

# Supporting sustainable tourism development in least developed countries amid the COVID-19 recovery

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Sustainable tourism has considerable development potential in many least developed countries (LDCs). The sector, with its extensive linkages to a myriad of stakeholders and activities, can contribute to economic growth, community development, intercultural dialogue and environmental conservation. The coronavirus pandemic has caused unprecedented disruption to the global tourism industry, and LDCs saw tourist arrivals plunge by 67% in 2020. The social effects of the crisis have been severe, as workers, small firms and communities involved in tourism struggle to sustain livelihoods and satisfy basic needs. This policy brief explores how, in the recovery from COVID-19, tourism development in LDCs can be supported, and puts forward a set of actions that align economic, sociocultural and environmental goals.

## KEY POINTS

### **Rebuilding tourism in LDCs is a priority, but the sector must be designed sustainably**

Community and nature-based tourism are areas of competitive advantage for many LDCs, offering promising avenues for sustainable development.

### **Countries should develop a strategic and integrated approach to tourism development**

Strategic tourism development planning can strengthen domestic linkages and reduce leakages thereby generating positive spillovers for the rest of the economy and ensuring benefits are spread equitably.

### **LDCs can seek to capitalise on the crisis and the tourism sector's visibility in order to mobilise finance**

Tourism's higher profile can be a catalyst to attract public and private finance via strategies and programmes built around inclusion and long-term sustainability.

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# INTRODUCTION

Sustainable tourism has considerable development potential for many least developed countries. The sector, with its intricate value chain of extensive direct and indirect linkages to a myriad of stakeholders and activities, can contribute to inclusive economic growth, community development, intercultural dialogue and environmental conservation.<sup>1</sup>

Prior to the coronavirus outbreak and its devastating impacts, direct and indirect tourism services were estimated to account for a tenth of global GDP (WTTC 2020). While the role of tourism differs greatly among LDCs, international trade in travel and tourism comprised 50% of their combined services exports in 2018 (WTO 2020). International tourist arrivals in LDCs rose from 6 million in 2000 to 37 million in 2018, generating an increase in annual tourism earnings from US\$3 billion to \$25 billion – 9.8% of their total exports of goods and services (World Bank n.d.).

Tourism's relevance for development in LDCs is reflected in the Diagnostic Trade Integration Studies (DTIS) of the Enhanced

Integrated Framework (EIF).<sup>2</sup> A review of the references to tourism in these studies found that 45 out of 48 identified tourism as an important sector (UNWTO, ITC and EIF 2017).<sup>3</sup> Yet the sector attracts a minute share of development assistance.<sup>4</sup> Aid for trade can be a powerful tool to help create the conditions that unlock tourism's development potential in LDCs. This policy brief looks at how sustainable tourism development can be supported in the recovery from COVID-19.

## INTERNATIONAL TOURISM IS EXPERIENCING A SEVERE SHOCK...

COVID-19 has caused unprecedented disruption in the global tourism industry. The measures introduced to contain the spread of the virus in 2020, most notably cross-border travel restrictions, have led to a near-total freeze on international tourism. This has jeopardised the livelihoods of individuals, households and communities and the survival of businesses throughout the tourism value chain.

International arrivals declined by 74% for the whole of 2020 (UNWTO n.d.).<sup>5</sup> Scenarios for 2021-2024 "point to a rebound in international tourism by the second half of 2021, based on the assumption of a reversal in the evolution of the pandemic, the roll out of the vaccine, significant improvement in traveller confidence and major lifting of travel restrictions" (UNWTO 2021). The UN body anticipates that it could take up to 4 years before a return to 2019 levels. However, the outlook for the tourism economy remains highly uncertain due to the interlinked consequences of the health and economic crisis on supply and demand (OECD 2020). The sector could be facing a protracted period of stop-start cycles.

## ... GIVING RISE TO EXTREME CHALLENGES FOR LEAST DEVELOPED COUNTRIES.

The pandemic has provided yet another reminder of the vulnerability of LDCs and their populations to global shocks. International tourist arrivals in LDCs dropped by 67% in 2020 (Figure 2). This has translated, among other impacts, into a loss of employment and earnings for the numerous micro-, small and medium-sized enterprises (MSMEs) and informal workers that constitute a high share of the sector, including

**Figure 1. International tourism receipts in LDCs were rising fast**



Source: World Bank (n.d.)

1 UNWTO and EU (2013) defines sustainable tourism as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities." The value of sustainable tourism for development is recognised in the Istanbul Programme of Action and in the Sustainable Development Goals (SDGs).

2 DTIS examine the constraints and opportunities for LDCs to integrate into the world economy, including by identifying sectors of export potential. The studies include an action matrix, validated by national stakeholders, devised to integrate trade priorities in development planning and help coordinate trade-related technical assistance with donors and development partners.

3 A 2020 internal EIF brief further found that of all OECD aid for trade categories, tourism ranks 6th in terms of prioritisation in the 45 DTIS conducted between 2010 and 2019.

4 In 2006-2013, 0.09% of official development assistance and 0.4% of aid for trade were allocated for tourism (UNWTO, ITC and EIF 2017).

5 The WTTC (2020) estimates that 143 million jobs globally have been affected and that a further 32 million are at risk.

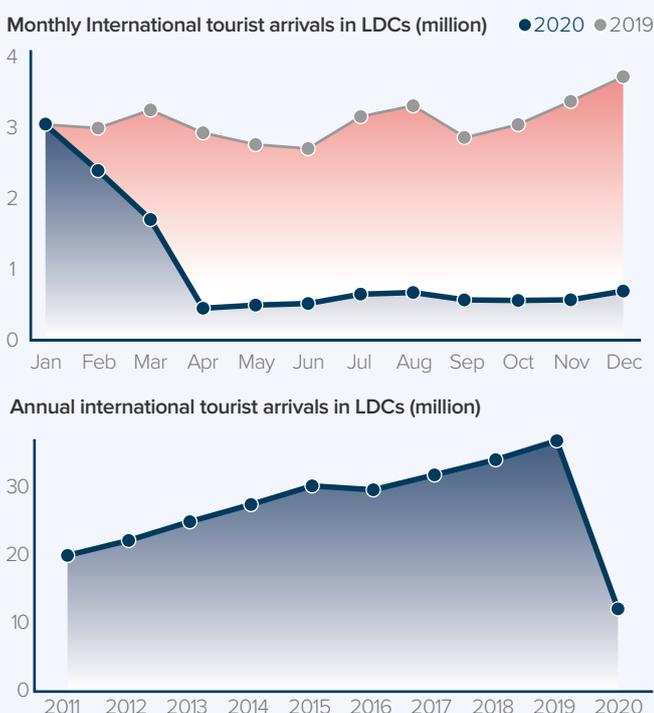


many women, rural communities and indigenous peoples for whom tourism is a source of income. (The Commonwealth 2020). The low financial resilience of these workers, firms and communities will plunge many into penury.<sup>6</sup>

Moreover, the domestic economic impact is greater than the loss of tourist expenditure due to indirect and multiplier effects along the value chain through the vast network of activities that the sector supports and is supported by. The tourism ecosystem is extremely dynamic, with forward and backward linkages across many areas (Figure 3). In LDCs, these linkages sustain livelihoods by creating jobs in labour-intensive activities like agriculture, arts, construction, fisheries, handicrafts, leisure, retail and transport, among others – enabling (under the right conditions) the local production of value-added goods and services.

6 Other contagion effects specific to LDC vulnerabilities include the high dependence of certain countries on tourism in terms of national income and government revenue combined with the lack of alternate economic opportunities.

**Figure 2. International tourist arrivals in LDCs collapsed by 67% in 2020**



Source: UNWTO (n.d.)

Note: The graph on the top shows the drop in arrivals in 2020 relative to 2019. The graph on the bottom shows the trend in tourist arrivals between 2011 and 2020. Both graphs show collated data for all LDCs.

### BOX 1. WHAT MAKES INTERNATIONAL TOURISM INTERNATIONAL TRADE?

Tourism is a form of trade in services. The General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO) includes “tourism and travel-related services”. Tourism commitments have been made by over 120 WTO members, with varying degrees of coverage. Tourism and travel-related services include services provided by hotels and restaurants, travel agencies and tour operators, tourist guide services and other related services.

Tourism has four ways of being traded under the GATS. Each of these four “modes” of supply affects tourism and travel-related services:

- **Mode 1** – *Cross-border supply: travel agents, hotels and travel guides can be accessed from importing countries.*
- **Mode 2** – *Consumption abroad: the mode of supply most typically associated with tourism.*
- **Mode 3** – *Commercial presence: chains of hotels and tour operators frequently set up hotels in multiple locations.*
- **Mode 4** – *Presence of natural persons: tour operators and hotels often employ foreign staff with skill sets that are not readily available in the country of operation.*

The policy framework should ensure that trade priorities and financing needs are identified so that they can be supported effectively by development partners through trade-related technical assistance and capacity building.

Tourism-related expenditures are primarily considered to be Mode 2 services trade under the GATS. Expenditures by international visitors count as exports for the destination country and as imports for the country of residence of the visitor. Mode 2 is the most liberalised, figuring most prominently in the GATS commitments. Nevertheless, even if international tourists crossing borders is the most common and least restricted form of international trade in tourism services, the other three modes of supply also have direct relevance for tourism. In addition, many decisions in the realm of trade policy (for example investment measures and goods and services imports) affect the sector.

Source: Adapted from ITC and UNWTO (2015).

Sustainable tourism in LDCs has also integrated communities in efforts to conserve natural habitats and preserve cultural assets. The effects of COVID-19 on conservation tourism, especially in Africa, are potentially devastating, underlining the role of ecotourism and community-based tourism for the conservation of wildlife and biodiversity, as well as the importance of tourism-derived earnings for households living in and around land and marine protected or conserved areas (IUCN 2020).<sup>7</sup> The collapse in revenues has constrained the ability to manage and shield conservation areas from environmental crimes, while, in the absence of alternative opportunities, communities may turn to the overexploitation of natural resources for consumption and much-needed income (UN 2020).

The cultural implications of the tourism crisis in LDCs are also potentially consequential. Local traditions and culture are one of the principle drivers of tourism, and can transform the value societies and communities ascribe to their heritage. The loss of revenue derived from this demand could inhibit efforts towards the preservation of historical or other sites and threaten the survival of cultural institutions (UN 2020).<sup>8</sup>

### THERE WILL BE OPPORTUNITIES WHEN TOURISM RECOVERS...

The coronavirus pandemic will probably transform the tourism sector for the foreseeable future, if only by adding new health and safety standards to the list of factors that destination countries must invest in to be attractive and competitive (and even accessible depending on the design of future travel protocols).

However, there will be opportunities for LDCs to seize, including by harnessing domestic and regional tourism, once a medical solution to COVID-19 allows pent-up demand to pick up and international routes to reopen.<sup>9</sup> Early planning for this recovery is imperative through continued investment and readiness. LDCs should develop a strategic approach to participating in the sector, whereby greater benefits are derived from tourism in terms of capturing value and strengthening domestic linkages with the economy, society and nature.

At the time of writing, it is a matter of conjecture whether COVID-19 will lead to long-lasting behavioural change among travellers and whether, on the supply side, disruptions to the industry will be permanent. But there is some degree of consensus that a return to business as usual is unlikely (G20 2020; OECD 2020; UN 2020). The main challenges for LDCs include establishing trust among consumers, securing access to markets and maintaining capacities, not least skills, especially if the crisis endures and the recovery is uneven. The opportunities reside in new business models, digitalisation,

stimulating entrepreneurship and moving towards sustainable tourism development.<sup>10</sup>

### ... FOR WHICH POLICY INTERVENTION AND INTERNATIONAL COOPERATION ARE NECESSARY.

Driven by the extreme nature of the crisis in the global tourism industry, many countries are implementing response and recovery measures targeted at the sector.<sup>11</sup> In the short term, these policy responses address immediate crisis management to mitigate the economic and social impacts, while in the longer term, they seek to stimulate a resilient recovery. In both of these dimensions, LDCs that wish to prioritise or revitalise tourism in their recovery and development plans are in need of assistance and would benefit from collaborative policy action. As noted by the UN (2020), “this unprecedented situation requires new approaches and strong multi-level response and partnerships.”

The pre-COVID-19 rationale for development assistance, notably aid for trade, directed at tourism in LDCs remains. The key underlying factors include:

- The complexity of the tourism value chain implies coordination across policy frameworks;
- These frameworks cover multiple areas like the flow of travellers, services, goods, foreign direct investment and other policy objectives in education, infrastructure and energy for example; and
- LDCs rarely enjoy the full or fair distribution of benefits from tourism due to weak domestic linkages and low capture of value addition (ITC and UNWTO 2015).

Additionally, and beyond the immediate need for crisis management support, the issues of accessibility and consumer trust related to new health and safety standards and protocols have shot up the agenda. Another salient point concerns the prospect that, in the post-COVID-19 environment, sustainable tourism strategies that are nature- and community-based could see rising demand and attract private sector investment for which public financing can act as leverage. There is an argument to be made that the crisis-induced recovery plans offer a rare opportunity, and incentive, to fully integrate sustainability in aid for trade initiatives in LDCs and to support, where requested, sustainable models of tourism development.<sup>12</sup>

<sup>10</sup> The concept of “regenerative travel” (leaving a place better than you found it) appears to be gaining traction in segments of the tourism industry to avoid replicating pre-COVID-19 imbalances related to overtourism and its deleterious social and environmental impacts. A number of LDCs could be well positioned in this space, which seeks to apply circular economy ideas to the tourism ecosystem (Future of Tourism Coalition n.d.). Through investment in cultural and community-based ecotourism, for example, previously neglected regions in LDCs can offer different tourism experiences and attract travellers away from destinations afflicted by overcrowding.

<sup>11</sup> These plans are partly guided by recommendations issued by travel industry bodies (for example WTTC (n.d.) #safetravels) as well as international organisations (UNWTO 2020a; UNWTO 2020b) and the G20, which, in the Diriyah Communiqué released by Tourism Ministers in October 2020, recognises that the pandemic may result in an overhaul of the travel and tourism sector and seeks to support a sustainable recovery through collaboration (G20 2020). This includes guidelines for inclusive community development through tourism (the AIUa Framework) and for action on safe and seamless travel.

<sup>12</sup> A key finding of the comprehensive analysis of tourism references in 48 DTIS conducted by UNWTO, ITC and EIF (2017) is that “tourism-related needs expressed in the DTIS rarely target explicitly vulnerable communities and rarely pay attention to potential negative social or environmental side effects of tourism activities.” The authors recommend “closer collaboration between different stakeholders, including those in charge of environmental sustainability and poverty reduction.” The recovery from the COVID-19 crisis could be an opportunity to rectify past oversights.

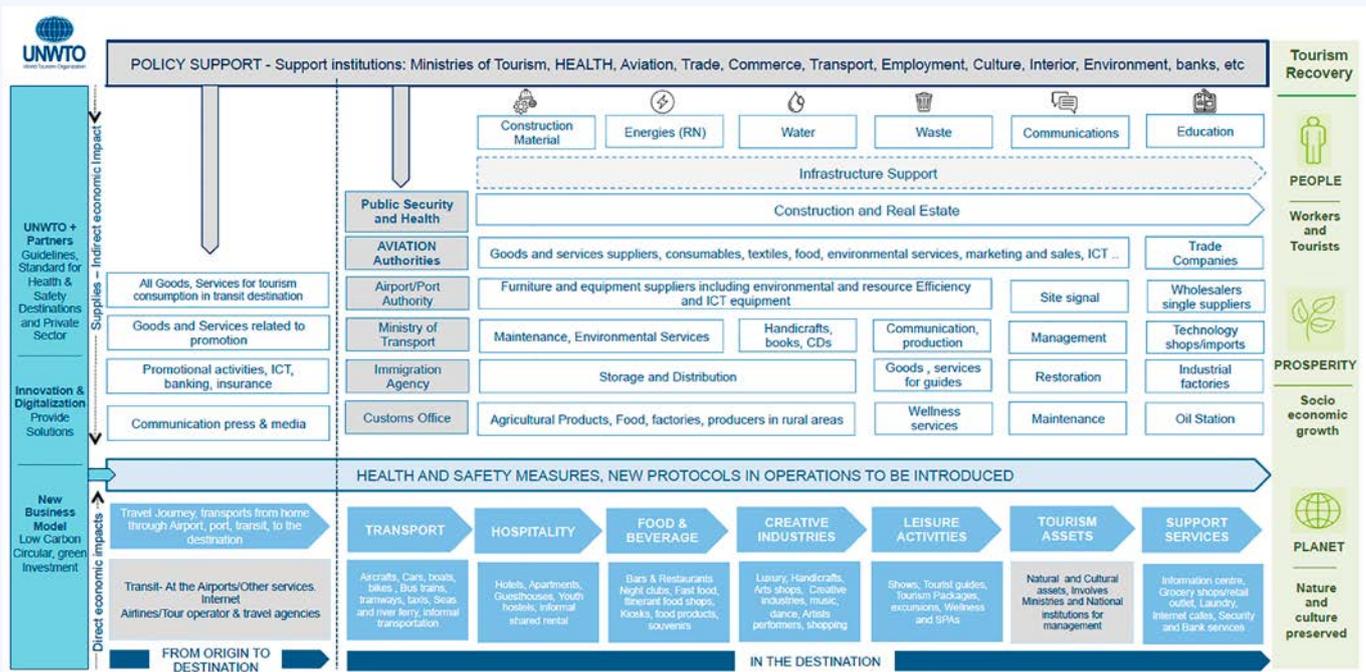
<sup>7</sup> The International Ecotourism Society (n.d.) defines ecotourism as the “responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education.”

<sup>8</sup> These considerations on tourism, conservation and community apply to the beneficial impacts of an industry that is sustainable in its approach. Tourism in LDCs – like in many destinations – can be subject to overcrowding, adverse behaviour, vulnerable employment, pollution, a high carbon footprint, undesirable pressure on land systems and poor resource and waste management – all of which breed cultural alienation and environmental degradation of limited long-term economic or other benefit to societies and communities.

<sup>9</sup> Air and maritime passenger transport servicing poor and small countries has been crippled by the pandemic.

**Figure 3. The tourism value chain is very dynamic**

Source: UNWTO Tourism Value Chain – Building Resilience COVID-19 Crisis – Z. Urošević 2020, based on UNWTO and EU (2013).



Note: This depiction of the tourism value chain integrates the significance of health and safety measures, including new protocols in countries of origin and destination, at every node of the tourism journey as the sector adapts and recovers from the coronavirus pandemic. The diagram emphasises the future importance of harmonised guidelines and standards for health and safety measures, innovation and digitalisation to help provide solutions in the recovery and new business and investment models for a tourism sector that is more sustainable and resilient.

# CASE STUDIES



Sierra Leone, the Solomon Islands and the Union of the Comoros are LDCs with tourism sectors at the nascent stages of development, and for which the countries have high ambitions. All three identify tourism as a priority in their national development plans and have or are benefiting from EIF assistance based on DTIS recommendations.

The countries are all located in globally recognised biodiversity hotspots and offer a rich and diverse cultural heritage. They are also highly vulnerable to climate impacts. The pandemic has upended their national tourism projections and strategies, and the recovery measures being put in place are outlined. The country examples also provide an overview of domestic policy frameworks, describe the approach taken by EIF aid for trade project support and list some national considerations for sustainable tourism development.



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*“What we are trying to put in place is an integrated approach without which it is difficult for sustainable tourism to thrive. If our tourism sector tries to develop on its own, without engaging with local communities and authorities, working with ministries and seeking synergies with other sectors of the economy, then it will fail.”*

*Fatmata Abe Osagie – General Manager, National Tourist Board of Sierra Leone*



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## SIERRA LEONE

Sierra Leone is a tropical country on the Atlantic coast in West Africa with a population of 7.8 million. It is rich in diverse natural resources and counts commodities such as diamonds, rutile, cocoa and coffee among the main exports. The informal sector accounts for 45-60% of the economy, and many Sierra Leoneans depend on subsistence agriculture. Youth unemployment, widespread poverty, poor infrastructure and the transparent management of natural resources are among the country's main developmental challenges.

Sierra Leone possesses unspoilt beaches and the western edges of the Upper Guinea Forest biodiversity hotspot, and has a valuable heritage derived from its unique place in the history of anti-slavery and the population's cultural diversity. The civil war (1991-2002) dealt a huge blow to tourism, which then suffered another shock with the Ebola outbreak (2014-2015) from which the sector had partially recovered before the coronavirus pandemic. In 2019, travel and tourism accounted for 4% of GDP, 4.1% of employment (53,000 direct and indirect jobs) and 3.6% of exports.

### NATIONAL TOURISM POLICIES

Under a policy cluster dedicated to diversifying the economy, the Government of Sierra Leone identified tourism as a priority sector in its National Development Plan 2019-2023. The country's National Tourism Policy 2017 provides a blueprint to guide the revitalisation of the sector and places at its centre governance and institutional capacity development. The sectoral strategy is led by the Ministry of Tourism and Cultural Affairs and the National Tourism Board of Sierra Leone.

The National Tourism Policy 2017 identifies ecotourism as a key segment in which Sierra Leone possesses a competitive advantage, and the National Ecotourism Policy 2017 was adopted in 2018. Tourism is noted as a sector of high export-

growth potential in Sierra Leone's Trade Policy, which aims for the rebranding of the country as an ecotourism destination. The DTIS Update (2013) has a chapter dedicated to the opportunities for sustainable tourism.

### COVID-19 IMPACT AND RESPONSE

At the time of writing, the full impact of COVID-19 on annual tourist arrivals was still being documented. The country had 20,000 visitors in early 2020 before travel restrictions and curfews were imposed in March.<sup>13</sup> In December 2020, international travel restrictions were lifted, with visitors required to apply for authorisation to enter at point of origin with a negative PCR COVID-19 test result. However, non-essential travel was discouraged. The National Tourism Board indicated that there is some evidence that an increase in domestic tourism has helped sustain some activity in the hospitality industry.

In response to the crisis, the Ministry of Tourism and Cultural Affairs with the support of the Ministry of Finance launched a scheme to cushion the effects. A package was put together for the tourism industry which included income support (equivalent to 3 months minimum wage per worker) and a loan programme for eligible MSMEs. The effectiveness of the initiative will be evaluated in the coming months. There is evidence that the economic consequences of the virus are leading to many households in the country having to limit their food intake.

In terms of recovery planning, the following initiatives are being pursued, primarily under the umbrella of World Bank (\$15.5 million) and EIF (\$1.7 million) tourism development projects in place prior to the COVID-19 outbreak:

<sup>13</sup> Sierra Leone took very quick action to contain the spread of COVID-19. A state of emergency was declared in March before any cases were confirmed. The airport was closed for four months and between-district travel was restricted from April to June. Compliance to preventive measures appears to have been high among the population. This governmental and societal response has been ascribed to the lessons learned from recent health crises in the country, specifically Ebola. The relative public health success, however, has prompted an economic crisis and taken a heavy toll across broad sections of society. In January 2021, the daily number of confirmed cases was on the rise and had reached a total of 3,500 since the beginning of the outbreak.

- **Marketing and branding** – consisting of domestic promotion, digital marketing and the development of a National Marketing Strategy for Sierra Leone Tourism;
- **Site development** – through the upgrade of three ecotourism sites in the Northern and Southern Provinces and Western Area, Freetown, as part of the EIF package, and six sites with the World Bank;
- **Skills** – conducting a needs assessment and developing a national curriculum for the tourism sector;
- **Health** – submitting a tourism health safety protocol to the National COVID-19 Emergency Operation Center;
- **Regulatory environment** – conclusion of the procurement process to review the Development of Tourism Act of 1990 and commencement of a new draft for submission to the cabinet in 2021; and
- **Governance** – procurement for a National Tourism Master Plan and a Wildlife Policy, and initiation of a new Tourism Governance and Financial Management Policy and tourism e-governance system.

## CONSIDERATIONS FOR SUSTAINABLE TOURISM DEVELOPMENT

- The National Ecotourism Policy seeks to capitalise on the country's natural and cultural resources to attract tourists and promote community development. It emphasises collaboration with the Environment Protection Agency and the National Protected Area Authority. Coordination with other agencies, not least in agriculture and mining, will also be essential.
- Ecotourism development in Sierra Leone faces major challenges that the new policy seeks to address. They include outdated legislation, weak inter-ministerial and

inter-sectoral collaboration, poor accessibility, inadequate infrastructure, shortage of skilled manpower and environmental degradation.

- A strategic output of Sierra Leone's Biodiversity Strategy and Action Plan (2017-26) is to promote ecosystem projects that provide financial support for biodiversity work. A key indicator is that ecotourism in Sierra Leone contribute to the national budget for biodiversity conservation.
- Climate change is expected to lead to severe consequences in Sierra Leone including decreased agricultural productivity, degradation of the coastline, a shift from tropical rainforest to dry forest, food insecurity and water stress. Adaptation and resilience must be built into the tourism and ecotourism strategies.

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## BOX 2. EIF PROJECT OVERVIEW AND LEARNINGS – SIERRA LEONE

Sierra Leone is executing a sustainable tourism development project coordinated by EIF and implemented by the National Tourism Board of Sierra Leone with the Ministry of Tourism and Cultural Affairs. The project started in 2020 and will run to 2022, with \$1.5 million in donor funding and a \$200,000 contribution from the Government of Sierra Leone. The project is tackling key sectoral constraints and aims to unlock private investment potential.

The project has two objectives: ensuring tourism is conducive to sustainable pro-poor growth; and increasing the presence and perception of Sierra Leone in the international market as an attractive tourism destination.

The project outputs will be:

- Improved regulatory environment through the adoption of a new Tourism Act and the design of a Tourism Governance and Financial Management Policy to ensure tourism policy is coherently integrated across government programmes;
- Development and improvement of three ecotourism sites (Banana Island, Tiwai Island Wildlife Sanctuary and the Wara-Wara Hills in Kabala) consistent with the

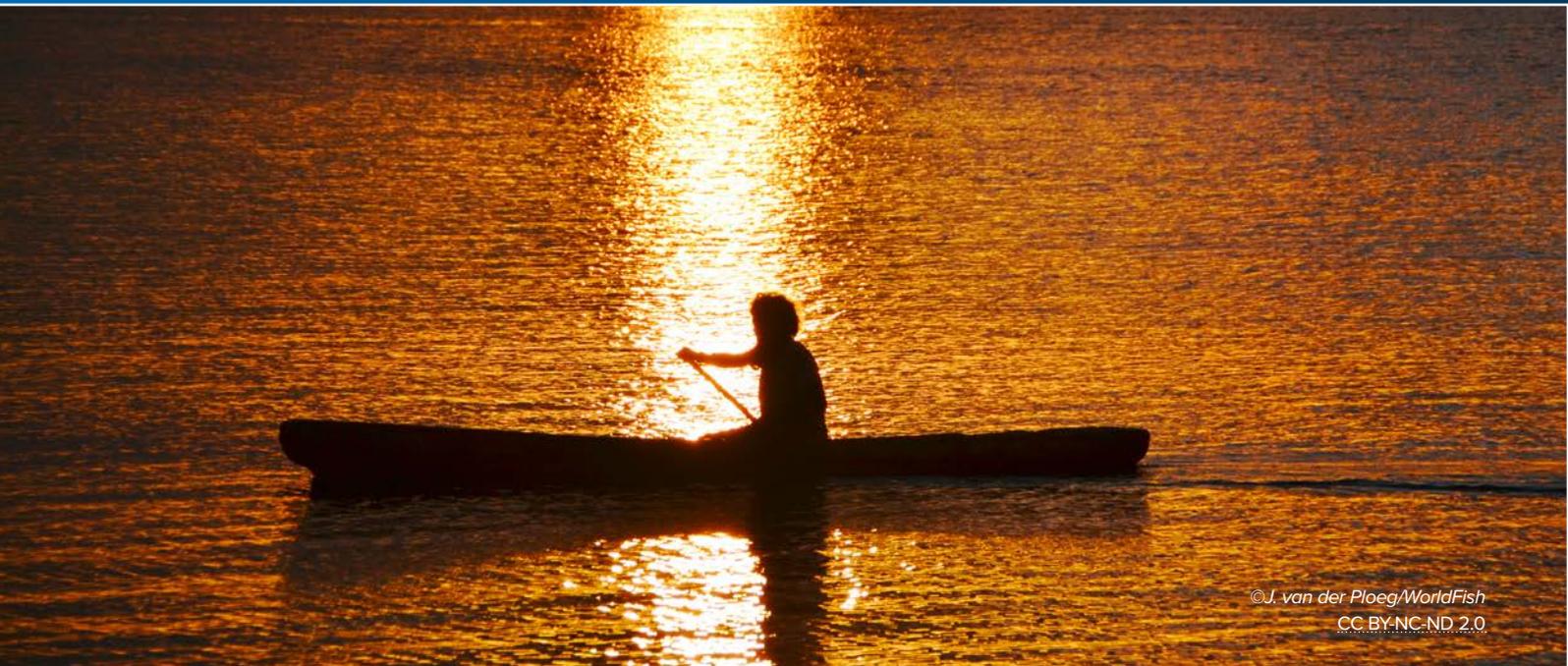
ecotourism policy and targeting community-based tourism;

- Restoring the National Hospitality and Tourism Training College and developing an updated curriculum; and
- Promotion of ecotourism sites in domestic, regional and international markets through digital marketing.

While it is too early to draw learnings from the project, a few preliminary comments include:

- Funding is necessary to build effective national institutions to lead the development of the sector;
- Engagement with the private sector, MSMEs and local communities is key to securing ownership and laying the groundwork for the long-term viability of ecotourism projects; and
- Ecotourism development depends on inter-sectoral collaboration and coherent policy action across government.

Source: EIF. 2018. Tier 2: Project Proposal Sustainable Tourism Development and Promotion Project.



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## SOLOMON ISLANDS

The Solomon Islands is the third largest archipelago in the South Pacific, comprising 997 islands. The population of 670,000 is predominantly rural, with a large informal sector and traditional economy. Located in the East Melanesian Islands hotspot, the level of biodiversity is globally recognised. The country is subject to frequent tropical cyclones, most recently Cyclone Harold in April 2020 which destroyed key infrastructure. The small island developing state is scheduled to graduate from LDC status in 2024.<sup>14</sup>

The country receives less than one percent of the Pacific market share of holiday visitors, with Vanuatu, the neighbouring archipelago, receiving 20 times more tourists per year. Despite the sector's small size, sustainable tourism in the Solomon Islands has potential given the richness of its tropical and marine ecosystems, cultural diversity and distinctive traditions. Before the outbreak of COVID-19, travel and tourism accounted for 10.5% of GDP, 10.8% of employment (30,500 direct and indirect jobs) and 12.6% of exports.

### NATIONAL TOURISM POLICIES

The National Development Strategy 2016-2035 is the Solomon Islands' long-term blueprint for sustainable development. The strategy identifies tourism as a key sector to diversify the economy away from logging.<sup>15</sup> The focus is on initiatives that directly provide increased employment opportunities through the encouragement of private sector growth in rural areas. The objective is to increase annual visitor arrivals from 20,500

<sup>14</sup> The country's economic vulnerability index is far higher than the maximum threshold for graduation due to its exposure to natural disasters and high reliance on a single commodity (wood). Graduation will have implications in terms of less access to development finance and other forms of support as well as a change in trade preferences that will need to be factored into the national tourism strategy.

<sup>15</sup> Logging has been a major contributor to the Solomon Islands' national and rural economies for decades. In 2018, log exports accounted for 70% of total exports. This dependence comes at a high environmental price.

in 2012 to 100,000 by 2035. Tourism development is led by the Ministry of Culture and Tourism and the Solomon Islands Visitors Bureau. There is a dedicated chapter on tourism in the Solomon Islands Trade Policy Framework, endorsed in early 2015, that is primarily focused on policy formulation, yield improvement, marketing and domestic linkages.

The Solomon Islands National Tourism Policy and National Tourism Development Strategy 2015-2019 recognise that the capacity to implement a sector-wide strategy is limited in terms of financial and human resources. The approach is thus to concentrate on a limited number of priority actions in the short term, which, if successful, will lead to the implementation of broader sector growth. The policy acknowledges that the complex interrelationships that characterise the industry require a collaborative approach to planning and development.

### COVID-19 IMPACT AND RESPONSE

At the time of writing, the Solomon Islands was closed to foreign visitors since March 2020. COVID-19 impacts were mainly economic as the infection rate remained very low.<sup>16</sup> Disruption from COVID-19 put a halt to international arrivals, which had been increasing 7% year on year between 2014-2019. The border closure in March 2020 led to a cessation of all international tourism, with operators forced to cut jobs. The country is set to lose an estimated \$400 million in tourism-derived foreign exchange and 90% of tourism employment, which is mostly women.

In response to the crisis, the Ministry of Culture and Tourism developed a five-point recovery plan:

- **Stabilise the sector** – through a Tourism Economic Stimulus Package of \$1.25 million for tourism operators, and a Domestic Tourism Travel Bubble Policy;

<sup>16</sup> The islands recorded their first positive case in October 2020 and as of January 2021 COVID-19 cases officially totalled less than 20. When the country was virus-free, it pushed for a travel bubble plan with intra-regional Pacific nations that did not materialise.

- **Align to the new normal** – via the establishment of COVID-19 extra care protocols to ensure the traveller experience is medically managed for visitors and workers, and the roll-out of new standards for tourism entities like hotels as part of a “Tourism Minimum Standards Programme” launched in 2018;
  - **Restoration of the sector to pre-COVID-19 levels** – revolving around international marketing conducted by the Solomon Islands Visitors Bureau;
  - **Reset for growth prospects** – by focusing on site development in less-developed areas of the Solomon Islands with strong tourism potential; and
  - **Measure what matters** – by transforming the measurement of tasks through a process based on objectives and key results that drive efficiencies, thereby responding to the fact that available resources to implement the recovery plan are limited. The mechanism will permeate throughout the execution of the plan as the country moves to restore visitor numbers to 2019 levels and strives to reach the 2035 target.
- The Solomon Islands Tourism Development Strategy recognises that the archipelago is not a destination for mass tourism. The strategy recommends focusing part of its product portfolio on small-scale and high-yielding tourism like ecotourism and adventure tourism based on niche markets that draw on rich land and marine environments and cultural learning.<sup>17</sup>
  - The National Biodiversity Strategic Action Plan 2016-2020 sees improved forest resource governance as a priority. It recommends scaling up the integrated forest management programme and providing substitute development options like ecotourism. It also targets the development of alternative livelihoods in tourism to improve income generating activities at the village level and to reduce pressure on mangrove resources.
  - The government recognises the need to spread tourism development into the provinces and beyond the current focal points of Honiara and Western Province where much of the activities and facilities are concentrated. By doing this, it hopes to promote greater involvement of local communities.

Measuring what matters will also help shape the long-term strategic focus and outlook for the industry. The Ministry of Culture and Tourism is holding off on developing a new National Tourism Policy and Development Strategy until the early phases of the recovery plan are well underway in terms of implementation.

### CONSIDERATIONS FOR SUSTAINABLE TOURISM DEVELOPMENT

- The main constraints identified by the country to strengthen domestic linkages and create local value remain the lack of infrastructure and insufficient policy coherence between ministries and key stakeholders within the sector. The development and funding of an integrated strategy for sustainable tourism needs renewed commitment to enhance coordination.

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<sup>17</sup> The strategy also identifies the cruise industry as an opportunity. Prior to COVID-19, the country received a small but growing number of visitors from this market. Future growth will have to be balanced against social and environmental risks. This is an area where the Solomon Islands can learn from regional experiences.

### BOX 3. EIF PROJECT OVERVIEW AND LEARNINGS – SOLOMON ISLANDS

In 2018-2019, EIF coordinated a tourism project in the Solomon Islands with \$1.5 million in donor funding and a \$120,000 contribution from the Government of the Solomon Islands. The project was implemented by the Ministry of Culture and Tourism and the Solomon Islands Visitors Bureau. The interventions were designed to promote tourism as a means to create livelihood opportunities and leverage private investment.

The specific objectives of the project were to strengthen the policy environment and its implementation mechanisms, promote the country's tourism industry in targeted markets and strengthen the linkages of the tourism sector with auxiliary industries like agriculture and crafts to help create complementary prospects for income and employment.

Results include:

- Building the capacities of tourism institutions, including beneficiary communities;

- Increased visitor numbers that translated into employment opportunities, including through promotional activities and skills development in marketing; and
- Strengthened linkages with domestic sectors like agriculture and handicrafts, including through research on linkage structures and leakages and the promotion of local food and crafts in the design of tourism product offerings.

Preliminary learnings that can be derived from project outcomes include:

- There is a continued need for improved coordination between government ministries and with development partners;
- Funding incentives are necessary to engage the private sector within the guidelines of sustainable tourism; and
- Emerging businesses need marketing support.

Source: EIF. 2015. *Tier 2: Solomon Islands Tourism for Inclusive Development*.



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## UNION OF THE COMOROS

The Union of the Comoros is an archipelago located to the north of the Mozambique Channel. The agricultural sector employs over half of the population and cloves, vanilla and essential oils account for the lion's share of goods exports. A quarter of the country's 850,000 citizens live below the national poverty rate and the informal sector is estimated to comprise 80-90% of employment. Remittances from the nation's historically large diaspora account for 25% of GDP.

The archipelago forms part of the biodiversity hotspot of Madagascar and the Indian Ocean Islands and is endowed with a beautiful coastline and rich land and marine ecosystems. Comoros also has a heritage inherited from the Sultans and a diverse population descended from Arab merchants, Malay immigrants and African peoples. Comoros attracts one percent of tourists arriving in the Vanilla Islands, over 80% of which are from the diaspora.<sup>18</sup> The sector is subject to shocks, primarily recurrent political violence that contributes to a tarnished image, and frequent tropical cyclones. Before the COVID-19 outbreak, travel and tourism accounted for 10.1% of GDP, 10.4% of employment (22,700 direct and indirect jobs) and 50% of total exports. In 2019, Comoros welcomed a record 49,000 visitors and the sector was growing at an annual rate of nearly 5%.

### NATIONAL TOURISM POLICIES

The Emerging Comoros Plan for 2030, adopted in 2019, is the country's long-term national development plan and blueprint for implementation of the SDGs and the African Union's Agenda 2063. The ambitious plan has identified tourism as a key sector and aims to "raise Comoros to the rank of tourism destination of reference" by tackling three major areas: strengthening the competitiveness of its tourist products (supply), well-

defined market positioning (promotion) and the planned and coordinated management of the destination (governance).

The country's Mid-term Development Plan 2020-2024 contains a tourism action plan formulated to implement the vision set out in Emerging Comoros. It builds on previous sectoral and export strategies, which include the DTIS Update 2015-2019, with a chapter on sustainable tourism, and an African Development Bank project that led to the elaboration of a Strategic Plan for the Tourism Sector 2019-2035. The current plan is articulated around six components: the development of ecotourism (Moheli), adventure tourism (Karthala), agrotourism (Anjouan) and beach tourism (Grande Comore) on priority sites, the improvement of tourist accommodation and the enhancement of cultural heritage.

### COVID-19 IMPACT AND RESPONSE

Comoros is suffering from the economic consequences of the pandemic.<sup>19</sup> The National Tourism Office identifies both negative and positive aspects to the crisis. On the negative side, travel restrictions have reduced export earnings and put a break on successive years of sectoral growth, which had started to draw the attention of investors. All stakeholders in the value chain have been affected by the COVID-19 containment strategies that started with the closing of the border in March 2020.<sup>20</sup> The government is implementing an economy-wide emergency response programme with World Bank support to help protect vulnerable households and firms.

From the perspective of laying the groundwork for sustainable tourism development in the recovery and beyond, the National Tourism Office highlights the following positive factors:

- **Resilience** – the crisis has increased the visibility of the sector and triggered a discussion of its future. This includes

<sup>19</sup> In terms of health impacts, in early 2021 the infection rate was low, albeit rising. The island of Moheli was under curfew and closed to air and maritime transport, thereby isolated from the rest of the archipelago due to a local outbreak of the virus.

<sup>20</sup> At the time of writing, international travellers could enter Comorian soil with a negative PCR test at point of origin 72 hours before entry.

<sup>18</sup> The Vanilla Islands is a regional label composed of Comoros, Madagascar, Mauritius, Mayotte, Reunion and Seychelles.

how to develop domestic tourism and also how to draw improved benefits from diaspora visitors;<sup>21</sup>

- **Regulation** – procurement for the formulation of a comprehensive Tourism Law has been completed and the expectation is to submit the new law to the cabinet in 2021;<sup>22</sup> and
- **Site development** – investment in ecotourism and agrotourism capacity and infrastructure is ongoing so that local communities can take advantage of livelihood opportunities when demand resumes.

#### CONSIDERATIONS FOR SUSTAINABLE TOURISM DEVELOPMENT

- The EIF project complements other initiatives: French Development Agency (\$3 million) development of the Moheli Marine Park which aims to contribute to the conservation of maritime biodiversity; and UNDP (\$7 million) development of a national network of protected land and marine areas on three islands. Project continuity through successful community management and private sector uptake will be key.
- To ensure that sustainable tourism develops with strong domestic linkages and reduced leakages, Comoros would benefit from support in agrifood, the blue and green economies, digitalisation and education. As domestic

<sup>21</sup> As noted, over 80% of international visitors are from the Comorian diaspora, mainly living in France. This pool is a source of resilience but creates vulnerabilities. The main reasons for travel to Comoros are to visit family and to do a “grand marriage” (a traditional and lavish wedding). However, new strategies and activities need to be devised: first to incentivise greater domestic travel from these visitors; and second to attract the younger diaspora born abroad for whom family links are diminishing and attachment to the grand marriage dissolving.

<sup>22</sup> Priority areas of regulation include sector organisation through classification, health and safety standards and environmental protection.

capacity expands, human capital development will be essential.

- Major challenges include building consumer trust by professionalising the sector, addressing issues around health, waste management, service delivery and accessibility and improving the regulatory environment.
- In view of successive sectoral development programmes unsuccessfully realised, the present plan prioritises the upgrading of existing facilities and the establishment of solid institutions for effective implementation.
- The National Strategy and Action Plan for Biodiversity (2016) sees rapid environmental degradation as leading to a deterioration in the country’s attractiveness as a tourist destination. The plan estimates that annual tourism value from all Comorian reefs can be valued at \$8 million and recommends creating areas of high touristic value that could contribute to conservation.

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#### BOX 4. EIF PROJECT OVERVIEW AND LEARNINGS – UNION OF THE COMOROS

Comoros is currently carrying out a tourism development project coordinated by EIF and implemented by the Ministry of the Economy, Investments and Industries. The project started in 2019 and will run to 2022, with \$1.5 million in donor funding and a \$370,000 contribution from the government. The project is working to strengthen governance, build promotional capacities and improve the supply of domestic products through investment in nature- and community-based tourism.

The specific objectives and some of the expected results include:

- Strengthened institutional, organisational and technical capacities, for example rural communities living in and around protected areas so that they are better equipped to generate income from ecotourism;
- Improved tourism products and services, for example through the formulation and adoption of the new tourism code, and ecotourism site development in Mount Ntringui (Anjouan), Itsamia (Moheli) and Karthala (Grande Comore); and
- Enhanced promotional capacities of the National Tourism Office.

While it is too early to draw learnings from the project, a few preliminary comments can be put forward:

- The project is aligned with the government’s ambition of developing a sustainable sector that engages local communities and alleviates poverty;
- Some of the products being developed are adjusted to local and regional consumers intended to secure stable demand;
- The project has improved coordination mechanisms across government and with donors and domestic stakeholders, especially through the establishment of the National Steering Committee;
- The outreach component aimed at improving the Comoros brand through a multiyear marketing plan will need to be complemented by assistance in digitalisation; and
- The tourism office sees the rehabilitation of historical sites as an area that will require complementary support.

Source: EIF. 2019. *Projet d’appui du développement et à la promotion du tourisme aux Comores*.

# POLICY IMPLICATIONS

This section builds on the introductory contextual analysis, the three EIF country case studies and desk research and interviews on industry scenarios to present a non-technical set of policy action areas for consideration by LDCs and the international community. The actions are mutually reinforcing and grouped along overlapping timeframes: short-term crisis response; short- to mid-term actions for a sustainable and resilient recovery; and longer-term actions for tourism sectors in LDCs that align economic, sociocultural and environmental goals. The underlying issue the actions seek to address is how LDCs can realise the sustainable development potential of tourism in a post-COVID-19 world.

## SHORT-TERM ACTIONS

### *Action 1. Consider tourism in emergency response packages*

LDCs are implementing emergency COVID-19 response programmes with the assistance of international financial institutions to help protect poor households, support businesses and stimulate the economic recovery.<sup>23</sup> The cross-sectoral impact of the pandemic in LDCs has been pronounced on the many informal workers and MSMEs that constitute a large share of the tourism value chain. The tourism portfolio, and the many activities that it stimulates, should be adequately considered in these crisis response packages in terms of assessing vulnerabilities. This will help attend to basic needs, sustain livelihoods and limit social and environmental knock-on effects.

### *Action 2. Encourage cooperation on accessibility*

Securing access to consumers has always been a challenge for sustainable tourism development in remote LDCs. Travel restrictions have temporarily severed or weakened links between destination and source markets, and attempts to create regional travel bubbles have proved so far to be fragile due to the unpredictable evolution of the pandemic. Meanwhile, new health and safety protocols are being devised to enable international travel (air, maritime and ground transportation) to resume where and when possible.

<sup>23</sup> In April 2020, the World Bank Group, for example, announced that it would deploy up to \$160 billion for developing countries over 15 months.

Cooperation should be pursued in establishing these protocols at all points of the journey from origin to destination. This involves identifying bottlenecks and providing technical assistance to LDCs where necessary so that the critical issue of accessibility does not become even more pronounced.<sup>24</sup>

### *Action 3. Repurpose development projects to tackle immediate priorities and maintain capacities*

In view of the profound impact the coronavirus pandemic is having on supply and demand in the tourism ecosystem, there may be instances where existing assistance programmes in LDCs can be repurposed or reprogrammed to help tackle immediate priorities and address long-lasting implications. Project review could, for instance, look at structural changes in the value chain where supply may be reduced due to business closures, thereby limiting the recovery when tourism markets reopen, and the possibility that skills shortages will emerge as workers and MSMEs redeploy to less affected sectors of the economy. Identifying alternate opportunities through domestic market linkages and selling crafts and other products via e-commerce can also be considered. Regarding demand, marketing plans could refocus, where appropriate, on projecting LDCs as safe alternative destinations, promoting sub-segments of tourism with different rebound rates like ecotourism and adventure tourism and also target domestic consumers.

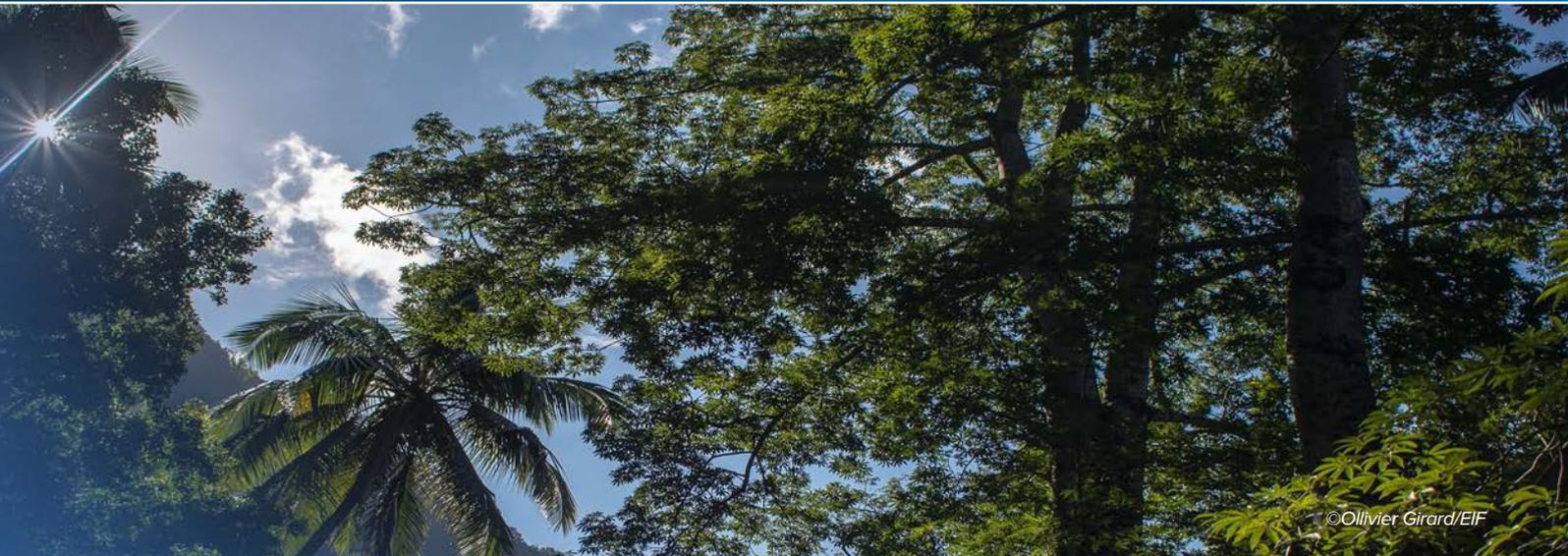
## RECOVERY ACTIONS

### *Action 4. Exploit the visibility of tourism in the policy agenda to mobilise resources*

One of the outcomes of the crisis is that the tourism sector is more visible. Its sectoral linkages and importance in the recovery are better understood by governments and the global policy community. Tourism is considered an area of growth potential by many LDCs, yet it attracts a minute share of official development assistance.<sup>25</sup> The crisis could provide an opportunity to mobilise funds for sustainable tourism, including by leveraging resources in export strategies, either through direct assistance or the integration of tourism in support programmes to connected sectors like agriculture.

<sup>24</sup> See for example UNWTO (2020b) for technical assistance guidelines.

<sup>25</sup> Assistance to infrastructure, transport, energy, agriculture telecommunications, e-commerce, health and education, among other sectors, can all have derived benefits for the tourism industry. Aid for trade that helps LDCs in trade policy formation can also affect the sector through impacts on investment, goods and services in the value chain.



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Donor consultations could be initiated at an early stage of the recovery to identify resource needs.<sup>26</sup> Tourism's higher profile can be a catalyst to attract public and private finance in innovative strategies built around sustainability.

#### **Action 5. Restore consumer confidence through health and safety protocols**

An unequivocal behavioural change provoked by COVID-19 is that travellers will consider health and hygiene as key factors in selecting destinations and activities. This will need to be mainstreamed in development assistance so that health and safety regulations do not become barriers to a sustainable recovery in LDCs. New protocols will require business restructuring, infrastructure adjustments and employee training in the tourism industry as well as in medical services and at all crossing points and ports of entry.<sup>27</sup> The introduction of contactless digital solutions will also become a competitive safety-related component of the post-COVID-19 tourism environment.

#### **Action 6. Emphasise inclusive community development through tourism**

When safe travel resumes, nature-based and less crowded destinations are expected to drive the recovery. This is a market segment in which LDCs have a comparative advantage. Community-based tourism strategies can be harnessed to fight poverty, encourage intercultural dialogue and preserve historic and intangible cultural heritage. Development assistance that prioritises community linkages by empowering local people and MSMEs as guardians and beneficiaries of natural and cultural assets will help address both the immediate impacts of the crisis on vulnerable populations and create the conditions for a recovery in which benefits are equitably distributed. The AIUa Framework for Inclusive Community Development through Tourism (UNWTO 2020a) that emerged from the G20 Tourism Working Group could provide a path for LDCs.

<sup>26</sup> In the context of trade-related technical assistance to LDCs, the pre-COVID-19 DTIS might not be the most appropriate or effective tool for future fundraising in view of the new parameters that need to be included in sectoral development strategies.

<sup>27</sup> Although clearly beyond the scope of this brief, ensuring that LDCs have access to vaccines as soon as possible, notably through the World Health Organization-backed Covax scheme, will be essential for a full and sustained recovery over time.

#### **Action 7. Mainstream environmental sustainability**

Sustainability will become more prominent in tourism choices over the coming generation and efforts will be made to reduce the environmental impact of the industry and its value chain. This is also an area of comparative advantage for LDCs that have not suffered the destructive effects of mass tourism. LDCs should embrace this trend, which can enable them to protect and build on their endowments in wildlife and nature. Community tourism and ecotourism jointly offer potent strategies for sustainable development. Ecotourism, when well designed, can be an effective tool to mitigate the loss of biodiversity which is occurring at an alarming rate in many LDCs. And the preservation of nature can help address the major challenges of poor countries like food security, climate change, water security and human health (as COVID-19 has demonstrated). The crisis provides a rare opportunity for destination countries and businesses to reassess their models for more responsible travel operations within the boundaries of resource efficiency, waste management and environmental conservation.<sup>28</sup> This drive should be integral to recovery packages where public funding can leverage a growing pool of private investment in the hunt for opportunities in the green and blue economies. It also needs to be accompanied by policy reforms, including of trade, that enable and support these investments.

#### **Action 8. Build resilience into the tourism ecosystem**

The pandemic has been a reminder of the vulnerability of the tourism sector to external shocks and the need to build greater resilience into the system. In the context of LDCs, this can imply a number of adjustments, two of which have been touched upon: health and safety standards and investment in sustainable models of tourism. Other parameters in sectoral strategies related to resilience planning include: augmenting local capacities in agriculture and food production while also levelling up in terms of improved food safety standards; promoting domestic and regional tourism, which provide stability and tap into the projected post-COVID-19 trend of travellers opting for more local destinations;<sup>29</sup> enhancing the

<sup>28</sup> Sustainability considerations will have to incorporate the new dimension of health and safety, which will include the need to manage additional waste from disposable protective equipment and pollution from disinfectants and plastic sanitiser bottles.

<sup>29</sup> Domestic tourism tends to be more price-sensitive with lower spending patterns than international travel (OECD 2020) for which marketing and products need to be attuned. LDCs are constrained by the narrow size of their markets but can also develop strategies

competitiveness of MSMEs across the value chain; advancing the sector's formalisation (The Commonwealth 2020); investing in education and skills, particularly women and youth, to promote fulfilling jobs and enable alternative income sources; investing in climate-resilient and carbon-neutral tourism infrastructure; and improving crisis management strategies to better respond to future shocks.

#### **Action 9. Invest in digitalisation**

Tourism development strategies in LDCs cannot afford to neglect the opportunities that digitalisation is bringing to the sector, especially in market outreach. The digitalisation of the tourism value chain can be embedded in the recovery. This entails investment in ICT readiness, which comprises both hard infrastructure (e.g. mobile and internet coverage, electricity) and the digital capacities and skills of firms and individuals. Digitalisation in tourism is expected to accelerate through contactless and seamless traveller experiences (G20 2020) as well as in promotion, market intelligence, managing visitor flows, providing real-time information, planning itineraries and booking travel and accommodation. Through the smart use of digital technologies, LDCs can compete on the international stage, develop new models, access new markets, reduce leakages and overcome some of the sector's structural weaknesses.<sup>30</sup>

### **LONG-TERM ACTIONS**

#### **Action 10. Refine measurement systems**

National tourism institutions in LDCs could be supported in efforts to measure the impact of tourism strategies and initiatives not only in terms of economic performance but also by considering the effects on nature, health, society and cultural identities. The criteria used to judge whether tourism, conservation and community development are working towards the same end is context-specific and requires local involvement. The UN (2020) calls for "a stronger framework to measure the full impacts of tourism and build evidence-based policies" through data intelligence systems and assessment mechanisms based on clear indicators and targets. The organisation further recommends supporting statistical capacities in developing countries for the sustainable planning and management of tourism, also incorporating efficiency and cost-saving. Such measurement systems could guide the design and monitoring of tourism-related development assistance in LDCs.

#### **Action 11. Develop integrated approaches to tourism policy**

A lesson of the COVID-19 shock for domestic and international policymakers is the importance of coordination mechanisms across government, national and local authorities, sectors, stakeholders and external partners to develop an integrated (or whole-of-sector) approach to tourism with improved crisis management structures. In relation to the design and implementation of trade-related technical assistance, UNWTO, ITC and EIF (2017) recommends strengthened engagement between tourism- and trade-related institutions, as well as with

to stimulate diaspora demand. A derived benefit of domestic tourism is cross-cultural learning that can strengthen national cohesion.

<sup>30</sup> For example, the supply of travel accommodation in LDCs is often fragmented into small properties and there are many available rooms owned by locals that are not reaching the market. Digital services and network processes developed by local youth and SMEs could pool, promote and manage these properties, thereby creating new opportunities in tourism and connected areas of activity.

the environmental and developmental policy communities.. Greater consultations could be conducted at select entry points from project formulation to monitoring in order to ensure correct design and also bring agility to the process. This corroborates the viewpoint that "tourism policy will need to be more reactive and in the long term it will move to more flexible systems, able to adapt faster to changes of policy focus" (OECD 2020). Consistent coordination among stakeholders and sectors supporting tourism will enable LDC tourism policies to better respond to future shifts in market behaviour while considering the wellbeing of host communities.

#### **Action 12. Strengthen linkages for sustainable sector spillovers**

LDCs rarely enjoy the fair distribution of benefits from tourism and are less successful in generating spillovers for the rest of the economy due to weak domestic linkages and high leakage (ITC and UNWTO 2015). This is generally attributed to the lack of capacity to supply tourism-related goods and services, the lack of ability of local suppliers to meet sanitary and other standards and the limited control over certain nodes and key activities of the value chain. Given the projection that the future competitiveness and resilience of tourism in LDCs will be based primarily on strategies that align economic, sociocultural and environmental objectives, new avenues can be looked at to strengthen forward and backward linkages that retain domestic value and generate sustainable sector spillovers. Circularity in tourism development and operations in the value chain is an area of potential strength with cross-sectoral benefits. This systemic approach can stimulate the sourcing of local agricultural and food produce, increase resource use efficiency, preserve ecosystem services and create jobs and competencies for local workers and communities in the green and blue economies. The adoption of circular practices presents sizable challenges and barriers, not least economic incentives and regulations that favour conventional business models, yet there may be opportunities and partnerships for LDCs to explore in the context of trade-related technical assistance. Such models can enhance the long-term attractiveness of destinations and garner investor interest given the links with sustainable finance.

#### **Action 13. Promote multilateral cooperation**

The deficits in multilateral cooperation and international solidarity that the coronavirus pandemic has brutally exposed run the risk of perpetuating LDC vulnerabilities and creating new sources of exclusion, including in global tourism. Collaborative and inclusive systems must be developed to bolster consumer trust and business confidence in these destinations, for example through international cooperation on consumer and worker protection policies and measures, and ensuring that barriers to access are contained when safe travel resumes.

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*Additional resources*

- [EIF Trade for Development News: Tourism](#)
- [Future of Tourism Coalition](#)
- [OECD Tourism](#)
- [SDG Knowledge Platform: Sustainable Tourism](#)
- [The International Ecotourism Society](#)
- [UNESCO World Heritage and Sustainable Tourism Programme](#)
- [UNWTO COVID-19: Measures to Support Travel and Tourism](#)
- [UNWTO Tourism and Data Dashboard](#)
- [World Travel & Tourism Council](#)

**ACKNOWLEDGEMENTS**

Fabrice Lehmann is the author of this policy brief. He thanks Fatmata Abe Osagie (Sierra Leone), Andrew Nihopara (Solomon Islands) and Rachid Mohamed (Union of the Comoros) who provided valuable inputs for the country case studies. He extends his gratitude to Zoritsa Urosevic and Rosa Alba Ruffo of the UNWTO for their expert assistance and feedback as well as to the following members of the EIF Secretariat for their support and review: Ratnakar Adhikari, Annette Ssemuwemba, Simon Hess, Violeta Gonzalez, Peter Donelan and Jonathan Werner. Deanna Ramsay edited the brief. Jim O'Neill provided graphic design.

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