WBG support for tourism clients and destinations during the COVID-19 crisis.

WBG is currently supporting the development of tourism in over 40 tourism destinations across the world, all of whom will be hit to varying degrees by the effects of COVID-19 outbreak.

We are deeply concerned about the evolving nature of the pandemic and express our solidarity and commitment to supporting our clients to cope and recover from this crisis.

Before we can embark on a recovery in tourism, we must bring the public health emergency under control. The longer the crisis is extended, the worse the economic impact will be for destinations. In line with WHO guidance, we all have a responsibility to do our part to ‘flatten the curve’ and curb the transmission of the disease. This means restricting movement and reducing all forms of interaction, including travel.

At the start of the crisis many unaffected destinations invested in marketing campaigns to attract those who still wished to travel. In just a few weeks the global response has shifted to such an extent that the marketing of any kind of travel, even domestic, is largely considered by the market to be irresponsible. The most forward-thinking industry and destination brands have taken the opportunity to show sensitivity and build trust - Estonia adapted their campaign on Twitter from ‘Visit Estonia’ to ‘Visit Estonia, later’ #stayhome.

We fully appreciate the importance of tourism for economic growth and livelihoods around the world. The latest figures from the World Travel and Tourism Council, which represents the global Travel and Tourism private sector, show that 50 million jobs are at risk in the sector globally, a reduction in jobs of between 12 and 14 percent.¹ In many countries tourism is the largest contributor to GDP, forex and employment, particularly for vulnerable groups, women and youth.

The crash is affecting large and small businesses alike. The Centre for Aviation (CAPA) suggests by the end of May many airlines will be driven into bankruptcy as government bans on travel increase.² UNWTO Secretary-General Zurab Pololikashvili stressed that “small- and medium-sized enterprises make up around 80 percent of the tourism sector and are particularly exposed with millions of livelihoods across the world, including within vulnerable communities, relying on tourism”.

The situation is evolving so rapidly it is difficult to know when the period of recovery will begin. In the immediate term, actors in different countries are implementing crisis measures to protect the industry as much as possible, until a recovery phase can begin.

Following is a non-exhaustive list of examples. Where various actions can be coordinated and integrated together, the recovery is likely to be quicker.

² https://cdn.centreforaviation.com/analysis/reports/covid-19-by-the-end-of-may-most-world-airlines-will-be-bankrupt-517512
Planning and communication. Destination communities and associations are forming virtual emergency response groups, with typical objectives including:

- Developing a plan of united action (e.g. agree that all attractions close).
- Setting up monitoring and communication services with buyers, both trade and consumers, through dedicated social media channels. Through these channels, destinations can verify and consolidate information, and build trust with buyers. All communications should focus transparently on the health risks, cases, and mitigation measures. Some examples include ‘Visit Copenhagen’ and Salzburg, Austria.
- Agreeing on the most important asks from government, financial sector, industry associations, employee unions, etc.

Informing the industry. Governments and associations can prepare advice and updates on all measures being taken for the industry and/or their members – and how to access support. Examples include the National Federation of the Self-employed and Small Businesses in the United Kingdom, showing a comprehensive breakdown of all the measures being taken.

Reducing tax burden. Governments are suspending or reducing income tax payments, business rates, VAT and other fees applicable to business, including PAYE deferral and paid sick leave to provide relief to staff on reduced incomes. For example, New Zealand announced large-scale tax relief packages, and Myanmar has waived 2 percent advanced income tax on exports.

Contamination support. Governments are allocating financial support and/or supplies to businesses to manage the costs of physically dealing with the effects of the virus (deep clean services, etc.), for example Singapore Cleaning Support Fund for Hotels.

Providing liquidity. Governments, financial institutions and other bodies applying grants, funds or alternative capital for those most at risk (SMEs), for example the U.S. Small Business Administration response, as well as extending lines of credit or working capital.

Reducing debt. Banks are extending mortgage relief and deferrals in loan repayments.

Generating alternative revenues. Destinations and industry are considering innovative ways to maintain some revenue while discouraging travel. For example, these include pay-it-forward voucher schemes, such as the ‘I Love Manchester Scheme’; ‘consume-at-home’ content; developing virtual tours; creating destination audio-guides; restaurant or hotel-branded online cooking, yoga and spa classes; and delivery services (restaurants, etc.).

Minimizing revenue loss. Industry is waiving rebooking charges and incentivizing guests to postpone instead of cancel.

Redeploying assets. Destinations are examining opportunities to re-deploy staff or tourism assets to support the public health agenda, such as retreining flight attendants to support testing facilities or using hotels as health care facilities for low risk patients. Singapore is subsidizing paid training programs for staff who are laid-off, covering 90% of wages for hourly workers.

In the coming weeks, we will work with our partners to provide reliable information and data on what to expect and what we can learn from past crises that affected tourism – for example, the global financial crisis, H1N1, SARS, tsunami, Ebola, and how to interpret the impacts for different destinations. Where we have existing tourism programs with destination clients, we will do everything we can to redirect program resources to help address the immediate concerns, and support client governments to prepare for recovery.