

Tourism, COVID-19 and poverty eradication: the experience of the Caribbean

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The Caribbean Context in Perspective



Tourism Dependence

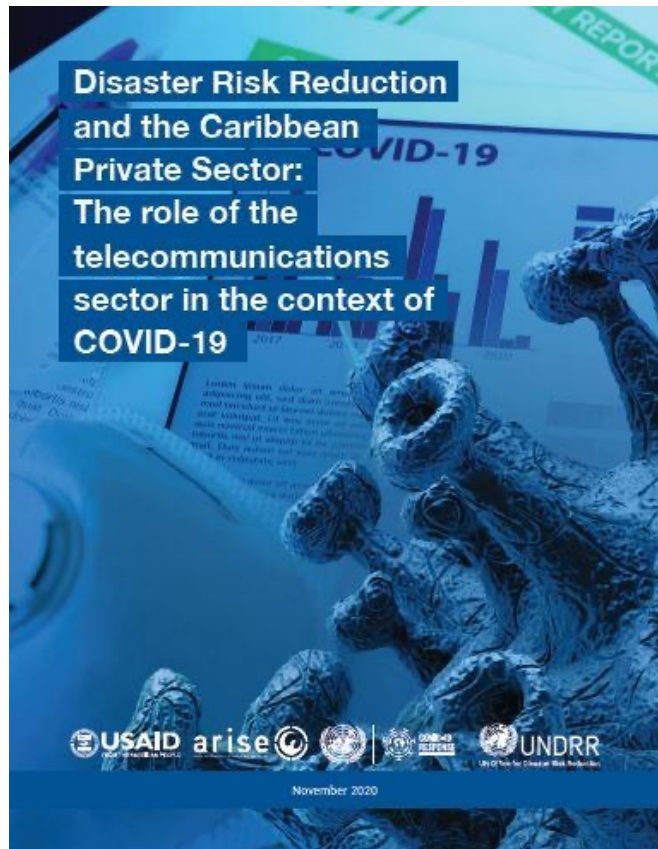
- The Caribbean is the most tourism dependent region in the world (WTTC).

Disaster Risk

- The Caribbean is the second most environmental hazard-prone region in the world (OECD).

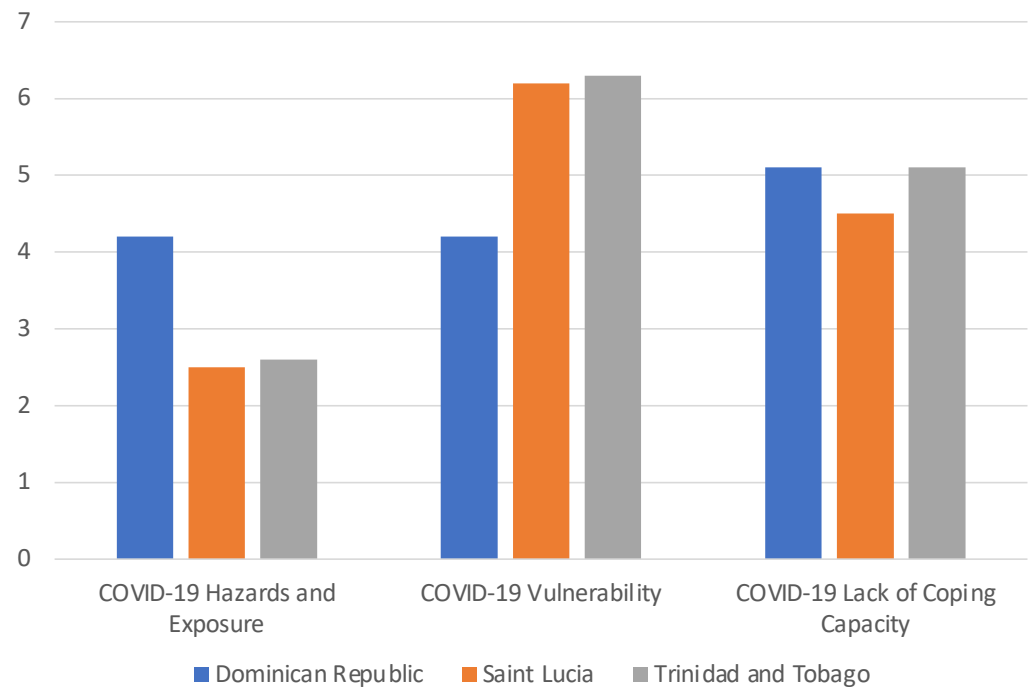
Indebtedness

- The Caribbean has one of the highest levels of indebtedness due to declining competitiveness, structural constraints and exposure to natural hazards (CEPAL).



Profile of COVID-19 Hazard, Vulnerability and Capacity

Source: INFORM COVID-19 Risk Index 2020



<https://www.ariseglobalnetwork.org/node/467>

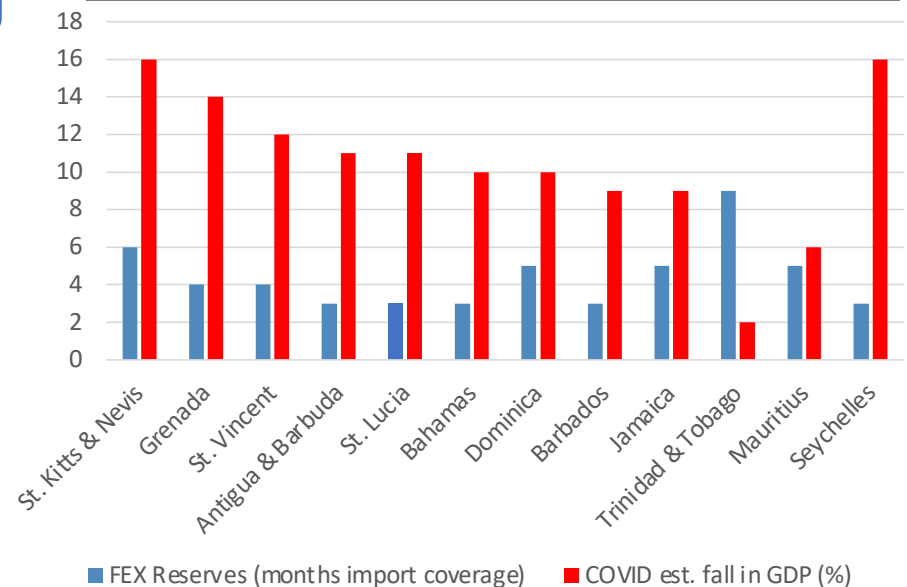
COVID-19 has worsened existing financial, economic and social vulnerabilities!

The Caribbean region is projected to contract by 6.2 percent in 2020.

This would be the deepest recession in more than half a century (IMF Apr 29, 2020)

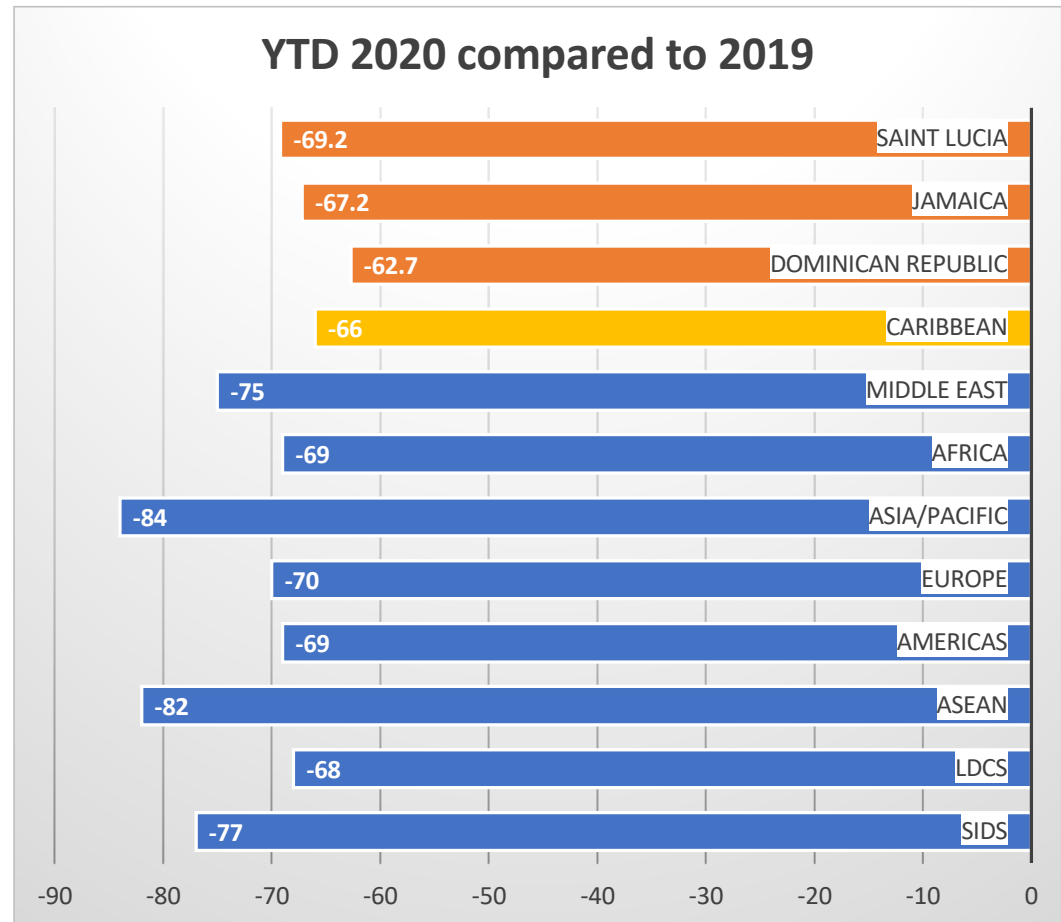
- Greater loss of GDP and increased indebtedness (Key sectors negatively impacted by reduction)
- Collapse of tourism arrivals (Travel restrictions, border closures)
- Significant impact on social debt (unemployment, inequality, poverty)

Foreign Exchange Reserves and the GDP Impact of COVID – Caribbean and other SIDS, 2019 (UNCTAD 2020)



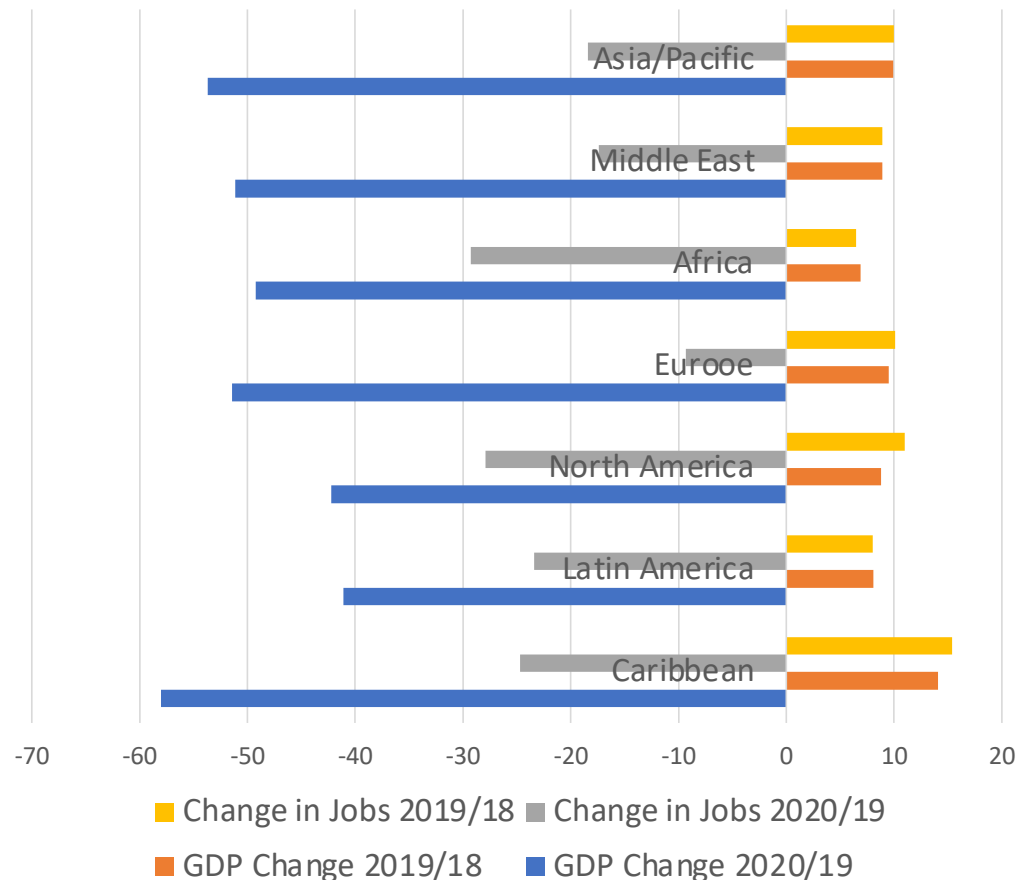
Tourism Arrivals 2020 compared to 2019 (WTTC)

- The year 2020 represents the worst level of performance for the tourism industry worldwide.
- The Caribbean suffered a decline of 66 percent which is a lower level of impact than groupings like SIDS, LDCs and other regions.
- The graph also provides data on three Caribbean countries:
 - Dominican Republic (-62.7)
 - Jamaica (-67.2)
 - Saint Lucia (-69.2)



Impact of COVID on the Tourism and Travel sector: GDP and Employment (WTTC)

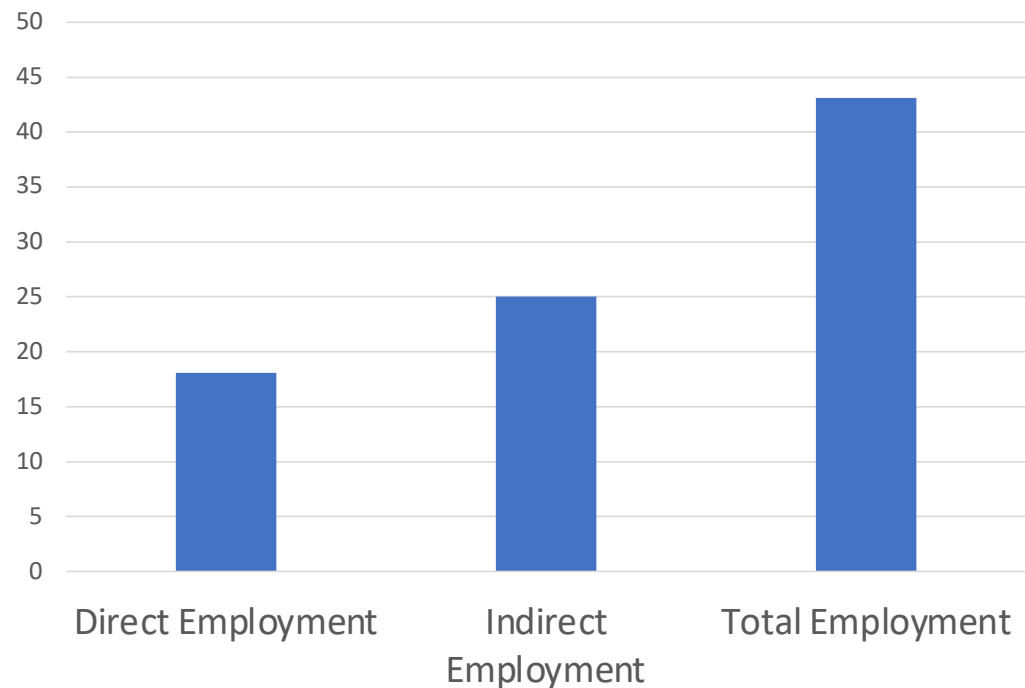
- The Caribbean is the most tourism dependent region in the world with the industry enjoying 14.1% of GDP (2019) and share of employment at 15.4% (2019).
- The impact of COVID reversed the trends resulting in GDP declining by 58% and jobs by 24.7%.
- The Caribbean has the highest GDP losses for 2020 and the third highest for jobs loss.
- The loss in revenue to the Caribbean is estimated at US\$34 bn and the employment loss is 0.7mn.



The Tourism Sector and Employment Impact

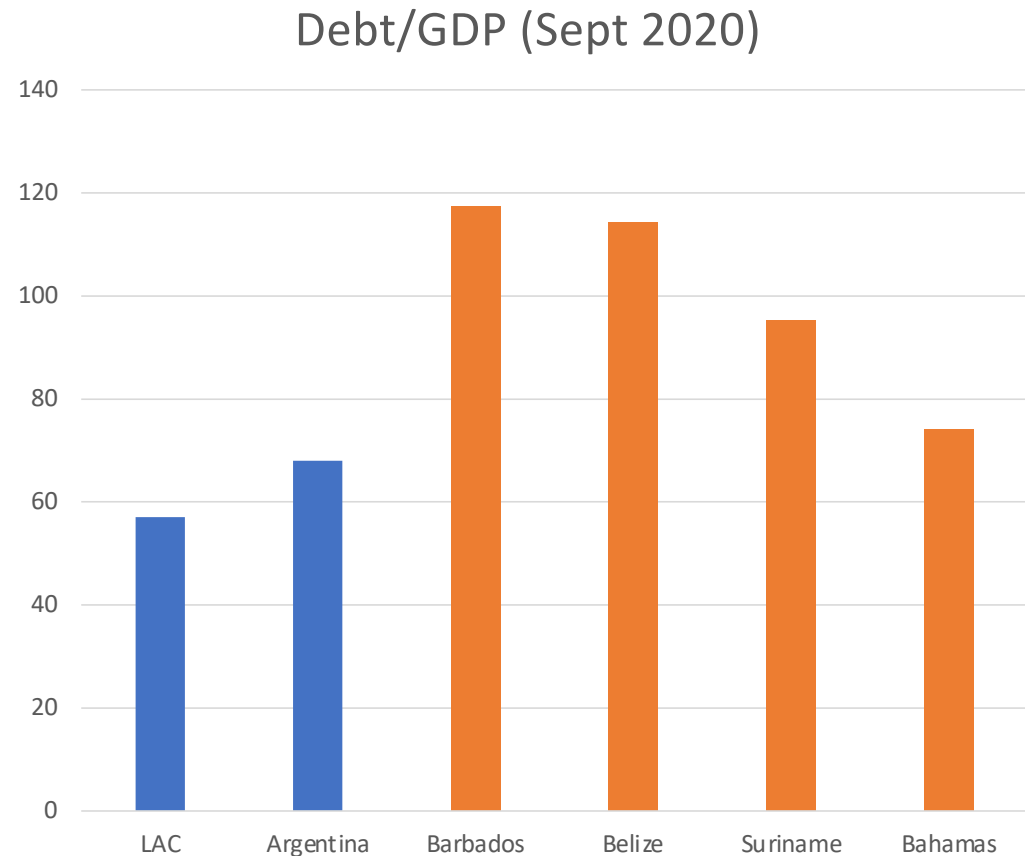
- Tourism accounts for over 50% of employment in the small Caribbean territories (e.g. OECS).
- Approximately 60% of the employees in the tourism sector are women and so there is a significant gender impact.

Average Employment in the Tourism Sector in the Caribbean (%), 2019 (WTTC)



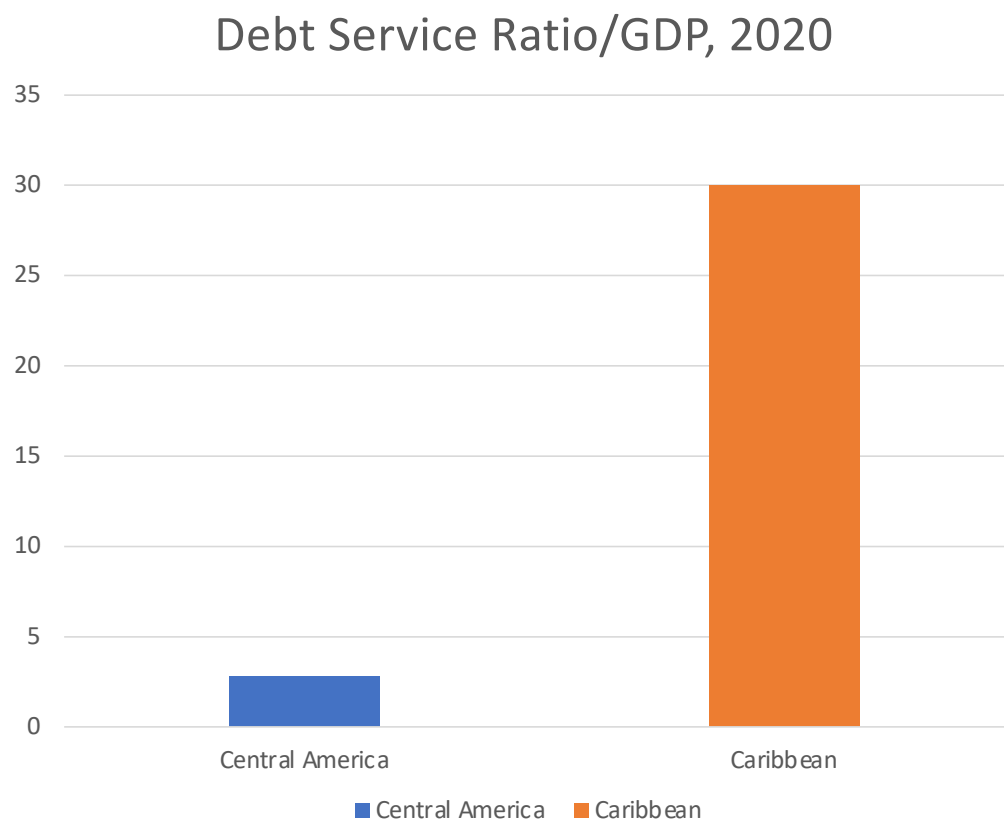
COVID-19 has exacerbated existing indebtedness (CEPAL 2021)

“Latin America and the Caribbean is the most indebted region in the developing world and the region with the highest external debt service relative to exports of goods and services (57%).”



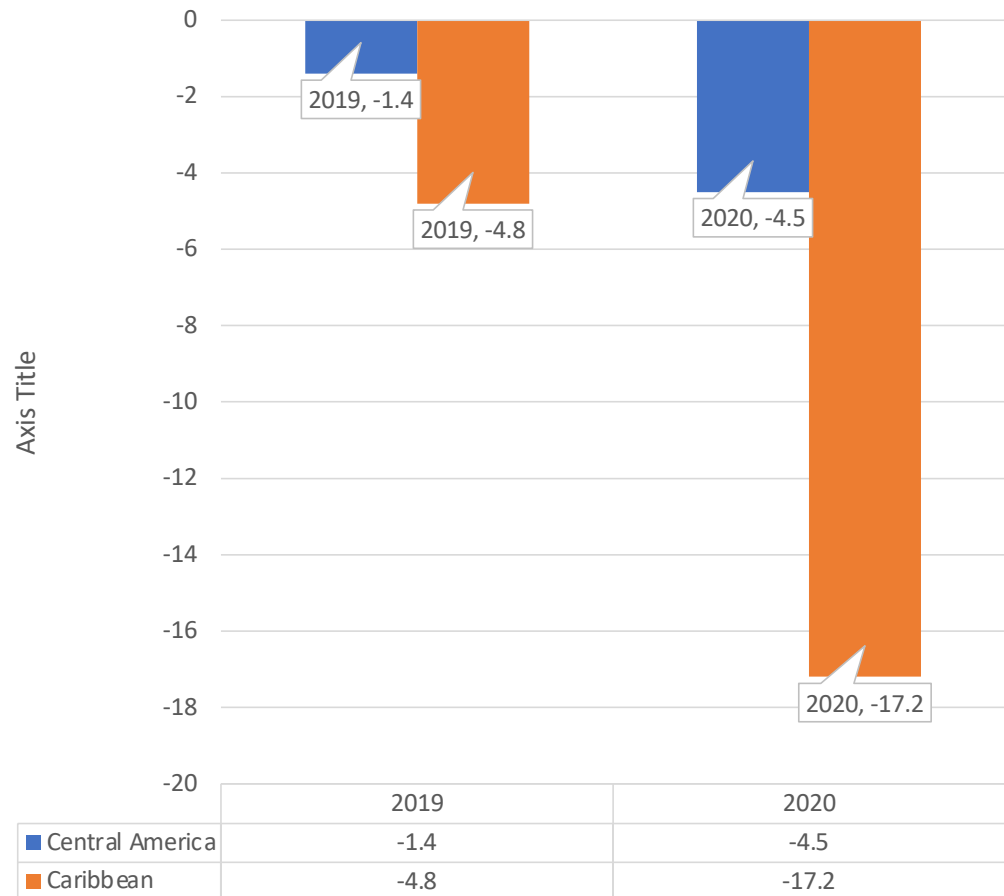
High debt servicing
and reduced fiscal
space

Debt service payments
amount to 30% of
government revenue on
average for Caribbean
countries and 2.8% of
GDP for Central American
countries.



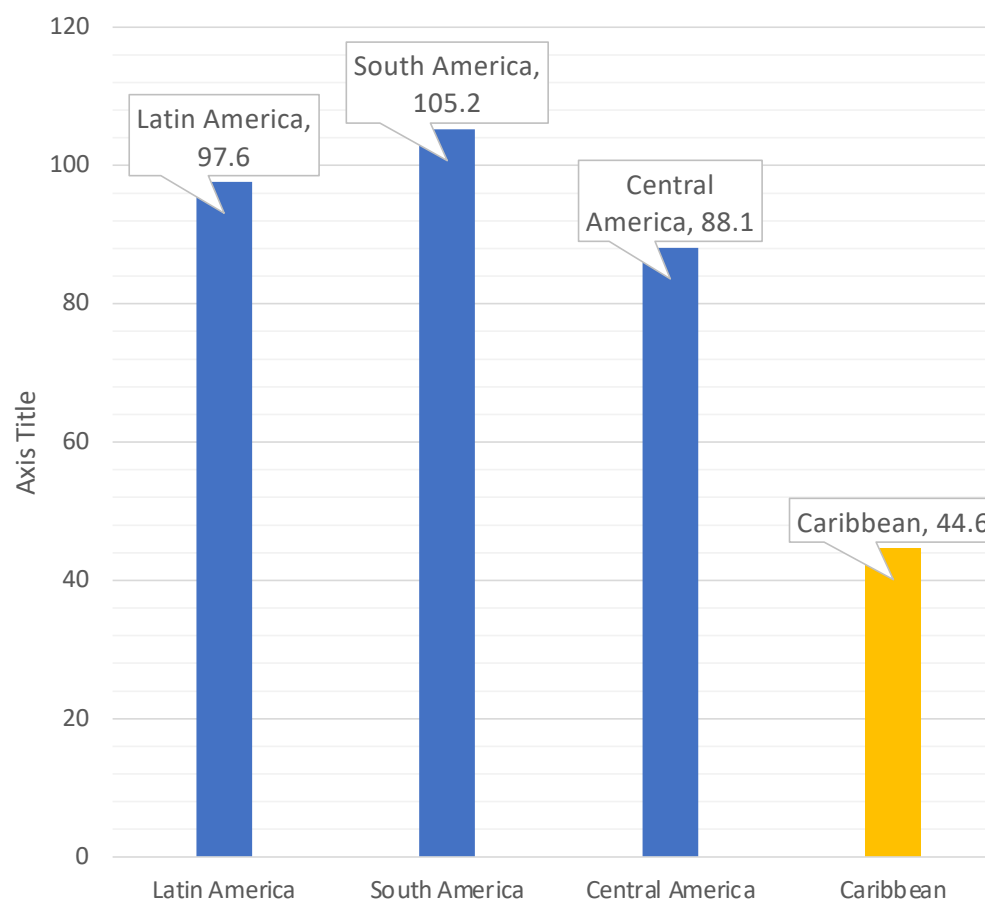
Deteriorating current account balance as a percentage of GDP 2019-2020

Between 2019 and 2020, the current account deficit widened from 1.4% to 4.5% of GDP in the case of the Central American and from 4.8% to 17.2% of GDP in the case of the Caribbean.



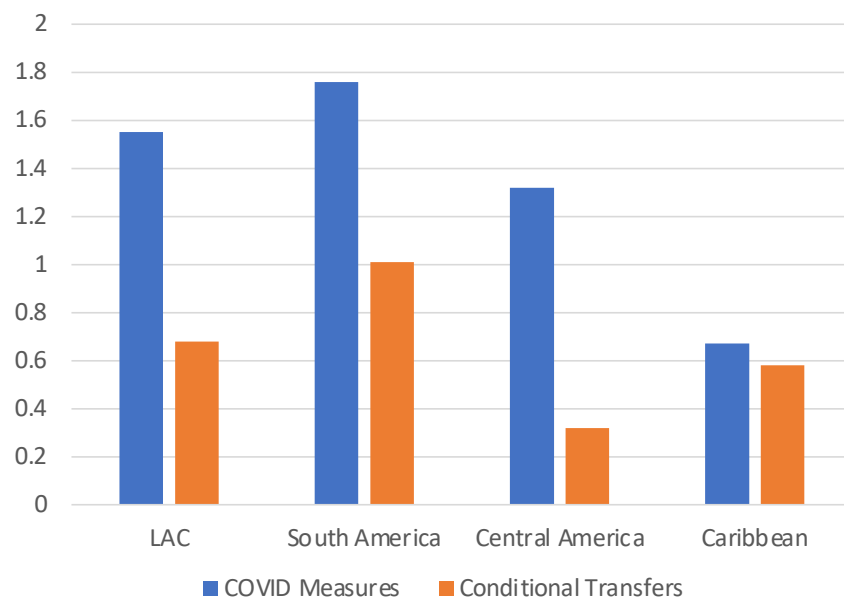
Estimated Average per Capita expenditure on Emergency Cash and In-Kind Transfers, March-December 2020 (US\$ current prices).

(ECLAC Social Panorama 2020)

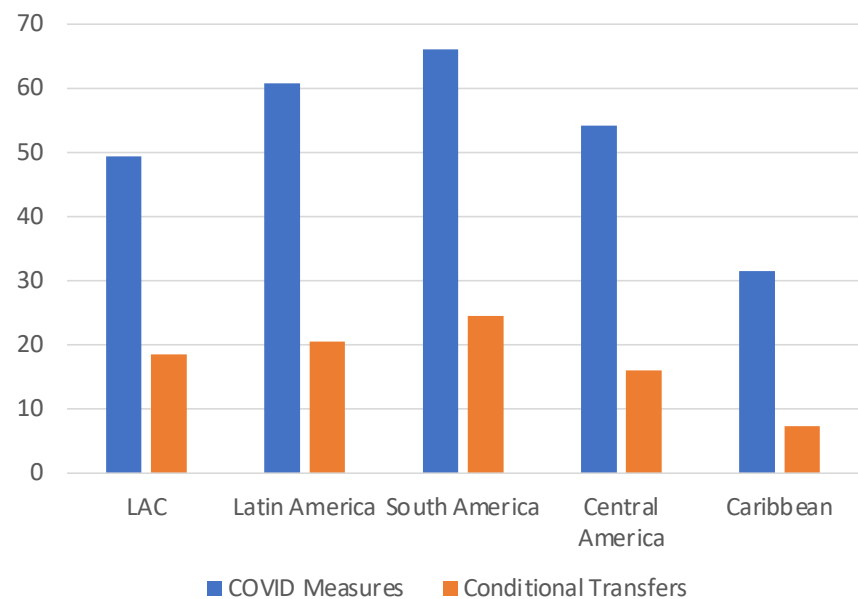


The Caribbean lags behind in Emergency Social Protection Measures (ECLAC Social Panorama 2020)

Percentage of GDP



Percentage of Total Population



The Jamaican Government has executed a series of interventions for both rapid and medium-term responses to mitigate the impacts of the COVID-19 pandemic

- This includes tax cuts equal to about 0.6% of GDP, along with targeted spending measures equal to about 0.5% of GDP:
 - Foremost among these measures is the COVID-19 Allocation of Resources for Employees ([CARE](#)) Programme, which provided assistance in the form of cash transfers to support the most vulnerable in the population.
 - Nearly [500,000 Jamaicans](#) received assistance, including persons who lost employment during the pandemic. They include beneficiaries of the Programme of Advance through Health and Education (PATH): businesses in the tourism sector, specific groups of small business operators, students, the elderly, farmers and fisher folk, and the infirmed and homeless.
 - CARE provided J\$25 billion to support economic activity, which is the largest social intervention ever in the history of Jamaica.

Strategic opportunities for Diversifying the Tourism Sector in the Caribbean

- Educational tourism – e.g. growth of medical schools in the region St. Georges University accounts for close to 20% of the GDP of Grenada; Ross University accounts for 3% of the GDP of Barbados.
- Medical tourism
- Business relocation/MICE
- Cultural/heritage/festival tourism
- Digital nomads

The COVID Case for Innovation Governance

- New challenges and opportunities have been brought about by COVID-19:
 - Public health has been brought to the forefront of public policy
 - Digitalization and Disaster Risk Reduction (e.g. teleworking) and business models (e.g. digital education) have been accelerated
- We need to firstly help countries and communities build resilient public policy as resilience is more cost-effective than recovery
- Coexisting with COVID-19 calls for inter-sectoral collaboration, solidarity and action on disaster risk reduction and public health
- The COVID-19 context requires economic and social innovation among public and private sectors
- Economic and trade diversification are an increased priority in the shift to sustainable/low-carbon and green/blue approaches
- Increased need for innovation governance, cooperation and sector-wide approaches among regional institutions