



SAINT LUCIA'S EXPERIENCE

TITLE: Saint Lucia Tourism Benchmarking and Competitiveness Strategy Project



Country: Saint Lucia

Institution: Ministry of Finance, Economic Affairs, Planning and Social Security in conjunction with the Ministry of Tourism, Heritage and the Creative Industries is responsible for implementation of the St. Lucia Tourism Benchmarking and Competitiveness Strategy and Action Plan.

Financing by the World Bank (International Finance Corporation)

Type of Institution: Public

Date: Start Date Effectiveness: October 2012, Completion Date Effective: Ongoing

Context

The Travel and Tourism Industry although having grown quickly in the last decade, remains heavily government subsidized mainly through investment incentives and airlift off-take agreements. This poses a development challenge in light of government's soaring fiscal deficit, poor economic productivity, recurring natural disasters and other constraints.

In light of the aforementioned, the sustainability of the industry requires a transition to a more market-driven business model bearing in mind that the government depends on the industry to generate its foreign exchange and to generate jobs.

Tourism's direct contribution to GDP was 13 percent in 2012. The industry created 13,500 direct jobs (18.6 percent contribution) and 17, 500 indirect jobs in 2012. Tourism expenditure generated US\$571 million and contributed 60 percent to tax revenue last year. Therefore the importance of addressing the shortcomings of the industry can only augur well for Saint Lucia.

Objectives

One of the key priorities of the Government of St. Lucia is for "St. Lucia to be recognized internationally as having unique competitive and high value products that meet the expectations of visitors who will be sustained by a well-trained and customer focused workforce and where the benefits generated by tourism are widely shared" as stated in its National Vision Plan (October 2008). In order to achieve its vision, the Tourism Benchmarking and Competitiveness Project has been developed within a sustainable tourism development framework of Economic value, Socio-Cultural value, and Environmental/Ecological value and aims to improve the competitiveness of the industry.

The **market objective** is to increase arrivals and reach new records of 500,000 air arrivals; 76,000 yacht arrivals; 575,000 cruise arrivals to a total of approximately 1,150,000 arrivals by 2022.

Strategic Objectives for Infrastructure: Build infrastructure capacity and competitiveness (land and air connectivity, signage and communication); Prioritize high impact/low and high impact/high investment projects; build environmental sustainability capacity.

Strategic Objectives for Product line development: Develop and enhance products to stimulate demand and leverage the uniqueness of St. Lucia; Identify and focus on key tourism product lines; Develop new product lines (services, tours and attractions); offer high quality products and services.

Strategic Objectives for Market Development: Build and promote 100 % authentic St. Lucia; attract new markets and penetrate key markets; identify and attract key international brands which add value to St. Lucia; leverage uniqueness (unspoilt natural haven and boutique scale); focus on high net worth source markets.

Strategic Objectives for Human Resources and Quality: Develop HR capacity and quality throughout the value chain; develop international standards; identify and prioritize skills development needs programmes; develop pride in tourism and hospitality sector; identify key HR projects for agriculture and tourism.

Strategic Objectives for Institutional Framework: common vision for tourism development across ministries and public-private sector; identify key priority projects; streamline processes; prioritization of development and investment hubs; strong investment support framework; new funding mechanisms; new approach to PPP.

Relevance

The World Bank Group's Country Assistance Strategy for the OECS identifies as critical for the economic and social development of St. Lucia, improvements in competitiveness in order to stimulate growth. The Tourism Industry has replaced agriculture as the main economic driver and so needs to transition to a more market driven model for sustainability.

Although isolated studies have been conducted on different market segments such as Yachting, Culture and Heritage, systematic issues such as the absence of a comprehensive tourism growth strategy, of a defined tourism investment strategy, the overlapping and at times competing institutional roles, the high input costs are all factors restraining the competitiveness of the industry and which have not been strategically addressed. There has not been a conversion of identified constraints to the growth of tourism sector into actions that will yield results and get full public and private sector endorsement.

Implementation

The St. Lucia Tourism Benchmarking and Competitiveness Strategy project is currently at phase III. The project has been elaborated in 3 phases:

Phase I: Required a Competitiveness Benchmarking Analysis to assess and benchmark St. Lucia's competitive position as a destination for tourism and tourism investment based on a review of comparative tourism performance such as WEF's Tourism Competitiveness Index, UNWTO annual statistics and any other published indices that give an indication of the performance of the tourism sector.

Using the value-chain methodology, a comparison of the relative costs along the value-chain of service providers was made with selected competing destinations and products. Further analysis was conducted on the cost structure and inputs for each part of the chain.

Phase II: Required the development of a tourism competitiveness strategy based on the Diagnostic report. The Tourism Value Chain (TVC) analysis identified gaps and opportunities which can build competitiveness.

Phase III: The development of a Tourism Competitiveness Action Plan.

Phase I began October 2012 and culminated in March 2013

Phase II began April 2013 and culminated in June, 2013.

Phase III began on July 2013 and will be presented to stakeholders in October 2013.

The Project was preceded by the formation of a Technical Work Group which brought together counterparts from sectors key to tourism development both public and private who possessed the right mix of technical knowledge and networks within government and with the private sector to take an active role in working with the IFC experts to develop a strategic framework for tourism and to lead on implementation. The group therefore provided critical inputs for the development of the project. At each stage of the project, the draft document was presented to strategic and diverse stakeholders for feedback in order to ensure stakeholder buy-in. Based on feedback received, the final draft of the document was developed and subsequently resubmitted. Implementation of the strategy and action plan will be undertaken subsequent to the planned mission in October 2013.

Distribution of tasks

The International Finance Corporation provided technical assistance for the project utilizing their staff as well as consultants hired specifically for the project.

The Economic Planning Unit of the Ministry of Finance provided administrative support and acted in conjunction with the Ministry of Tourism in facilitating the development of the project.

The Technical Work Group provided technical inputs and provided the various data needed as inputs for the project.

Other public and private sector organizations such as the St. Lucia Tourist Board, Invest St. Lucia, The St. Lucia Hotel and Tourism Association, The St. Lucia Chamber of Commerce, the Craft Vendors Association and the Taxi Association, the Organization of Eastern Caribbean States (OECS) were consulted.

Achievements and results

The Project has identified the top five (5) challenges facing tourism development in Saint Lucia and has developed a strategy and action plan to address these challenges thereby increasing the competitiveness of the Tourism Industry. The 5 Macro areas that need to be addressed relate to Infrastructure, Product Line Development and Facilities, Marketing, Human Resource Capacity, and Institutional Framework. Additionally 7 High Priority projects which need to be developed in order to attract the critical mass of tourists have been selected.

An upcoming work group session is being planned to pull-out from the strategy and action plan “quick wins”- projects of duration of 1 to 2 years that will produce momentum for further implementation. Already, there has been tremendous buy-in to the strategic recommendations from the leadership of the country and from private and public stakeholders. Two of the areas already air marked as quick wins

are improving signage and improving communication via island-wide Wi-Fi availability.

Simultaneously, technical assistance is being rendered by the World Bank Group to improve the investment climate in St. Lucia in order to attract investors to undertake the projects identified as priorities in the strategy thus improving the product line to stimulate additional demand for the island. There has been renewed focus on developing a policy framework for undertaking Public Private Partnerships so as to alleviate the burden on government to solely finance some of the proposed projects. These activities are expected to facilitate the implementation of the Tourism Competitiveness Strategy towards improving the competitiveness of Saint Lucia's Tourism Industry.

Capacity to replicate and potential for exchange of this experience

Many of the Islands depend on Tourism as their main economic driver. Indeed we face similar constraints in moving the industry to greater competitiveness. This project can be replicated easily and it is desirable that it is replicated so that successes and failures can be shared thus strengthening the competitiveness of the industry within the region.

Human, operational and institutional capacities

Due to Human Resource and Financial constraints, Consultants were contracted by the IFC to undertake the major component of the project. Nonetheless, local stakeholders were deeply involved at every stage of the process and can therefore share successes and failures in the execution of the project with other countries.

Modalities to replicate the exchange

Dialogue

Good practices and concrete lessons

The Project was designed with the following in mind

- It was important to undertake a comprehensive value chain analysis so that the population can better understand how they can become involved in the industry so that more people can become players in the supply chain. This type of awareness is important because the perception that tourism is about hotels and beaches has not captured the interest of the general population, without whom the industry becomes unsustainable.
- It is critical to get stakeholder buy-in at every stage of the process so that implementation will be smoother.
- Since tourism cuts across many institutions and individuals in the private and public sector it was important to house the secretariat of the project in an institution that can network with various actors and is not isolated in its functioning.
- It is critical that timelines be set and adhered to so that one does not lose the interest of stakeholders in the process.
- It is also critical to have a credible private sector partner coordinating the project so as to balance the influence of the public sector stakeholders with that of the private sector.
- Keep project design simple.

Experiences and subjects to learn from other RIAC members

If there are members who have undergone a similar process under similar circumstances (high fiscal debt, too much bureaucracy and lack of coordination across ministries, underdeveloped tourist product market; limited human resource capacity to improve on the competitiveness of the industry and high cost destination) it would be interesting to note how they were able to overcome some of their major constraints.

Key persons involved in the design, implementation, and evaluation

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This document was produced from the following:

Strategy and Action Plan: Draft Report: St. Lucia Tourism Benchmarking and Competitiveness Assessment by T&L Europraxis (Consultants contracted by the IFC)

Team members on a site visit for an assessment of best practices within the Tourism Industry in Saint Lucia – Jade Mountain Resort

