



COVID-19 AND TOURISM IN SOUTH ASIA

Opportunities for sustainable regional outcomes



COVID-19 is affecting nearly 47.7 million travel and tourism jobs across South Asia, many held by women and vulnerable communities working in the informal sector. Losses of over US\$50 billion in gross domestic product in the region are expected in the travel and tourism sector alone as a result of the crisis. Governments are already responding with emergency programs to help small and medium enterprises stay afloat and save jobs. As the South Asia region moves from crisis to recovery planning, governments and destinations have an opportunity to think strategically about the future of their tourism sectors and implement policies that will improve the industry. This regional brief is designed to raise awareness of the importance of tourism to the region and to the World Bank's regional portfolio, highlight some measures being taken by governments and the Bank to address the crisis, and provide recommendations for short- and medium-term sustainable regional recovery, including through greater intraregional tourism. The brief covers Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Afghanistan was excluded due to a lack of data.

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Global impact of COVID-19 on travel and tourism and its subsectors

The World Travel and Tourism Council (WTTTC) estimates that 100 million jobs are at risk and US\$2.7 trillion in revenue could be lost globally in 2020 due to the COVID-19 pandemic.¹ Since 2000, global travel and tourism revenues have nearly tripled. By the end of 2019, the sector was contributing 10.4 percent of global gross domestic product (GDP) and provided one out of every 10 jobs worldwide, equating to 296 million jobs.² According to the United Nations World Tourism Organization (UNWTO), as of May 2020, 100 percent of destinations worldwide have COVID-19 related travel restrictions in place. Never before has international travel been restricted in such an extreme manner.³

Every sector of the travel and tourism industry is impacted by COVID-19. This includes airlines, transport, cruise lines, hotels, restaurants, attractions (such as national parks, protected areas, and cultural heritage sites), travel agencies, tour operators and online travel entities. Small and medium enterprises (SMEs), and micro-firms, which include a large informal tourism sector, make up around 80 percent of the tourism sector and many may not survive the crisis without substantial support. This will result in a domino effect

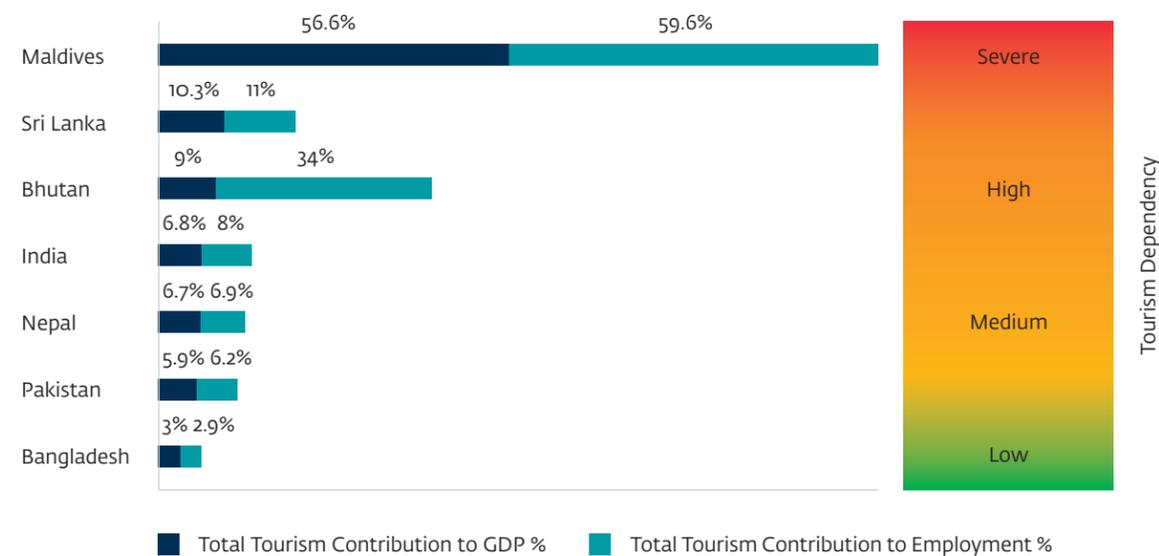
throughout the tourism supply chain impacting livelihoods in agriculture, fisheries, creative industries, and other services.

Tourism job losses have a disproportionate impact on women, youth and indigenous people. According to the recent second edition of the *Global Report on Women and Tourism* 53 percent of hotel and food service workers in Asia Pacific are female.⁴ Women-owned and run tourism businesses are often smaller and have fewer financial resources to withstand crisis. Frontline staff positions in tourism are held by women, such as housekeeping and front desk staff, putting women at particular health risk.

Tourism in South Asia and the Impacts of COVID-19

South Asia is highly dependent on travel and tourism, especially as a generator of jobs (estimated at 47.7 million in 2019).⁵ Figure 1 shows the pre-COVID-19 total (direct and indirect) contribution of tourism to GDP and employment. With fewer economic options, the Maldives archipelago is particularly dependent on tourism while other South Asia region (SAR) countries have more diversified sources of GDP including agriculture and remittances.

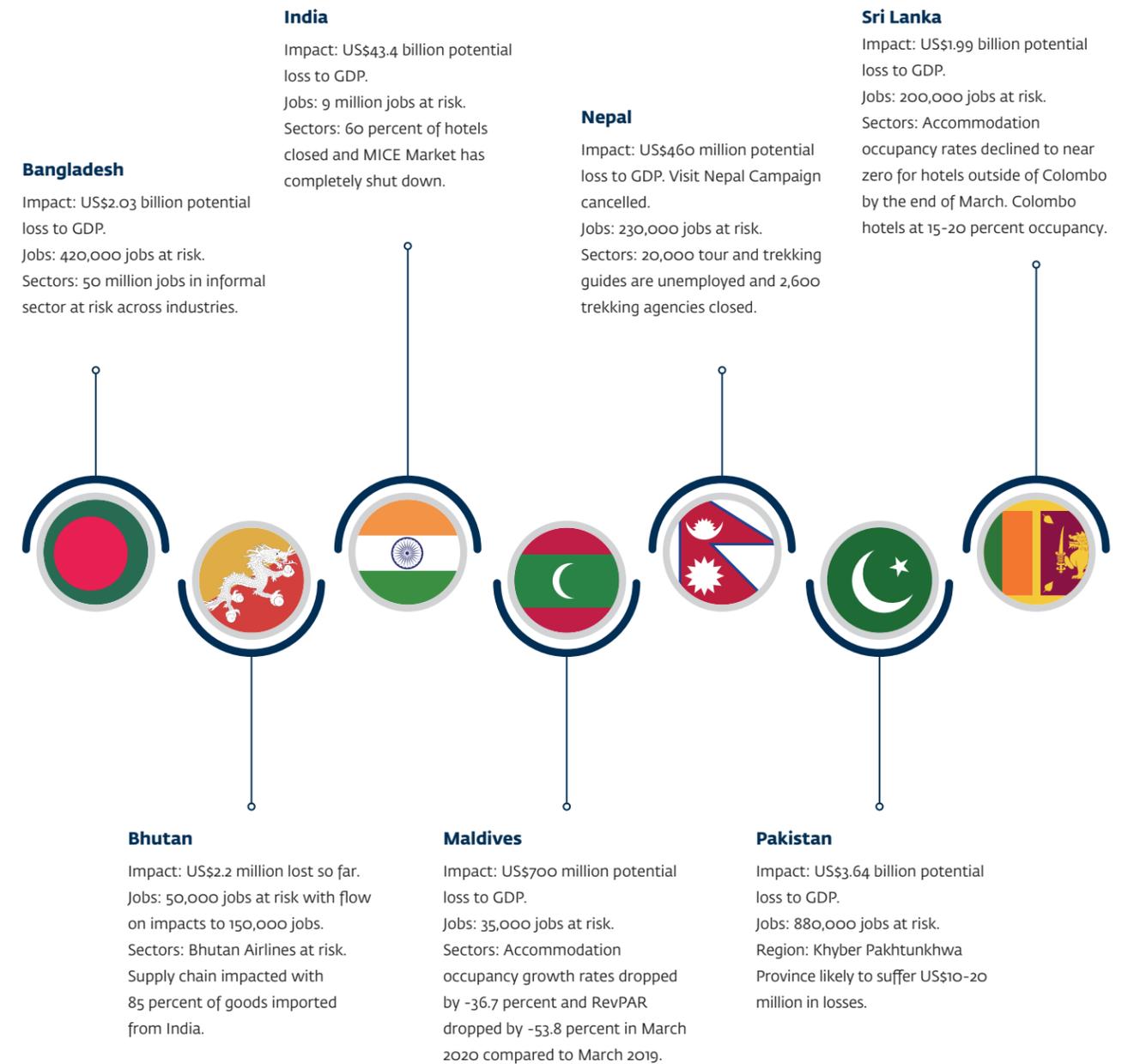
Figure 1. Total Tourism Contribution to Gross Domestic Product and Employment in 2019 and Relative Tourism Economic Dependency⁶



Note: Bhutan employment based on overall employment in the service sector.
Sources: World Travel and Tourism Council and UN World Travel Organization.

In May 2020, the World Travel and Tourism Council predicted the crisis will result in at least a 42 percent drop in international tourist arrivals and a 25 percent drop in domestic tourism across SAR. HVS, a global consulting firm focused exclusively on the hospitality industry, reports similar reductions in occupancy and average daily room rates across the region.⁷ Based on these assumptions, the region as a whole could lose 10.77 million jobs and US\$52.32 billion in GDP from the impact of COVID-19.

Figure 2. Estimated Impact of COVID-19 on Total Travel and Tourism Earnings, Total Jobs, and Sectors in South Asia⁸



Sources: WB estimates and Country Sources.



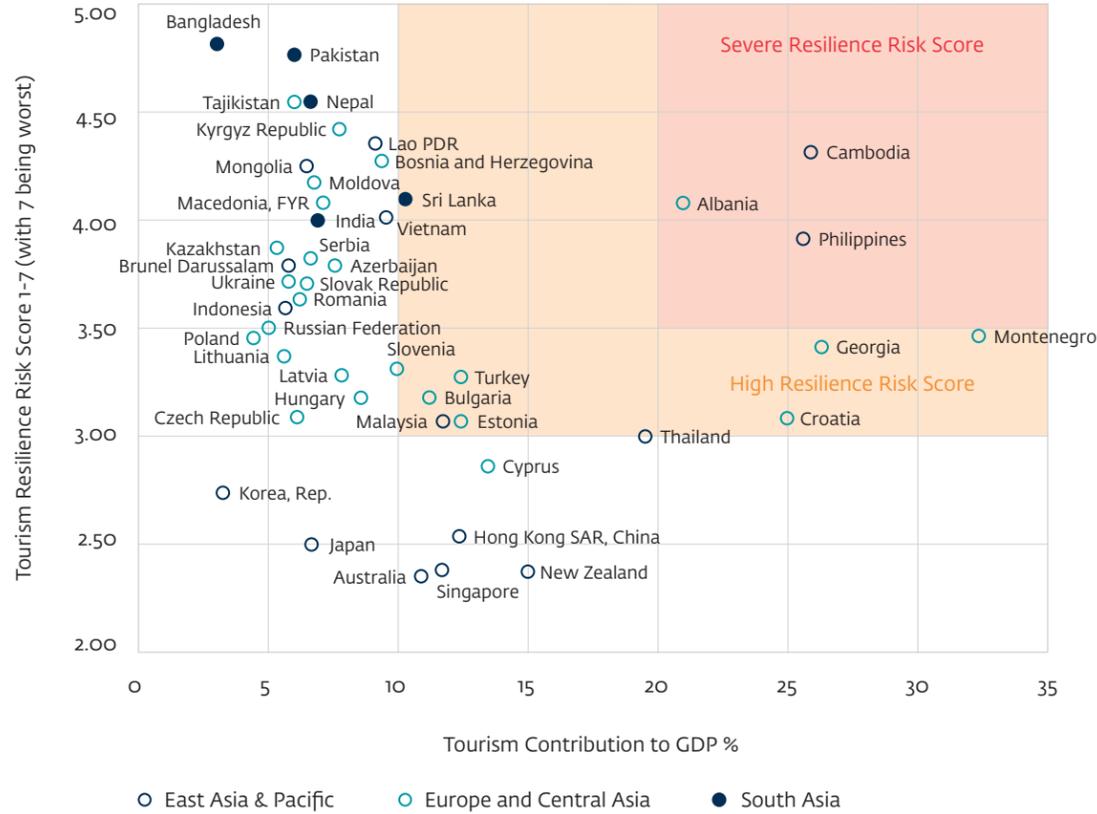
Tourism Resilience

One method to estimate which countries will need the most support to recover from COVID-19 is to assess a country's dependence on tourism against its tourism resilience. Tourism dependency can be estimated using GDP data from the WTTC.⁹ Tourism resilience is a more complex notion, a function of movement in demand, financial stability, the quality of tourism infrastructure and governance (supply). To assess resilience from a supply-side perspective, select data from the World Economic Forum Travel and Tourism Competitiveness Index (index) was used.¹⁰ The index includes 90 indicators organized into 14 pillars to assess total tourism competitiveness. For the purpose of assessing resilience, the Bank used the seven pillars most related to crisis recovery: business environment, health and hygiene, information and

communications technology (ICT) readiness, prioritization of travel and tourism by the government, international openness, air transport, and tourism service infrastructure. The mean scores were inverted and plotted against tourism dependency (tourism contribution to GDP). This resulted in a visual representation of countries with the highest dependency and the lowest resilience (i.e. high risk), illustrating which countries would need the most support in recovery. For further methodology details, see endnotes.¹¹

The results, shown in Figure 3, identify countries that have both high risk and high dependence on tourism, by region. All countries in SAR are in the severe supply-side risk category but only Sri Lanka has severe risk and high GDP dependency (greater than 10 percent). Maldives and Bhutan are not included in the analysis because the World Economic Forum does not collect data on either country for the index.

Figure 3. Tourism Risk Resilience Scores for East Asia, Central Asia, Eastern Europe, South Asia and the Pacific



Dependency (GPD): Severe: ≥20%, High: 10% to <20%, Medium: 5% to <10%, Low: ≤5%
 Resilience (WEF): Severe: ≥3.5, High: 3 to <3.5, Medium: 2.5 to <3, Low: 1 to <2.5

Sources: WTTC and World Economic Forum Travel and Tourism, 2019 Competitiveness Index.

Demand-side resilience models are less reliable because the crisis and its impact on both destinations and their markets is changing rapidly so there is insufficient information available to make reliable predictions about which markets will return first. Several recovery scenarios are possible for SAR (e.g. V, U, W or L-shaped recovery) depending on the temporal distribution of COVID-19 cases, the length of travel restrictions, and nature and timing of lock-down relaxation. What is clear is that:

- The impacts of the pandemic will likely mute the demand for travel and tourism services for at least six to nine months, and recovery will likely take twice this time.
- Domestic tourism and drive-to markets are likely to be the first to recover; and

- Intraregional travel between “COVID-19 safe zones” are likely to be the next markets that rebound after domestic travel.

Under these scenarios, countries with larger domestic markets such as India, and larger intraregional travel flows will likely have stronger demand-side recovery. The figures below show how SAR’s domestic tourism spending and intraregional travel is dominated by India. Indian domestic tourists took 1.85 billion domestic trips in 2018, contributing 5 percent to India’s GDP (Figure 4).¹² Throughout SAR, about 20 percent of the 24.5 million international arrivals are intraregional with India receiving about 64 percent of all intraregional arrivals. Figure 5, Flow of South Asia Intraregional Visitors shows the breakdown of intraregional travel.

Figure 4. Domestic Tourism Spending Percentage of Whole Economy GDP¹³

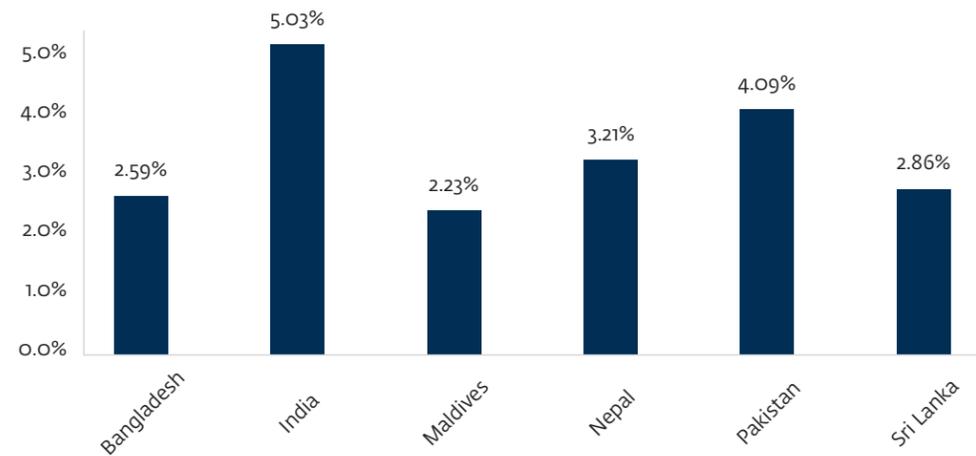
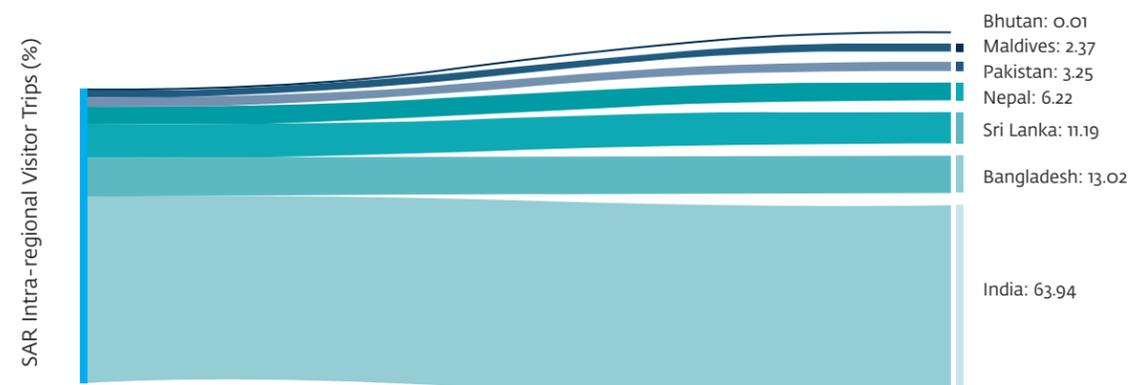


Figure 5. Intra-regional Trips by Destination¹⁴



Sources: WTTC and UNWTO, 2019.

Country policies and their speed of adoption will also impact country tourism resilience. While not exhaustive or exclusive to tourism, Table 1 illustrates the types of policies and programs launched by governments in the region as of early May 2020 to support the economy, tourism, and the travel industry because of the COVID-19 outbreak. The scale and effectiveness of policies vary from country to country.

Table 1. Summary of COVID-19 Tourism Response Activities by Governments in South Asia (May 2020)

Government Support	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Cash grants/subsidies/transfers (or similar)	✓		✓			✓	✓
Wage subsidies	✓		✓				
Tax rebates/relief/extension		✓	✓			✓	✓
Loans/loan repayment support	✓	✓	✓	✓			✓
Rules alleviation	✓		✓		✓		✓
License fee waivers for businesses							✓
Fees/bills waivers				✓	✓	✓	
Training or mentoring incentives/programs		✓					
Loans or grants for upgrades							✓
Strategic program launch for tourism		✓					✓
Tourism communications or crisis task force	✓	✓	✓	✓	✓	✓	✓
Health/sanitation certification for tourism							✓
Monitoring tourism industry data					✓		
Support for industry to address contamination			✓		✓	✓	✓
Repurpose tourism assets for crisis operations	✓		✓	✓		✓	✓
Retrain tourism workers to support health crisis	✓				✓		
National carriers waiving cancellation fees		✓	✓	✓	✓	✓	✓
Maintain cargo operations of national carriers	✓	✓	✓	✓	✓	✓	✓
Ports waive port related fees	✓		✓				

Source: World Bank research.

Recommendations for Policy Action

Tourism policy makers across the world are responding at different rates and in different ways. However, there is general agreement on the need for two distinct phases of intervention – immediate response and recovery with a focus on retaining jobs and ensuring key businesses survive. The following immediate and medium-term responses have been collated based on the **Bank Tourism Policy Note** and emerging regional and international good practice. It is important to note that policy recommendations are evolving daily and any specific country response is based on the unique circumstances of the destination at the time of implementation.

Immediate Responses

Policy interventions in the first phase are focused on survival and supporting the private sector to retain and sustain its workforce during a national lockdown and until demand returns. Three responses are suggested here along with examples of countries that have adopted these approaches.

SME Survival

The survival of small tourism businesses and prevention of layoffs are the immediate and critical concerns of most destinations. SME initiatives aim to help the industry avoid insolvency and help tourism stakeholders survive low demand so they can recover when tourism returns. Initiatives, which are not unique to tourism businesses, include facilitating access to finance on favorable terms such as guarantees, subsidized loans, extended credit lines, non-collateral financing and one-time grants. Financial support for SMEs should be timebound, focused on viable or anchor businesses, and contribute to closing any gender gaps. Additionally, some countries are helping businesses survive by suspending income tax payments and reducing air transport taxes, value-added taxes, goods and services taxes, and other fees applicable to businesses, including pay-as-you-earn tax deferrals, and income tax exemptions to give relief to staff on reduced incomes. For example, **New Zealand**¹⁵ announced large-scale tax relief packages, and **Myanmar**¹⁶ has waived a 2 percent advanced income tax on exports. Governments have also expanded safety nets to address the needs of microentrepreneurs and informal sector businesses that may have limited access to finance.

Crisis Communication

Delivering clear and reliable communication messages during a crisis is critical to create and maintain consumer trust. The Government of India, for example has launched daily COVID-19 travel advisories through the **Incredible India** website.¹⁸ **Visit Maldives** has comprehensive global information on COVID-19.¹⁹



Nepal's private sector developed **Stranded in Nepal Initiatives** to support travelers not able to leave the country.

With potential travelers under lockdown, there is a captive audience for social media and virtual tourism. The Nepal Tourism Board and private sector are preparing a **Dream Now, Travel Later** campaign to build demand, and it will include **3-D videos of the Annapurna Trek**. Companies such as **AndBeyond** are offering live virtual safaris with the slogan, **"We're bringing the wilderness to you."** Technical assistance could be offered to small tourism businesses to create online materials showcasing consume-at-home content such as virtual tours of cultural sites, destination audio-guides, restaurant- or hotel-branded cooking recipes, for example with **Sri Lankan Cuisine** and yoga classes from now-empty historic attractions.

Good Governance

Reinforcing tourism governance at all levels is fundamental during a crisis. Tourism boards and destination management organizations can help ensure private sector coordination and participation in crisis governance through formal public-private dialogue mechanisms at the national and intraregional level. Building institutional capacity among local and regional government structures can bolster resilience and facilitate faster rebound. For example, the **Pacific Asia Travel Association**²⁰ has launched an online tourism **Crisis Resource Center** with region-specific information to monitor impacts and government actions in the Asia Pacific region.

Pakistan's National Tourism Coordination Board has formed a national committee with members from the public sector and industry associations to devise a short-medium term recovery strategy. In Nepal, the tourism board has an established informal network that is activated during crises and includes both private and public sector representatives. Tourism businesses and destinations can use these platforms to communicate health and hygiene protocols to halt the spread of the virus if businesses are still operating and ensure worker safety.

Data is also critical to good governance. Some countries are using a high-frequency "barometer" or pulse survey in collaboration with industry associations or the World Bank to identify emerging issues and monitor recovery. **The Nepal Tourism Board** has added an industry survey to its website to generate new information.²¹ Destinations also need to monitor changes in traveler sentiment to understand which types of tourists will be the first to travel again and what investments are required to attract more risk-adverse tourists. Several organizations are assisting with monitoring using nontraditional big data such as **STR**, **International Air Transport Association**, **FlightRadar24** and **Forwardkeys**.²²

Recovery Responses

Once the infection rate drops, global and destination-level policy interventions will be required to restore confidence and stimulate demand while protecting front-line workers. Some destinations have already started incentivizing travel with vouchers and special promotions for tourism such as **Iceland's initiatives**. For many countries in South Asia, however, these types of programs will be out of reach due to fiscal constraints. Instead, recovery will likely focus on the supply side: safety, securing jobs, and improving infrastructure to stimulate demand.

Health and Hygiene Protocols

Designing and implementing COVID-19 cleanliness certification programs and protocols for hotels, taxis, restaurants, and attractions is critical to keep travelers and workers safe and build consumer trust. Early examples of health protocols rapidly implemented include Singapore's Clean Mark campaign and Portugal's Clean and Safe standard. Destinations will also need to comply with new international standards set by carriers and outbound border control authorities to protect travelers and employees. They may include health screening, temperature checks, disinfection protocols, antibody/immunity testing, and facilities for mandatory social distancing. This will mean new training for the safe use of cleaning products and protective equipment, particularly for front-line workers, many of whom are women.

Jobs, Innovation and Entrepreneurship

Travel post-COVID will require new skills in digital communication, health operations, and contact-free service. This is an important opportunity for innovation and digital development in areas such as virtual reality products, training, and blockchain identity tracking. Supporting SMEs and tourism businesses to navigate new digital distribution channels, enhance access to markets, and increase access to digital government services will be more important than ever. This includes preparing for more industry automation and examining ways to leverage the formal tourism industry's workforce for conservation and enhanced sector sustainability post COVID-19.

Diversifying products and services in the tourism industry is equally important to avoid dependence on a single activity or market. Providing accessible skills training, including digital training, will help ensure future service delivery is stronger. Such training will benefit vulnerable groups and allow disadvantaged communities, especially women-owned businesses, to be part of the recovery process. It will also be an opportunity to close gender gaps and equip the workforce with the right skills to interact safely with future travelers.

Destination Upgrades

The tourism pause is an opportunity for reinvestment in the environment, in parks, and cultural monuments. The accelerated implementation of selected labor-intensive civil works or conservation projects can help upgrade or reposition destinations, while creating jobs for low-skilled workers. This could include small infrastructure upgrades such as adding last-mile connectivity to a cultural site or natural park, planting trees, and upgrading tourism infrastructure within national parks and protected areas. Work might also involve cleaning river and water channels, restoring wildlife habitats, removing invasive species, building or maintaining trails, cleaning up pollution, and other coastal conservation activities.

Regional Collaboration

Post-COVID travel competition will be high and it will be more important than ever to enhance regional collaboration to fight the virus, build back together, and avoid large-scale discounting. Focusing on intraregional travel and sharing lessons learned is easier with formal regional partnerships, whether intragovernmental or between private sector tourism associations.²³

Intraregional travel has been promoted in the past with initiatives such as issuing special visas for tourists to visit multiple countries in a region, reviewing air service agreements, and developing regional tourism with an itinerary that features several sites such as the Buddhist Circuit that highlights sites in India, Pakistan, Nepal, and Bhutan. An Indian Ocean Regional Integration project recommended, for example, reevaluation of some bilateral air service agreements.²⁴ Other successful examples of intraregional cooperation include the East Africa Single Joint Visa, the Mekong region's community-based tourism and tourism infrastructure development, and the Caribbean Tourism Organization's regional marketing and promotion.

Sharing statistics, data, and research on the impact of the crisis and green shoots of recovery is important at a regional level. Market data about visitor arrivals, trends, spending, and travel patterns can help destinations throughout a region identify and focus on high yielding markets with the most value. Sharing aviation data could help determine more efficient and profitable regional air routes and potential new routes to destinations that have been poorly served.

Box 1. Three Types of Regional Integration Activities Relevant to Intraregional COVID-19 Response and Competitiveness

Facilitating access

- Removing visa restrictions.
- Improving access infrastructure (roads, port, and rail and air, border crossings).
- Aviation deregulation.
- Easing border crossing formalities.

Improving quality

- Business environment.
- Attracting investment.
- Service and quality standards.
- Nature and wildlife conservation.
- Codes of conduct.
- Workforce development.
- Labor mobility.

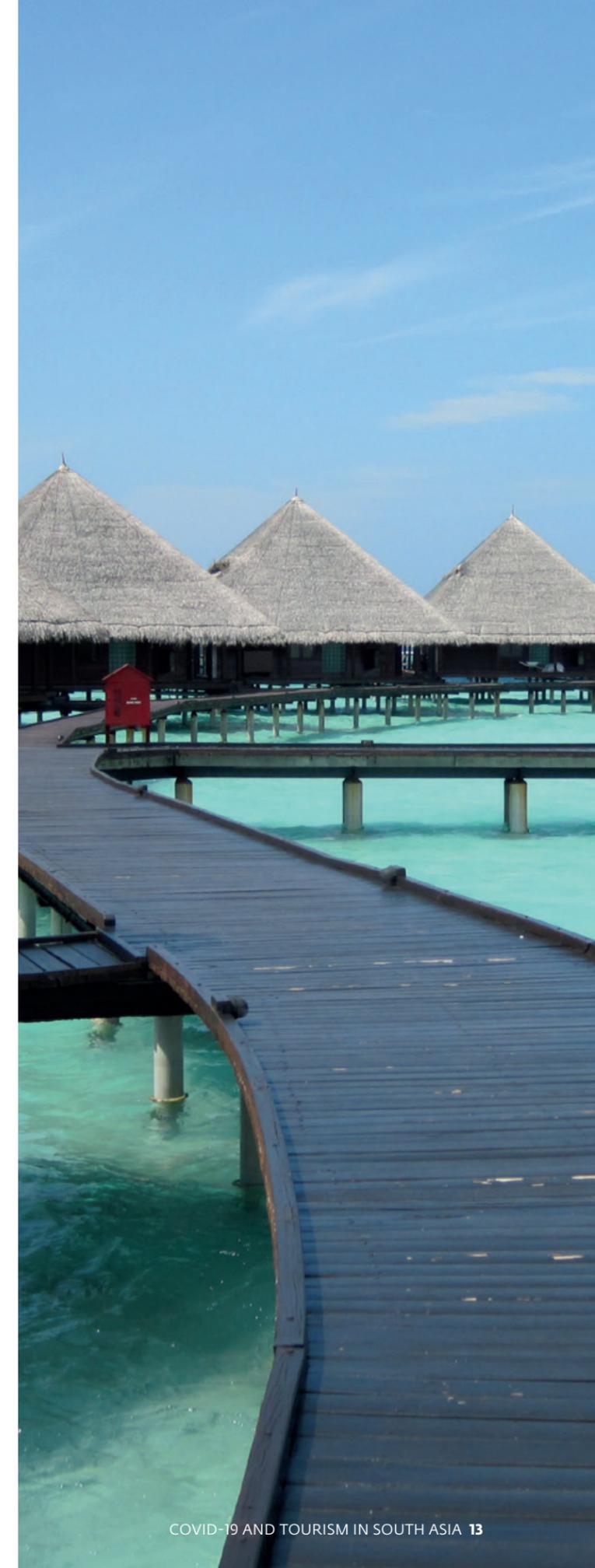
Communicating to consumers and policy makers

- Branding, marketing and promotion.
- Crisis management.
- Statistics and research.
- Advocacy.
- Stakeholder coordination.
- Increased awareness of destination communities.

Source: Dibbel, Nora; Goswami, Arti Grover. 2016. The Unexplored Potential of Trade in Services in Africa: From Hair Stylists and Teachers to Accountants and Doctors. World Bank, Washington, DC.

Long-term Vision

Despite this crisis, South Asia has a strong competitive position in the global tourism industry. The region's enormous natural and cultural assets combined with strong pre-COVID domestic and intra-regional travel demand is indicative of future growth. The opportunity now is to seize this moment of calm to envision and build a more productive, resilient tourism sector that effectively addresses poverty and gender gaps and is based on strong regional collaboration and dialogue.



Endnotes

- ¹ <https://www.wttc.org/about/media-centre/press-releases/press-releases/2020/latest-research-from-wttc-shows-an-increase-in-jobs-at-risk-in-travel-and-tourism/>
- ² World Travel and Tourism Council, 2019 Economic Impact, <https://wttc.org/en-us/Research/Economic-Impact>
- ³ UNWTO (2019) COVID-19 related travel restrictions: a global review for tourism, UNWTO: Madrid.
- ⁴ UNWTO (2019) Global Report on Women and Tourism (Second Edition), UNWTO, Madrid. <https://www.e-unwto.org/doi/book/10.18111/9789284420384>
- ⁵ Estimates by the WTTC for 2019 exclude Bhutan and Afghanistan.
- ⁶ The WTTC uses existing data on Travel & Tourism where possible, and, where necessary, fills in the gaps by supplementing data with estimates derived from the typical relationship between the missing information and other economic and Travel & Tourism indicators. They use a balance of payments approach and based data on visitor spend versus business income. Using actual and estimated data, the WTTC applies the UN Statistics Division-approved TSA methodology to quantify the direct contribution of Travel & Tourism and compiles indirect impacts from the supply chain of Travel & Tourism suppliers and Travel & Tourism investment, and induced impacts as direct and indirect workers in the Travel & Tourism sector spend their income to measure wider economic impacts. For more information see their full methodology: <https://wttc.org/Research/Economic-Impact>
- ⁷ HVS.com. COVID-19 Impact on Hotels in Asia Pacific (April 2020). HVS is a global consulting firm that focuses on the hospitality industry with expertise in the full range of hospitality assets. It provides research and updates on trends in the industry and is a centralized source of information. HVS is the company's formal name.
- ⁸ The WB calculations based on the WTTC forecasts, 2020; Provincial tourism department of the province of Khyber Pakhtunkhwa; https://www.wto.org/english/tratop_e/covid19_e/sawdf_nepal_e.pdf; <https://kuenselonline.com/covid-19-immediate-need-to-keep-tourism-employees-economically-engaged/>; <https://www.thehindubusinessline.com/economy/hotels-tourism-hit-hard-by-covid-19-impact-jll-india/article31385683.ece>; <https://www.pata.org/pata-bangladesh-chapter-covid-19-impact-on-the-tourism-industry-in-bangladesh/>; <https://www.dw.com/en/coronavirus-hits-maldives-lucrative-tourism-industry/a-53131198>; <https://str.com/data-insights-blog/covid-19-webinar-summary-5-key-points-our-central-and-south-asia-webinar-9-april>; <https://ekantipur.com/business/2020/05/06/158872950580586857.html>; HVS, Covid-19 Impacts on Hotels in Asia Pacific, April 2020, hvs.com
- ⁹ HVS, Covid-19 Impacts on Hotels in Asia Pacific, April 2020, hvs.com
- ¹⁰ The WTTC (2019) Economic Impact Country Analysis. <https://www.wttc.org/economic-impact/>
- ¹¹ The WEF Travel & Tourism Competitiveness Report (2019): Travel and Tourism at a Tipping Point, http://www3.weforum.org/docs/WEF_TTCR_2019.pdf
- ¹² The TTCI is calculated as an average (arithmetic mean) of the seven TTCI pillars. Each of the pillars is calculated as an un-weighted average of the individual component variables. A sensitivity analysis demonstrates that the pillars are closely correlated so no weighting was applied (correlation coefficient of 0.96 for both income categories - Spearman Rank Order correlation, statistically significant at the 99 percent confidence interval). For a full methodology and information on sensitivity testing, please refer to the COVID-19 Guidance Note Tourism Sector Impact and policy responses in the tourism sector. <http://tourism.gov.in/sites/default/files/Other/Brief%20writeup%2018.pdf>
- ¹³ The World Travel and Tourism Council, 2019 Economic Impact, <https://wttc.org/en-us/Research/Economic-Impact>
- ¹⁴ The UNWTO Country-specific: Basic Indicators are 2018 for all countries except for Pakistan (where the latest is 2012) and for Bangladesh (where the latest for total international arrivals is 2017 and for the portion of SAR arrivals is 2014). <https://www.newshub.co.nz/home/politics/2020/03/covid-19-12-billion-package-includes-wage-subsidies-tax-relief-and-sick-leave-support-amid-coronavirus-pandemic.html>
- ¹⁵ <https://www.irrawaddy.com/news/burma/myanmar-govt-suspends-advance-tax-exports-aid-virus-hit-businesses.html>
- ¹⁶ <http://www.pmdnews.lk>
- ¹⁷ <https://www.incredibleindia.org/content/incredible-india-v2/en/covid-19-travel-advisory.html>
- ¹⁸ <https://visitmaldives.com/en/covid19-updates>
- ¹⁹ <https://www.pata.org/about-pata/>
- ²⁰ <https://trade.welcomenepal.com/>
- ²¹ The STR is a data firm focused on the accommodation sector. It provides data benchmarking, analytics and marketplace insights for global hospitality sectors. The STR is the company's formal name. IATA is the trade association of the world's airlines that supports aviation with global standards for airline safety, security, efficiency and sustainability. FlightRadar24 is a global flight tracking service that provides real time information about aircraft movements. ForwardKeys is a big data and business intelligence company that analyzes daily flights and bookings to provide information on travel industry trends and make forecasts.
- ²² http://saarc-sec.org/areas_of_cooperation/area_detail/human-resource-development-and-tourism/click-for-details_3
- ²³ World Bank. 2013. The Way Forward for Indian Ocean Island Tourism Economies: Is There a Role for Regional Integration?, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/16641> License: CC BY 3.0 IGO.
- ²⁴



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