index>

¹⁴⁰ World Bank Group, March 2022. Tourism Watch – Quarterly Report Issue 1.

¹⁴¹ Pew Research Group (2020). Economic Fallout From COVID-19 Continues To Hit Lower-Income Americans the Hardest. <https://www.pewresearch.org/social-trends/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/>

¹⁴² World Bank Group (forthcoming) op. cit.

Strategies for Longer-term Sustainability

This note proposes seven strategies that could help SIDS longer-term sustainable recovery from COVID-19 and four critical enablers. These strategies are proposed to help diversify tourism products and markets, take advantage of new market trends, and support the transition to a more sustainable tourism model. The strategies follow two basic principles: diversifying into higher value-

added segments and capturing more local benefit (for communities, women, the poor and for conservation) from existing ones. Given differences in destination and country endowments, development stages, institutional and regulatory frameworks as well as destination and segment maturity, an overview of each strategy is provided along with examples of destinations that have successfully implemented parts of these strategies.

Figure 21. Options for Building more Diversified and Resilient Tourism in SIDS



Source: The World Bank

1. Shifting towards more sustainable resorts

All-inclusive resorts were the fastest growing market in the accommodation sector before the pandemic. In the first six months of 2019, this market generated \$7.9 billion in sales, a 20 percent increase compared to five years earlier.¹⁴³ Despite the pandemic, sector outlook remains positive, but the pressure is mounting to increase

social and environmental sustainability. Traditional all-inclusive resorts are often foreign owned and operated, present limited managerial opportunities for local people, and have high food quality standards that may not be able to be reliably supplied by local farmers resulting in high levels of economic leakage. However, they often play a vital role in connecting islands with charter air transport and increasing the profile of the destination.¹⁴⁴

¹⁴³ Bloomberg (2019). *Marriott Jumps Into All-Inclusive Resorts with Ritz-Carlton Deal*. August 5, 2019. Retrieved from <https://www.bloomberg.com/news/articles/2019-08-05/marriott-jumps-into-all-inclusive-resorts-with-ritz-carlton-deal?ref=xmjisioj>

¹⁴⁴ Garcia, C. (2013). *Tourism Development in Cape Verde: Is it Time to Abandon the All-Inclusive Model?* Report No. 83712-CV, World Bank, Africa Region.

The growth of socially conscious travelers has inspired some resorts to charge a premium for increased local content, reduced use of plastics, and improved environmental management (renewable energy and water systems) and build comprehensive corporate social responsibility programs (CSR) like building schools, food banks etc. The World Bank consumer research found that 72 percent of travelers surveyed liked the concept of a sustainable all-inclusive holiday and 60 percent said it would make them feel happier and more comfortable about traveling.¹⁴⁵

Further, the increased segmentation of the all-inclusive markets, with luxury and boutique resorts attracting more attention, could support a transition to a higher-value model.¹⁴⁶ Examples of islands that have had success in attracting high end segments include Maldives, whose industry largely depends on its unique concept “one resort, one island”;¹⁴⁷ Seychelles, which offers a highly distinctive tourism product with relatively low tourism volumes;¹⁴⁸ Mauritius, with very high levels of service quality in its leading resorts;¹⁴⁹ or French Polynesia (Tahiti), whose receipts for travel items had an exponential growth from 2010 to 2018.¹⁵⁰ Examples of more sustainable all-inclusive resorts can be found in Brazil, Mexico, Costa Rica, Vietnam and elsewhere. They include Six Senses Ninh Van Bay,¹⁵¹ Hotel Xcaret, Riviera Maya, Copa de Arbol, Costa Rica and others. CSR features include sustainable design,

carbon offsets, local produce, conservation efforts, water and waste recycling and local education and CSR programs.

2. Enhancing local supply chain linkages

Experience from WBG operations and knowledge products offers insights on how to enhance local linkages and increase business circularity. Linkage programs work to connect producers with hotels to understand where demand exists, and where import substitution can realistically occur. This depends on improving supply and availability and quality of goods produced, existing creative industries, and availability of external service providers on the one side. There may be a win-win for environment and local producers where a premium may be paid for sustainably sourced fish and organic produce. Often this involves some upfront training, the facilitation of investment in agriculture-related infrastructure and technology, such as cold storage and smoking facilities.¹⁵² It also involves encouraging tourism operators to buy locally (where available) rather than imported produce to reduce reliance on imports (and associated packaging) increasing networking between producers and consumers, increasing awareness by tourists of local cuisine through promotion campaigns, crafted menus, and the establishment of in-hotel markets for local produce to increase visitor demand for local ingredients. A project in Fiji, for example, supported by WBG did just this to link sustainable seafood to hotels.¹⁵³ Another in Jamaica has improved supply chains to larger resorts.

Box 8: Jamaica's Linkages Programs

Jamaica has worked to establish linkages programs with relative success, but bottlenecks and opportunities for expansion remain. Jamaica has undertaken several initiatives since at least 1996, ramping up efforts from 2015 with the creation of the Tourism Linkages Council. Since 2016, the Ministry of Tourism's Speed Networking Event, organized by the Tourism Linkages Network (TLN), has generated over US\$4.5 million in business between local small and medium enterprises. However, leakage is still an issue, although its degree varies depending on the kind of product or service, as well as the typology of accommodation establishments.

A 2015 Tourism Demand Study in Jamaica estimated that around 25.5 percent of agricultural goods and 33 percent of manufacturing goods were purchased from abroad by hotels, with important differences depending on the specific product.¹⁵⁴ The study laid out country-specific recommendations: increasing the ability of food producers to match quantity and quality through targeted capacity building and aggregation for producers; strengthening information systems to collect, analyze and disseminate sourcing data and introducing incentives to the use of local content to investors.

¹⁴⁵ World Bank Group (forthcoming) op. cit.

¹⁴⁶ Julia Buckley (2019). *The future of sustainable tourism may lie with all-inclusive resorts*. CNN Travel. November 9, 2019. Retrieved from <https://www.cnn.com/travel/article/all-inclusive-resorts-sustainable-travel/index.html>

¹⁴⁷ Asian Development Bank (2019). Maldives: Economic Update 2019. Available at <https://www.adb.org/sites/default/files/institutional-document/544946/maldives-economic-update-2019.pdf>

¹⁴⁸ Bennett, O., McEwen, D. (2010). Seychelles Tourism Value Chain Analysis. Commonwealth Secretariat. October 31, 2010. Available at https://www2.gwu.edu/~iits/unwto2012/Seychelles_Tourism_Value_Chain.pdf

¹⁴⁹ Bennett, O., McEwen, D. (2010) op. cit.

¹⁵⁰ World Bank Group (2022). World Development Indicators. Retrieved from <https://data.worldbank.org/indicator/ST.INT.TVLR.CD?locations=PF>

¹⁵¹ Six Senses Ninh Van Bay. Webpage available at <https://www.sixsenses.com/en/resorts/ninh-van-bay>

¹⁵² International Finance Corporation (2018). *From the Farm to the Tourist's Table: A Study of Fresh Produce Demand from Fiji's Hotels and Resorts*. International Finance Corporation, Suva, Fiji.

¹⁵³ WWF (2015). Bringing sustainable seafood from fishers to hotels https://www.panda.org/wwf_news/?249114/Bringing-sustainable-seafood-from-fishers-to-hotels

¹⁵⁴ Jamaica Social Investment Fund (2015). *Tourism Demand Study*. Retrieved from: https://www.mot.gov.jm/sites/default/files/public/tourism_demand_study.pdf However, small sample source (20 properties) and type (the majority were not all-inclusive resorts) could point to a higher rate of leakage.

3. Attracting digital nomads and long-term stays

Digital Nomadism has dramatically increased with the onset of the pandemic and the higher prevalence of home-office and other flex-work options. Per Airbnb's Q3 2021 earnings report, long-term stays of 28 days or more are the company's fastest-growing trip length and accounted for 20 percent of nights booked that quarter, up from 14 percent in the same quarter the year before.¹⁵⁵ A July 2021 article from Travel Pulse reveals that Global Data's newest poll has found that lengthier holidays are on the rise as more people begin traveling again. The poll found that more than one in four travelers (26 percent) would prefer taking a trip of over ten nights, the second-highest trip length in the survey. Potential market segments within the long-stay tourism include retirement tourism, backpackers, and digital nomads. This latter segment is comprised of independent workers who leverage technologies to work remotely from anywhere in the world.¹⁵⁶ According to a recent research study, 15.5 million American workers currently describe themselves as digital nomads, an increase of 42 percent from 2020 and 112 percent from the pre-pandemic year.¹⁵⁷ As for retirement tourism, growing ageing population means senior tourism will become an evolving and changing market segment in the following years. Senior travel has become seasonal and, as a result, older adults travel outside the peak season because most have retired or their children have grown up, enabling them to take more holidays than travelers in other age groups.¹⁵⁸

The promotion of long-stay tourism can also contribute to wider spending in more peripheral locations.¹⁵⁹ Anecdotal evidence from Barbados suggests long-stay tourists spend as much as 12 times as regular tourists.¹⁶⁰ Further, destinations benefit from long-stay program application fees and increased total tourism expenditure in the local economy, without the risk of generating job displacement of the local population. In contrast, shorter trips sometimes generate an overconcentration of tourism flows in specific areas with a more intensive use of transport infrastructure.¹⁶¹

Attracting longer stays, and digital nomads in particular, requires the development of a special tourism attraction strategy. Supply considerations include relocation services; special visa options and taxation policies; high-quality of life (at a lower relative cost of living);¹⁶² including access to affordable, healthy food options; good climate conditions; affordability of services;¹⁶³ reliable and affordable telecommunications infrastructure, especially internet connection; safety and security; and availability of healthcare services.¹⁶⁴

4. Expanding the high-value wellness market

Wellness and restorative tourism is a valuable and growing segment post pandemic. Prior to the pandemic, wellness tourism was growing faster than overall tourism—8.1 percent annual growth rate from 2017-2019 compared to 5.2 percent for the rest of the industry. In countries such as Maldives or Seychelles, receipts from wellness tourism arrivals represented \$315.1 million and \$282.8 million in 2017, respectively.¹⁶⁵ Due to COVID-19, the global market dropped to \$435.7 billion in 2020 but is now experiencing a resurgence and expected to grow to \$816.5 billion in 2022, and to US\$1.1 trillion by 2025 with an average annual growth rate of 21 percent.¹⁶⁶

Wellness tourism offers an opportunity for SIDS to attract higher spending tourists, while leveraging underutilized natural assets. SIDS have rich natural resources as well as a varied number of medicinal and aromatic plants that have uses in wellness and beauty care, as it happens in the Caribbean region.¹⁶⁷ On the other hand, both domestic and international wellness travelers spend more on average per trip (178 percent more in the first case and 53 percent more in the second case) and look to continue their wellness lifestyle during travel, thereby creating opportunities for businesses such as yoga studios or healthy food markets. In addition to wellness experiences, they also need transportation, food and lodging.¹⁶⁸

Wellness tourism may also help destinations to reduce the seasonality of visitor flows and mitigate the negative impacts of mass tourism. However, to be competitive, SIDS need further investments in this area. While there is a well-

¹⁵⁵ Airbnb (2021). Shareholder letter Q3 2021. Available at https://s26.q4cdn.com/656283129/files/doc_financials/2021/q3/Airbnb_Q3-2021-Shareholder-Letter_Final.pdf

¹⁵⁶ MBO Partners, Inc. (2018). op. cit.

¹⁵⁷ MBO Partners, Inc. (2021). *The Digital Nomad Search Continues*. Available at <https://www.mbopartners.com/state-of-independence/2021-digital-nomads-research-brief/>

¹⁵⁸ Patterson, I. Balderas, A. (2020). *Continuing and Emerging Trends of Senior Tourism: A Review of the Literature*. Journal of Population Ageing; Dordrecht. Volume 13, N.º 3. Sep 2020: 385-399. Available at <https://www.proquest.com/docview/2071417041?pq-origsite=gscholar&fromopenview=true>

¹⁵⁹ MBO Partners, Inc. (2021). op. cit.

¹⁶⁰ World Bank Group (2021). The Future of Travel & Tourism Webinar. October 29th, 2021.

¹⁶¹ Garcia-Palomares, Gutierrez & Minguez, 2015; Ram & Hall, 2018.

¹⁶² MBO Partners, Inc. (2018). op. cit.

¹⁶³ Katelyn Smith (n.d.). *The Pros and Cons of Being a Digital Nomad*. The Remote Nomad Blog. Retrieved from <http://www.theremotenomad.com/blog/the-pros-and-cons-of-being-a-digital-nomad>

¹⁶⁴ Gustafson, P. (2002). Tourism and seasonal retirement migration. *Annals of Tourism Research*, 29(4), 899-918. Available at [http://doi.org/10.1016/S0160-7383\(01\)00084-6](http://doi.org/10.1016/S0160-7383(01)00084-6)

¹⁶⁵ Global Wellness Institute (2018). *Global Wellness Tourism Economy*. November 2018. Retrieved from https://globalwellnessinstitute.org/wp-content/uploads/2018/11/GWI_GlobalWellnessTourismEconomyReport.pdf

¹⁶⁶ Global Wellness Summit (2021). *Global Wellness Trends 2021*. Retrieved from: <https://www.globalwellnesssummit.com/trends-2021/>

¹⁶⁷ LCT Consulting and Associates LTD (2013). op. cit.

¹⁶⁸ Global Wellness Institute (2018). op. cit.

established spa industry in many of the SIDS analyzed – such as Maldives, Mauritius, St. Kitts & Nevis or Belize–, some of them face a lack of standards/regulations and skilled workforce,¹⁶⁹ and some others require upgrades to appeal to international customers and compete with

destinations such as Costa Rica, Mexico and Thailand.¹⁷⁰ Addressing these areas will require support to the business environment to attract investment, new quality standards, enhanced coordination, and capacity building to meet international standards.

Box 9: Wellness Tourism in Costa Rica

To promote and strengthen the wellness destination within the Costa Rican portfolio, the Costa Rican Tourism Board (ICT) signed a framework cooperation agreement with Asociación Wellness Costa Rica in mid-2018. The agreement outlined nine goals, including the implementation of activities that seek domestic and international recognition of Costa Rica as a wellness destination. It also aimed to manage training, provide

professional upskilling in the wellness niche for the tourism sector, and give tourism companies marketing tools to promote this area. Adding to this agreement, ICT engaged the services of the Costa Rican Institute of Technical Standards (INTECO) on to develop a national standard that set out the service requirements that wellness spas must to be accredited.¹⁷¹

5. Leveraging increased interest in Eco and Adventure tourism¹⁷²

The adventure tourism segment is valued as at least US\$420 billion, about 30 percent of the US\$1.4 trillion global outbound travel market.¹⁷³ It also provides higher yield per tourist than other market segments. Research from the World Bank, USAID, and ATTA found that generating US\$10,000 in a local economy takes approximately 96 cruise-tourists, 9 package tourists, or 4 nature travelers.¹⁷⁴ Another recent World Bank Group consumer market research survey identified the Spontaneous Adventurers as the highest spending market segment among other four, with an average US\$5,742 spent per trip and being willing to spend more for good experiences and luxury.

Thanks to their strong natural assets, SIDS have a huge potential to capitalize on adventure tourism but lack competitiveness for the segment. As per the Adventure Travel Trade Association Index, no SIDS-destination is among the top-40 global destinations in terms of this segment competitiveness,¹⁷⁵ even though they could be well positioned to foster coastal activities such as diving and snorkeling. For that to happen, there is a need to improve and expand certification and skills of operators, as well as digitalization and technology adoption by service providers that facilitate distribution channels for the segment. Adventure tourism can also be focused

on communities, helping improve local benefit and involve local women youth through agri-tourism, local gastronomy, village tours and community-based activities.

6. Building inter-regional travel with sustainable yachting

The yachting industry constitutes a major but often undervalued source revenue deriving from the coastal and marine assets. A 2019 study in four Caribbean islands found that yacht arrivals only represented 7 percent of total visitor arrivals, but estimated expenditure represented 22 percent of the total (US\$584.5 million). Similar trends have been noted in the Pacific: in 2019, Fiji received 6,697 yacht arrivals, and yacht visitor spending was estimated at \$16.3 million or \$2,438 per person (in contrast with the average \$1,560 receipts per visitor in that year).¹⁷⁶

The yachting sector is often closely related to the highly profitable sport-fishing,¹⁷⁷ and both segments need careful environmental consideration and to be sustainable. Marinas should consider impact on delicate seagrass beds and community benefits.¹⁷⁸ Recreational fishing of trophy species such as marlin, sailfish and bullfish need close monitoring to ensure safe catch and release and reduce poaching of these iconic species.

¹⁶⁹ Global Wellness Institute (2018). op. cit.

¹⁷⁰ Travel Agents Selling the Caribbean (2020). op. cit.

¹⁷¹ Instituto Costarricense de Turismo (n.d.). *Wellness tourism receives a major boost from ICT with the signing of an agreement and adoption of a spa regulation*. Retrieved from <https://www.ict.go.cr/en/featured-news/1281-wellness-tourism-receives-a-major-boost-from-ict-with-the-signing-of-an-agreement-and-adoption-of-a-spa-regulation.html>

¹⁷² For definitions see glossary

¹⁷³ Adventure Travel Trade Association (2021). *Adventure Travel Overview and Market Sizing*. Retrieved from <https://learn.adventuretravel.biz/research/adventure-travel-overview-and-market-sizing>

¹⁷⁴ Adventure Travel Trade Association (2021). op. cit.

¹⁷⁵ Adventure Travel Trade Association and George Washington University (2020). *Adventure Tourism Development Index 2020*. Retrieved from <https://learn.adventuretravel.biz/research/2020-adventure-tourism-development-index>

¹⁷⁶ ADB (2021). *Looking Forward Vol. 1 Evaluating the Challenges for Pacific Tourism after COVID-19*.

¹⁷⁷ Globally, billfish support a vast and highly capitalized tourism sector valued at some USD 70 billion per year creating 450,000 jobs. Approximately 11 million Americans participate in this activity.

¹⁷⁸ See for example, IGY Marinas community service initiative. <https://www.caribjournal.com/2015/12/17/how-these-caribbean-marinas-are-serving-their-communities/>

Destination-wide coordination is crucial to leverage the yachting potential and ensure registration fees are paid, as yacht routes are constructed between islands and require anchorages, customs and immigration arrangements, shipping forecasts and coastguard protection. COVID-19 has added additional complications to already complex process of entry protocols for each country. Destinations in the Caribbean made some progress in this area with a customs and immigration system called SailClear.¹⁷⁹ These are worthwhile investments as yachting can provide a high economic contribution, both in terms of direct visitor expenditure and indirect creation of local employment. The growth of the sector also provides an economic rationale for blue economy investments such as marine protected areas.¹⁸⁰ These in turn positively impact diving and snorkeling tourism, which when sustainably managed can promote a transition to blue tourism in SIDS.

7. Capturing higher value from cruise passengers

SIDS also need to increase value captured from traditional markets like cruise. A recent study in Fiji, for example, found 24 percent of cruise passengers did not spend at all and 47 percent cited unmet spending opportunities.¹⁸¹ Areas such as handicrafts, clothing, tours and excursions, and food and beverage presenting the strongest opportunities to capitalize. While industry sentiment surveys suggest a decrease in importance of cruise tourism, cumulative advance bookings for 2022 and 2023 point to a faster than expected recovery.¹⁸²

Critical to increase benefit capture and reduce environmental costs are an increased length of stay, greater diversity of ship size allowing more ports to participate, an increase in fly-cruise models that start from a destination, development of handicraft offering, improving experiences in destinations and the attraction of environmentally responsible small vessels. Studies have shown that an increase in dwell time in the destination increases spend per cruise visitor. Developing additional attractions that appeal to the market and spread visitors throughout the destination can also increase the economic value of cruise. Improved coordination between governments and port authorities is also needed to improve to increase bargaining power of destinations over cruise lines.¹⁸³ As with yachting, close monitoring will be needed to ensure sustainable development of cruise and reduce

the risk of environmental and social issues such as sex tourism. Small vessels can provide more educational and higher value tours and tend to have proportionally smaller negative environmental and social impacts. For small islands, and highly seasonal destinations these can be a helpful additional accommodation to reduce the strain on local amenities. In addition, by visiting different locations, small cruise ships can support outer islands that do not traditionally benefit from tourism and do not have land-based facilities.

Core Sector Enablers

Critical to tourism sector development in SIDS are enhancements in coordination, connectivity, digitalization, conservation, and capacity. For sustainable and high value tourism to grow, these policy areas need to be strengthened to address the underlying constraints and challenges specific to SIDS.

Coordination

For tourism to be part of a blue economy approach, cross-sector coordination is critical. Tourism needs to be considered not as a discrete area but in connection with sustainable fisheries, agribusiness, transport, and rural development. This is particularly important to allow for growth of new segments of the market which go beyond traditional sun and sea. For example, health and wellness tourism requires coordination with health authorities, yachting requires coordination with maritime transport, and agricultural supply chains depend on functioning producer organizations and logistics. Public-private coordination is particularly important to agree on new marketing strategies, investment priorities and crisis action plans.

Connectivity

COVID-19 exacerbated already difficult inter-island transport. Expanding connectivity between the Caribbean and new source markets and destinations is essential to reduce dependency from traditional ones. Critical challenges remain the economic viability of providing services to small populations, where tourism is seasonal. Caribbean destinations have long subsidized cruise and airlines to stop at their destination but with reduced demand these subsidies may need to be re-negotiated.

¹⁷⁹ SailClear is an optional service available for use by yachts and other pleasure craft operators who wish to submit their Customs declarations in the form of electronic notifications, prior to arrival in countries where the system is available. <https://www.sailclear.com/index>

¹⁸⁰ World Bank Group (forthcoming). Assessing the Economic Impact of Protected Areas on Local Economies in Fiji.

¹⁸¹ IFC (2019). Assessment of the Economic Impact of Cruise Tourism in Fiji, International Finance Corporation, Washington, D.C.

¹⁸² For the first half of 2022 for Carnival Cruises are within range and even ahead of 2019's bookings for the same period

¹⁸³ Santos, M., Radicchi, E., Zagnoli, P. (2019). "Port's Role as a Determinant of Cruise Destination Socio-Economic Sustainability, Sustainability". MDPI, Basel. Available at <https://www.mdpi.com/2071-1050/11/17/4542>

Digitalization

Given the cross-cutting nature of both the tourism industry and digital transformation initiatives, actions to address digital transformation constraints should begin with strong leadership and coordination. Since ministries of tourism often face a mismatch of regulatory purview – that is, they do not have authority over the regulations that impact the industry – a whole of government approach to digitalization strategy development is needed along with a strong private sector dialogue mechanism. Digital skills programs will be necessary and should focus on understanding and meeting the specific gaps in the industry as well as building digital capacity within the government. Given the pace of development of technology, skills development programs should focus on networking and mentoring versus static courses. Policies updates in the space should carefully consider anticompetitive behavior, personal data mobility, interoperability and standards, equitable access to data, and transparency. Finally, establishing the business case for investment in digital is a critical step for firm level digital transformation. Given the fragmented customer journey, the return on investment in digital is not always clear and leadership should help industry understand the potential return on digital investments.

Conservation

Capturing new market segments like yachting and diving requires greater consideration of marine conservation, expanded no-take zones and protected areas, and enhanced management of marine resources. The pandemic has put a spotlight on new financing instruments like payment for ecosystem services, debt for nature swaps, and using blue bonds to crowd-in private sector funding and nature-based solutions for climate change adaptation.¹⁸⁴ These were discussed in Box 3.

Capacity

Increasing quality of services and digitalization requires capacity upgrading to meet international standards in safety, service-delivery, environmental management, and governance. For example, in the Caribbean, more than 85 percent of all businesses in tourism are small and under-capitalized. There is a high degree of female ownership

but often low growth and lack of technology, and internet usage levels account for just 69.63 percent of the population on average.¹⁸⁵ Recent World Bank research has identified an amalgamation of factors holding back businesses and destination investment in technology adoption, among which we find lack of standards in digital education and low consideration for industry specific needs; and training, such as the mismatch in training content and format for tourism businesses, especially SMEs.¹⁸⁶

High educational outcomes in the region have not translated into development of the skills needed in the digital era. Traditional education institutions in the region are not producing enough graduates with the workforce-ready technical and “soft” skillsets in growing demand from digitally enabled industries and much of the top talent developed leaves the islands to pursue opportunities in the larger regional markets or globally. According to a World Bank-LinkedIn Report on skills and migration patterns, there is a migration of skilled talent out of the LCR region, which is a possible indication of mismatch between firms and workers in the region.¹⁸⁷ The high costs of investment in specialized digital skills is also a challenge, suggesting that a regional approach is needed to share costs and expertise to create a pool of digital talent to attract investment and support technology adoption by traditional industries.

Tools to Inform the Transition: the Blue Tourism Resource Portal

The Blue Tourism Resource Portal is an information database and e-library that has been developed to facilitate knowledge transfer amongst and between SIDS. The Resource Portal was validated through consultations on the information and knowledge needs of three countries: The Gambia (mature, tourism-dependent destination), Cabo Verde (growing small island destination), and São Tomé and Príncipe (emerging tourism SIDS). These West African countries were selected by the World Bank due to their different stages of development as destinations, geographical proximity, and demand from upcoming World Bank Group tourism operations. West Africa is also particularly under-researched in the context of SIDS and tourism.¹⁸⁸

¹⁸⁴ World Bank Group (2021). *Riding the Blue Wave: Applying the Blue Economy Approach to World Bank Operations*, World Bank, Washington, D.C. Retrieved from: <https://openknowledge.worldbank.org/handle/10986/37212>

¹⁸⁵ World Bank Group. World Development Indicators. Retrieved from <https://datatopics.worldbank.org/world-development-indicators/> Data last updated on Feb 15, 2022. Numbers from last available year from 19 Caribbean countries.

¹⁸⁶ World Bank Group, January 2022. *Mapping of Digital Along the Value Chain*.

¹⁸⁷ Zhu et. Al., 2019. *Jobs, skills and migration trends methodology & validation results*. World Bank Group, LinkedIn. Retrieved from: <https://documents1.worldbank.org/curated/en/827991542143093021/pdf/World-Bank-Group-LinkedIn-Data-Insights-Jobs-Skills-and-Migration-Trends-Methodology-and-Validation-Results.pdf>

¹⁸⁸ The information needs for blue tourism in each country were assessed based on review of existing knowledge and data, interviews with World Bank representatives in the three countries. These were then compared with available information in the Blue Tourism Inventory in order to assess its usefulness and gaps in knowledge for these case studies.

Country consultations found common information needs, including the harmonization of policy and regulatory frameworks; training resources for accommodation properties; rationalizing the roles and responsibilities of tourism bodies; affordable and widespread data connectivity; value chain linkages in the local economy; water and waste management; coastal infrastructure development; and tools to help manage large volumes of visitors. While many documents within the Blue Tourism Resource Portal address these areas, a number of gaps emerged for further work and information detailed at the end of this report.

Specifically, our research found common key questions asked by policy makers:

- **Which** approaches are the most effective, with a short-list of the most effective, cost-and human-resource efficient approaches, with the best returns on investment, and which can be implemented with the resources they have locally?
- **Who** can provide them with sound technical advice, and guide them through the process? This may include

other SIDS that have already established successful innovative approaches that could be transferred and upscaled locally, or the credible institutions and practitioners that can provide specific resources or trainings.

- **How** to access financial resources to assess and implement new sustainability measures, or strengthen those that are emerging?
- **When** different measures should be applied, and which are the most urgent to apply first in their COVID-19 recovery?

The Blue Tourism Resource Portal has been developed to address some of these needs. The Portal provides a central location for easy access to the information on blue economy issues related to tourism—including on sustainable tourism and COVID-19 responses—in the form of research, tools and toolkits, principles and policies, networks, and resource platforms. The Portal is organized around five main themes in terms of their technical focus: management, socio-economic, environment, culture, and health.

Figure 22. Categories of Tools and Resources in the Blue Tourism Inventory



Hub resources are also organized by the related SDGs and against the Global Sustainable Tourism Council Criteria (GSTC Criteria). The resources include legislation and regulation; training resources; support for the community; clean water and sanitation; infrastructure and facilities; and resources to help manage large volumes of visitors (visitor management).

Annex 3 contains examples of some of the important resources available to SIDS on the Hub based on priority knowledge needs identified by stakeholders in three pilot countries. Annex 4 includes a list of other useful tool, resources, and compilations of case studies which a specific focus on promoting sustainability.

While the inventory identified numerous resources in each of the thematic areas, information gaps were identified in the following areas:

- **Tools and toolkits:** A lack of economic monitoring and evaluation tools.
- **Principles and policies:** Few common policies or strategies were identified for socio-economic or COVID-19 recovery, all were country specific. Also missing was systematic assessment of the impact of different policies on SIDS tourism outcomes
- **Management resources:** Gaps were found in management related resources for technology and data, marketing and promotion, interpretation and communications and visitor and customer satisfaction.
- **Socio-economic resources:** Few resources include knowledge around local purchases and fair trade, work and careers, mobility/access to all, human rights, and gender.
- **Culture resources:** Resources and tools related to traditional access, authentic culture and heritage, exhibits and shows, and intellectual property.
- **Environmental resources:** Food and environmental management, sub-categories of wastewater and harmful substances, solid waste, and light and noise pollution were under-represented.
- **Geographic focus:** Regionally, there are more materials established for Africa and the Caribbean than other regions (e.g., Pacific, Mediterranean, Central America, and Antarctic).
- **Language:** Most resources are available in English. The identification of more non-English resource tools through tourism practitioners working in other languages, with French, Portuguese, Spanish and Dutch as priorities. Translation of key resources needed in different languages could be organized

with original publishers and authors including the dominant official languages of specific SIDS.

Filling the Gaps: Research and Operations

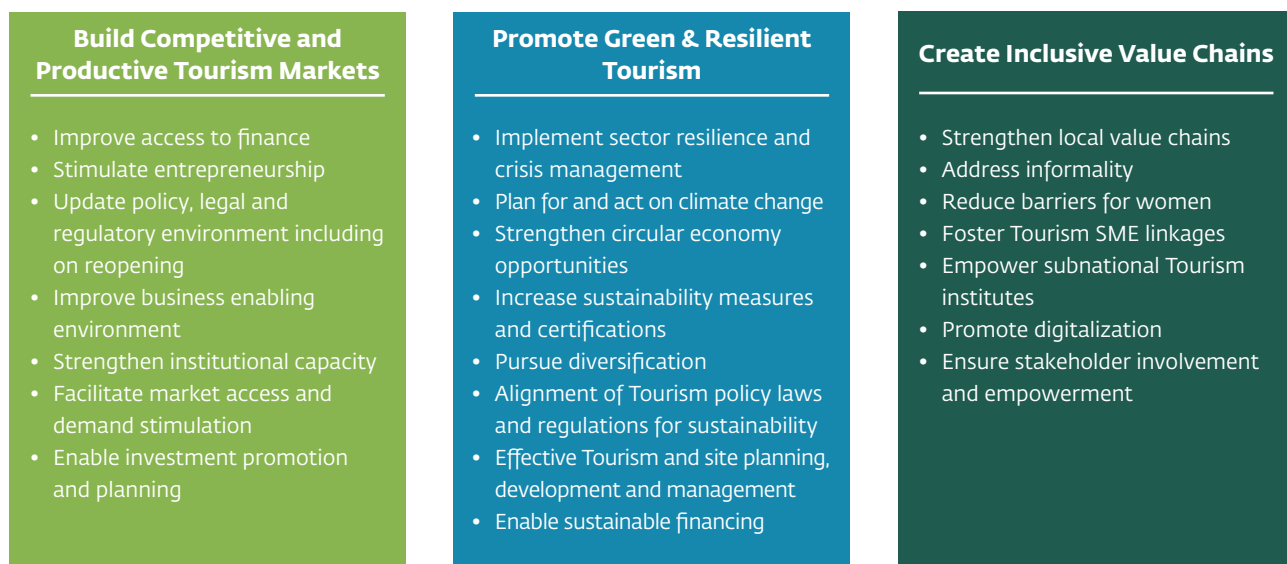
The pandemic put a spotlight on the challenges facing SIDS and small tourism-dependent nations. The global climate emergency, loss of the ecosystems the sector depends on, clean water supply and access, growing inequality, and supply chain gaps are all real and imminent threats to the tourism sector and need to be tackled now and collectively. By defining common research and technical assistance priorities and gaps for SIDS and small tourism dependent coastal nations, development institutions, academic and development practitioners can hone their future support to countries and industries and align future research agendas with stakeholder needs.

As efforts are made to ‘build back bluer’ tourism sectors, close monitoring will be needed of those policies that contribute to improved community outcomes and those that fail. Expanding economic monitoring beyond visitor spending and GDP inputs to incorporate the full range of economic and environmental costs of tourism development will be critical.

Whilst the basic principles of a successful tourism ecosystem remain the same as before COVID-19, the importance of issues such as health and safety, thriving local supply chains, environmental impacts and public-private dialogue have been emphasized by the pandemic. New tourism operations will need to consider how to affect change in the five critical enablers: coordination, connectivity, digitization, conservation, and capacity. New tourism operations will also need to put green and resilience first, be informed by new market research, and identify policies that can fast track a blue tourism transition. This Guidance Note and accompanying Blue Tourism Resource Portal are a first step towards a toolkit for next generation tourism projects.

We welcome your feedback via tourism@worldbank.org

Figure 23. Green, Resilient, Inclusive Development (GRID) Framework for Tourism Intervention



Annexes



Annex 1. List of SIDS

UN Members

ATG	Antigua and Barbuda	FSM	Federated States of Micronesia
BHS	Bahamas	MUS	Mauritius
BHR	Bahrain	NRU	Nauru
BRB	Barbados	PLW	Palau
BLZ	Belize	PNG	Papua New Guinea
CPV	Cabo Verde	WSM	Samoa
COM	Comoros*	STP	São Tomé and Príncipe*
CUB	Cuba	SGP	Singapore
DMA	Dominica	KNA	St. Kitts and Nevis
DOM	Dominican Republic	LCA	St. Lucia
FJI	Fiji	VCT	St. Vincent and the Grenadines
GRD	Grenada	SYC	Seychelles
GNB	Guinea-Bissau*	SLB	Solomon Islands*
GUY	Guyana	SUR	Suriname
HTI	Haiti*	TLS	Timor-Leste*
JAM	Jamaica	TON	Tonga
KIR	Kiribati*	TTO	Trinidad and Tobago
MDV	Maldives	TUV	Tuvalu*
MHL	Marshall Islands	VUT	Vanuatu

* Also Least Developed Country

Non-UN Members/Associate Members of the Regional Commissions

ASM	American Samoa	GLP	Guadeloupe
AIA	Anguilla	GUM	Guam
ABW	Aruba	MTQ	Martinique
BMU	Bermuda	MSR	Montserrat
VGB	British Virgin Islands	NCL	New Caledonia
CYM	Cayman Islands	NIU	Niue
MNP	Commonwealth of Northern Marianas	PRI	Puerto Rico
COK	Cook Islands	SXM	Sint Maarten
CUW	Curacao	TCA	Turks and Caicos Islands
PYF	French Polynesia	VIR	U.S. Virgin Islands

Annex 2. Examples of Sequenced Pandemic Responses Supporting Tourism Sector Recovery

Short Term Responses

Prioritize public health during pandemic

Standardized global health and safety protocols across all industries and geographies to facilitate safe travel

Worker health protections, including with personal protective equipment (PPE) equipment

International testing protocols for before departure tests and standardized quarantine procedures

Mitigate socio-economic impacts of the crisis

Jobs and wages:

Unemployment benefits, salary subsidies, and/or livelihood support for workers

Job retention schemes (employment, wage assistance support and furlough schemes)

Subsidize training for tourism workers

Credit and financing:

Direct financial support (grants / subsidies)

Banks extending credit, working capital, and deferring/reducing debt servicing obligations

Debt finance guarantees

Investment incentives to reduce the cost of capital

Taxation:

Tax payment deferrals or extended payment plans, reduction or deferments of licensing and inspection fees

Property tax rebates or payment deferrals for hotels, concessionaires, and others

Travel Incentives:

Offer promotions, more affordable products, and incentivize domestic and international travel, form of vouchers, fiscal incentives or moving bank holidays to create long weekends

Cancellation refunds to enable flexible changes and the waiving of pandemic-related change fees

Provision and purchase of travel insurance that includes COVID-19 coverage

Data Collection:

Execute a business pulse survey to assess the need of the tourism private sector

Improve data collection and support background analytical work to identify future market demand and new product development

Foster partnerships to responsibly ease/lift travel restrictions

Boost international coordination among governments to re-establish effective operations and resume international travel

Adopt a coordinated approach to re-open borders and international standard reporting on risk assessments

Engage in horizontal and vertical policy coordination and engagement with the private sector

Strengthen coordination of public and private sector collaboration

Consider the implementation of international 'air corridors' between countries or cities with similar epidemiological situations

Medium Term Responses

Build resilience across the tourism sector

Invest in crisis preparedness and health facilities to equip the sector to respond to future risks or shocks

Establish a crisis escrow account for rapid communication response for the next crisis

Policy and Regulations:

Legal adjustments to firms (Insolvency/ bankruptcy support)

Review existing regulations and legal frameworks to ensure that they are adapted to the changed requirements of the sector to facilitate recovery and post-COVID-19 growth

Tackle structural changes that can increase formality and enable improved competitiveness

Infrastructure:

Upgrade infrastructure including digital connectivity including making resilient to climate change

Repurpose tourism assets for crisis operations (e.g., hotels as quarantine or medical centers)

Business innovation:

Incentivize business expansion, digitization, and entrepreneurship

Develop capacity building and training programs to retrain tourism workers and empower them with the essential digital skills

Assist informal businesses to get registered where possible.

Tourism product & marketing:

Track and respond to new market segments in nature, adventure, culture and wellness to boost domestic and international tourism

Relaunch destinations through 'back in business' augmented promotion to key source markets.

Identify target markets that are more resilient and come back sooner, and ensuring attractive pricing, products, and access.

Provide consistent, simple, and coordinated communication to citizens and travelers via a communications campaign

Maximize technology, with innovation and digital skills

Create new opportunities including innovation, technologies and digitization and use of digital platforms

Develop and adopt innovative and digital technologies that enable seamless travel, better manage visitor flows, and improve traveler experience while making it safer.

Longer Term Sustainability Roadmap

Promote sustainability and green growth

Reinforce sustainability practices, working in partnership with local communities and accelerating sustainable agendas where possible.

Mainstream gender and sustainable policies and practices

Support sector sustainability through resource efficiency and resiliency related to climate change

Climate change mitigation and adaptation

Monitor and report CO₂ emissions from tourism operations

Accelerate the decarbonization of tourism operations

Invest in climate change adaptation strategies using nature-based solutions to reduce erosion and prevent flooding.

Social inclusion

Build skills and develop infrastructure needed to facilitate agro-/fisheries tourism linkages and blue value chains

Strengthen local community capacity to participate in value chains in the fisheries and agri sector, particularly women and youth

Work with larger hotels, cruise lines and resorts on import substitution where feasible to improve local procurement and supply chains

Conservation

Invest in innovative conservation financing, insurances, debt-for-nature swaps and blue bonds to increase sustainability and reduce dependence on tourism

Invest in nature-based solutions for sustainable tourism

Establish coastal-Marine Managed Areas (MMAs) and/or Locally Managed Marine Areas (LMMAs) with the communities

Define zoning policies to assure sustainable development, particularly in areas of natural and cultural heritage sites

Direct public investment into conservation jobs

Circular economy

Invest in innovation around circular business models including energy efficiency, waste reduction, water reuse and food waste composting

Prioritize sustainable food approaches for circularity with training, guidelines and incentives

Shift towards a circularity of plastics, energy, and water in tourism



Annex 3. SIDS Knowledge Priorities and Examples of Knowledge Hub Resources

Policies and Strategies: SIDS Knowledge Needs

- Integration of sustainable tourism in policies and strategies with issues of environment, climate change, disaster risks, sustainability, etc.
- Rationalization of regulatory framework procedures for tourism (i.e., policy harmonization, removal of incongruent/unhelpful protocols, gap analysis & filling them)
- Harmonization of laws/regulations on ocean use (e.g., tourism, fishing, mining)
- Zoning and land-use, marine spatial planning and coastal resource planning for tourism development that is compatible with citizens' needs (e.g., housing, sanitation, education, infrastructure, food production)

Examples of Resources in the Hub

- **Policies and strategies:** Building back post pandemic is a good time to updated policies and improve environmental regulations. A World Bank and United Nations report on [The potential of the blue economy: Increasing long-term benefits of the sustainable use of marine resources for Small Island Developing States and Coastal Least Developed Countries \(2017\)](#) proposes policies for better screening and control of the investments to ensure their sustainability, in order to avoid negative environmental impacts of unsustainable investments in coastal and maritime tourism operations such as waste disposal, marine litter and pollution, physical alteration of coastlines and landscapes, coastal erosion and the disruption in the balance of land-sea connections.¹⁸⁹
- **Legal and regulatory framework:** Environmental legislation is complicated by the difficulties of enforcement and compliance. The research paper on [Achieving blue economy goals: The need for improved legal frameworks across the Indian Ocean \(2019\)](#) illustrates how domestic marine environmental laws are not comprehensive, nor cohesive across the Indian Ocean region, and relevant rules are scattered across a range of laws, regulations, policy documents and soft law instruments. Marine spatial planning (MSP) offers opportunities for enhanced governance, but no Indian Ocean States have effective MSP laws.¹⁹⁰
- **Sectoral coastal tourism policies and regulations** are essential to provide a clear frame for sustainability requirements. In Thailand the government stepped in to minimize damage from pre-pandemic overtourism, with island and beach closures. However, such closures are unsustainable long-term solutions, and the paper highlights the limited administrative capacity and / or expertise of policymakers to implement sound policies and to set up a sustainable investment strategies based on the economic resources already available.¹⁹¹

¹⁸⁹ World Bank and United Nations Department of Economic and Social Affairs (2017). op. cit.

¹⁹⁰ Techera, E. (2019). op. cit.

¹⁹¹ European Commission (n.d.) op. cit.

Destination Management: SIDS Knowledge Needs

- Clarifying and rationalizing roles/responsibilities and improving coordination of tourism bodies (e.g. tourism boards, private sector associations, public sector departments etc.)
- Marketing and promotion of destinations/the country on limited budgets in public resources
- Managing large volumes of cruise-ship tourists in small destinations (e.g. traffic, overcrowding)
- Establishing realistic numbers (limits of acceptable change) to avoid overcrowding from cruise-ship tourists at excursion sites
- Erosion control (related to climate change) shipping and port dredging
- Vulnerability to climate change and natural disasters (e.g. severe weather events, flooding)
- Health and sanitation requirements for citizens/tourists – re-opening safely
- Ensuring data packages are cheap and connectivity coverage, and access

Examples of Resources in the Hub

- **Planning and management:** The research paper [Sustainable coastal tourism: problems and management options \(2012\)](#) recommends that coastal tourism destinations should include participatory processes to integrate the needs of all level of coastal zone stakeholders in sustainable management plans, considering environmental, socio-economic, and cultural dimensions.^{192 193}
- [User fees as sustainable financing mechanisms for marine protected areas: An application to the Bonaire Marine Park \(2010\)](#) is a research paper that explains how willingness-to-pay studies can be used to establish market rates charged to park visitors in marine protected areas.
- [Tourism taxes by design \(2020\)](#), produced by the Destination Sustainability Movement for Europe which offers a synopsis of the current landscape of tourism taxation and insights into the regulatory and regenerative motivations behind the design and governance of taxes. It also explores roles that taxes might play in shaping a future of more sustainable tourism and enabling destinations to withstand future shocks. Policy recommendations include for (a) destinations reinvest tax revenues either for general tourism promotion or for regenerative purposes beyond tourism, (b) Local and democratic governance and distribution of funds adds to the legitimacy of the tax and collaborative capability of the destination and (c) Destinations and accommodation providers must be open and upfront about the tax and ideally what it will be used for, and they are often well received with consumers if a modest contribution is used for purposeful and regenerative activities
- UNWTO's [Compendium of best practices and recommendations for ecotourism in Asia and the Pacific \(2012\)](#) provides specific case studies demonstrating ecotourism in practice and illustrates how tourism operators are aiming to meet the principles of sustainable tourism. The volume is directed towards government institutions, private companies and individuals involved in the ecotourism sector as well as those concerned more broadly with the environmental, social and economic sustainability of tourism organizations.

¹⁹² The coastal stakeholders include the local community (including the people engaged in non-tourism coastal practices like fishing, aquaculture and agriculture or any other occupation), tourists, the coastal tourism labor force, local and foreign investors and developers, government and non-government organizations.

¹⁹³ Ghosh, T. (2012). "Sustainable coastal tourism: problems and management options, Journal of Geography and Geology". April 2012. Available at https://www.researchgate.net/publication/228464641_Sustainable_Coastal_Tourism_Problems_and_Management_Options (Accessed: 3 June 2021).

Socio-economic Category: SIDS Knowledge Needs

- Training/capacity development to establish certifications
- Capacity development tool for DMOs (for establishment & operation)
- Training/capacity development for marketing plans, online marketing
- Capacity development/awareness raising on sustainable tourism and its challenges, including for communities
- Community-based tourism (CBT) establishment that is commercially viable in the long term (e.g. homestays, community tours, local guides) *including capacity development/training etc.*
- CSR of major capital investment in tourism (e.g. helping local schools, hospitals) as NGOs might usually
- Encouraging tourism operators to buy locally (where available) rather than imported produce to reduce reliance on imports (and associated packaging)

Examples of Resources in the Hub

- [Social License to Operate and the Blue Economy \(2017\)](#), a World Ocean Council report that summarizes the outcomes of a workshop on social license implications for the Blue Economy conducted at the Sustainable Ocean Summit in 2017.
 - [Involving communities in tourism development \(2017\)](#) shares several trial examples from Croatia, intended to strengthen relationships between the tourism sector and local communities by taking a more inclusive approach to tourism development.
 - [The role of private sector ecotourism in local socio-economic development in southern Africa \(2017\)](#) looks at the role of private sector stakeholders in local ecotourism development in southern Africa. Recommendations are put forward as to how the private sector can further effect positive change in the areas where it is operating and ensure long-term sustainability.
 - [Ocean Solutions that Benefit People, Nature and the Economy \(2020\)](#) showcases a balanced model that simultaneously achieves effective ocean protection, sustainable production and equitable prosperity. The report builds on the latest scientific research, analyses and debates from around the world—including the insights from 16 Blue Papers and 3 special reports commissioned by the Ocean Panel.
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Environment Category: SIDS Knowledge Needs

- Coastal erosion control, information/technologies, nature-based solutions
- Reducing water use among tourists and hotels (e.g. tourists using 5x more water than locals – 900 liters per day -, and water is desalinated, which is energy intensive & produces waste)
- Sustainable fishing practices that supply restaurants and service tourists
- Preventing/prohibiting pollution from cruise ships (i.e. bilge, sewage, oil, solids)
- Environmentally friendly development, circular business models and safeguards integrated into zoning, siting, design and construction
- Coastal tourism development for sustainability and resilience (i.e. avoid destruction natural resources)
- Port/jetty facilities for cruise ships and other vessels that do not damage reefs or interfere with cargo traffic
- Small ports/docks for shallower waters and more sensitive areas

Examples of Resources in the Hub

- [Tools and resources for implementing the Global Tourism Plastics Initiative \(2020\)](#), established under the United Nation’s One Planet program. This is a repository of tools has been established to support Signatories of the Global Tourism Plastics Initiative to implement commitments on elimination of single-use plastics, introduction of reusable models, engagement and collaboration with value chain stakeholders, as well as at enabling additional tourism businesses and organizations to take action on plastic pollution. The tools and resources have been organized in groups including “Reports on plastics legislation and regulations.”
- The [Legislative guide for the regulation of single-use plastic products \(2020\)](#) from UNEP and the WRI is intended to be a practical tool for those working to develop laws and regulations to limit or manage single-use plastic products. provides guidance on how to develop legislation on single-use plastic products, outlines the main regulatory alternatives, and suggests the key elements that each should include. It also provides guidance on the writing of clear and comprehensive laws and suggests key policy and drafting considerations. The guide gives examples of provisions from existing laws regulating single-use plastic products and more detailed information in the form of national case studies.¹⁹⁴
- [The plastics landscape: regulations, policies and influencers \(2019\)](#) from UNEP Finance Initiative and UN Global Compact. This resource describes various plastic-related regulations coming into force at different stages of the value chain and highlights the types of movements that influence how plastic is regulated, managed and used.
- [Reducing Caribbean risk: Opportunities for cost-effective mangrove restoration and insurance \(undated\)](#) explores how trust funds can be used to provide insurance against catastrophes, including the example of an insurance product established by The Nature Conservancy in Quintana Roo, Mexico. The paper explains how they established a parametric insurance product to help maintain coral reefs and beaches along over 160 km of the coast.
- Sustainable Travel international’s case study on [Palau: Carbon neutral tourism destination \(2020\)](#) showcases efforts aiming to help the archipelago become the world’s first carbon neutral destination, by increasing local food security; empowering women to fully participate in the tourism value chain; conserving coastal ecosystems that act as carbon sinks; and neutralizing tourism’s carbon footprint.

¹⁹⁴ UNEP (2020). Tackling plastic pollution: Legislative guide for the regulation of single-use plastic products, Available at: <https://wedocs.unep.org/bitstream/handle/20.500.11822/34570/PlastPoll.pdf?sequence=3&isAllowed=y> (Accessed: 2 June 2021).

Annex 4. Further Resources & Toolkits for Blue Tourism in SIDS

- [The handbook for sustainable tourism practitioners \(2021\)](#): A book from Edward Elgar that offers how-to tools and step-by-step guidance to outline best practice in undertaking environmental, socio-cultural and economic assessments that establish the feasibility of new tourism ventures and ascertains their impact over time. Chapters cover fundamentals including how to develop a theory of change, conduct feasibility studies and business plans, and address key topics such as visitor management and overcrowding.
- [Tourism and visitor management in protected areas \(2018\)](#): An IUCN best practice guideline that provide information on key issues to help managers achieve sustainable tourism in protected areas, including information on the impacts of protected area tourism; guidance on 10 guiding principles for adaptive management; capacity building; and managing tourism revenues for conservation benefits.
- [Sustainable tourism implementation: Framework and toolkit \(2021\)](#): This European Travel Commission handbook has been produced to support European National Tourism Organizations (NTOs) efforts to develop national approaches that advance sustainable tourism. It is intended as a practical document to aid implementation, for all European nations regardless of where they are on their sustainability journey.
- [Coral reefs: Tourism, conservation and management \(2018\)](#): This book provides an example of a guideline and good practice, a curated resource, and includes case studies. It incorporates coral reef science, management, conservation and tourism perspectives and takes a global perspective of coral reef tourism issues covering many of the world's most significant coral reef destinations.
- [CREST toolkit – with recommended actions for creating a sustainable tourism destination \(undated\)](#): Written for representatives of four islands and a coastal town in the North Sea region, this toolkit outlines what makes tourism destinations sustainable, and outlines key economic, social, environmental, quality and transport issues.
- [Guidelines for tourism partnerships and concessions for protected areas: Generating sustainable revenues for conservation and development \(2017\)](#): Published by the Convention on Biological Diversity (CBD), these guidelines provide information to support protected area authorities to achieve sustainable tourism operations in their protected areas; to bring benefits to conservation and other purposes for which the protected area has been declared; and to avoid or mitigate negative impacts. They aim to assist protected area authorities in their development and use of tourism partnerships and concessioning to contribute financially and technically to protected areas through sustainable tourism.
- [Managing tourism and biodiversity \(undated\)](#): This tool is intended for Parties to the CBD and other stakeholders to apply the Guidelines, and to make tourism more biodiversity-friendly, considering the three objectives of the Convention—the conservation and sustainable use of biodiversity, and the fair and equitable sharing of the benefits arising from the use of biological resources. It incorporates guidance on participatory planning; collecting baseline information; establishing visions, goals and objectives; legislation and control; impact assessment, management and mitigation; decision making; implementation, monitoring and reporting; adaptive management; education, capacity building and awareness raising, and a series of checklists to guide managers.
- [Linking communities, tourism and conservation: A tourism assessment process \(2005\)](#): Produced by Conservation International and The George Washington university, this resource is for field practitioners to perform a rapid assessment and analysis of tourism potential in a destination. It incorporates sustainability concepts that aim to optimize tourism development in an effort to protect natural and socio-cultural resources and improve the welfare of local people, while enhancing monetary gains and market access. This hands-on manual is also a tool for practitioners engaged in applying tourism as a strategy for biodiversity conservation and poverty reduction.
- [The UK marine monitoring & evaluation assessment strategy \(undated\)](#): An M&E tool from CEFAS that provides a framework for delivering marine policy at the UK level and sets out how to achieve a sustainable ocean via a marine assessment tool, it includes an online assessment tool.



Tourism for Development

Rebuilding Tourism Competitiveness:
from Crisis to Sustainability



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