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CONCEPT PAPER

Regular meeting of the

Inter-American Council for Integral Development (CIDI)

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**TOPIC: business continuity, MSMEs AND THE TOURISM SECTOR IN THE AMERICAS**

1. **Background and Rationale**

Micro, small and medium-sized enterprises (MSMEs) comprise 99% of all businesses and employ on average two-thirds of all workers in OAS member states. Their economic and social contribution to the countries in the region is therefore central to country- stability and the livelihoods of the residents. While providing most jobs, MSMEs participate less in export markets compared with that of large companies. Issues of productivity and participation in export markets are in part tied up in competitiveness related challenges such as access to financing, adequate management, and adoption of appropriate technology. Competitiveness issues also challenge the survival and business continuity of many small businesses who either lack the management, business and other related support to survive beyond the first few years of operation. Indeed business survival beyond the first few years of operation is compounded when crises – whether economic, financial, weather related or the current COVID-19 arise. If business continuity planning is not well integrated into the day-to-day operations of these small business, their ability to survive these shocks, and minimize disruptions to their operations may be compromised.

Tourism is now generally recognized to be one of the largest industries in the world. It has grown rapidly and almost continuously over the past twenty years, and is now one of the world’s most significant sources of employment and economic output. The World Travel and Tourism Council (WTTC) highlights that in 2019, Travel and Tourism’s direct, indirect, and induced impact accounted for US$8.9 trillion, 10.3% of global gross domestic product (GDP), 1 in 10 jobs around the world, 28.3% of global services exports.For the Americas as a whole Travel and Tourism’s total contribution to GDP was 8.8%, 9.8% of total employment (45.3 million jobs) and 7.3% of the world’s total exports.[[1]](#footnote-1)/

The labor-intensive nature of the tourism sector and its ability to create new jobs and other opportunities for businesses in the tourism value chain underscores the reliance to the economies around the world. Moreover, tourism provides opportunities for diversifying local economies and enables the formation of micro and small enterprises, many of them women-owned. These enterprises promote better lives for poor entrepreneurs, especially in rural areas where there may be few other livelihood options. Ensuring that tourism businesses are able to thrive or to survive following crisis situations therefore remains a key priority for policy makers. In addition cooperation among regional and international organization to support these efforts have also been recognized as important elements in the region.

Issues of business continuity and resilience for MSMEs have broadly overlapping objectives. Resilience refers to the ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management[[2]](#footnote-2)/. Similarly, business continuity involves planning and related activities, which support the maintenance of core business functions despite being impacted by crises or minimizing disruptions and ensure a return to an operational state within a reasonably short period.

Within the Americas the recent evidence of natural disasters and the impact these have had on tourism businesses, in particular, have highlighted the need for more of a concerted action among regional and international agencies and policy makers to build resilience and support business continuity efforts. In the current context, the economic disruptions associated with the COVID-19 pandemic been severe on MSMEs in the region. While the tourism sector has perhaps been more affected than others, and the short to medium term prospects remain uncertain, MSME closures in the tourism value chain have precipitated job losses in the wider economy, putting additional pressure on government resources.

Issues of MSMEs, business continuity, and sustainability of the tourism sector have been, and remain central to the work of the Executive Secretariat for Integral Development (SEDI) in the context of the Inter-American Council for integral Development (CIDI). SEDI’s 2020 Annual Report approved at the Regular Meeting of the CIDI on February 23, 2021, highlights that “since the onset of the COVID-19 pandemic, SEDI programs such as the Caribbean Small Business Development Centers (SBDC) program, and the recently launched Facebook and WhatsApp Business initiatives have provided micro, small, and medium enterprises (MSMEs) and policymakers with capacity building opportunities and business tools to aid their response, recovery and resilience building.”

The project “Building the Resilience of Small Tourism Enterprises in the Caribbean to Disasters” currently under execution by the SEDI seeks to provide technical assistance to small tourism enterprises in the participating Caribbean countries to overcome the macro (national) and micro (corporate) level challenges that affect the business continuity during and after catastrophic events in the Caribbean. The project underscores the notion that the severity, impact and duration of disaster-related disruptions that small tourism enterprises (STEs) experience can be reduced if: (1) the macro and micro level challenges that deepen the vulnerability of business and community are removed; (2) whole-of-community approaches to disaster resilience are adopted; (3) the capacity of owners, operators and staff of tourism enterprises to prepare, execute, test and update business continuity/multi-hazard contingency plans is enhanced; (4) a network of FEMA-trained, Community Emergency Response Teams that can readily be deployed before during and after disasters in created; and (5) Indigenous capacity to provide regular CERT training is strengthened; and crisis communications tools are developed.

1. **Purpose of the Meeting**

The purpose of the session is to :

* Identify policies and measures that have been effective in enhancing competitiveness, strengthening business continuity, and improving the resilience of MSMEs in general and tourism MSMEs in particular to minimize disruptions following a crisis.
* Highlight the role of technical cooperation as a tool to improve policies and initiatives aimed at strengthening resilience of MSMEs in the Americas.
* Identify synergies and opportunities for collaboration between international and regional organizations and OAS member states to support resilience and business continuity of MSMEs.

**3. Relevance to CIDI and the Work of SEDI**

Promoting inclusive and competitive economies is one of the strategic lines for Integral Development in the Strategic Plan of the Organization for the 2016-2020 period [[AG/RES. 1 (LI-E/16 rev. 1)](http://scm.oas.org/IDMS/Redirectpage.aspx?class=AG/RES.%20%20(LI-E/16)&classNum=1&lang=e)] and the Compilation of the OAS 2019 Comprehensive Strategic Plan ([CP/doc.5469/19](http://scm.oas.org/IDMS/Redirectpage.aspx?class=CP/doc.&classNum=5469&lang=e) rev. 1). Line 1.1 calls specifically for “enhancing the capacity of member states’ institutions that support the design and implementation of policies and programs that encourage productivity, entrepreneurship, innovation and internationalization of micro, small, and medium-sized enterprises (MSMEs), as well as cooperatives and other production units,” whereas line 1.4 centers on “supporting member states in strengthening the capacities of institutions that foster the generation of sustainable economic activities in the tourism and culture sectors.”

Resolution AG/RES.2955 (L-O/20) “Advancing Hemispheric Initiatives on Integral Development: Promoting Resilience” instructs“SEDI, in its capacity as Technical Secretariat of the Inter-American Committee on Tourism (CITUR), in keeping with the provisions of the Declarations of Lima and Georgetown and the CITUR Work Plan and taking into account the context of each country, to continue to support the efforts of member states within the CITUR framework, to strengthen tourism sector recovery from the impact of the COVID-19 pandemic….”

In the Declaration of Georgetown on Connecting the Americas through Sustainable Tourism CIDI/TUR-XXIV/DEC.1/18 the Ministers and High-Level Authorities of Tourism “Requested the OAS General Secretariat to work with regional and international organizations and other relevant institutions in identifying adaptation strategies and plans which strengthen resilience, mitigate the impact of natural disasters on the tourism sector, and support tourism business recovery in a disaster’s aftermath in OAS member states.”

AG/RES. 2591 (XL-O/10***)***“instructed the General Secretariat, through SEDI, to support the member states in their considerations to design and implement regional and subregional programs to improve the performance of the tourism sector and to increase its resilience to disasters, particularly natural disasters, and reactivate the economies affected by them”.

SEDI through the Department of Sustainable Development is currently executing a project titled “**Building the Resilience of Small Tourism Enterprises in the Caribbean to Disasters.**” The goal of the project is to contribute to reducing the severity, impact and duration of disruptions caused by disasters on the operations of small tourism enterprises in the Caribbean.

**4. Meeting Structure**

The meeting is taking place in the context of the dialogue within CIDI and the execution of the 2021 SEDI Work Plan and the focus on the priority area “Sustainable Development & Environment: Building Sustainability and Resilience in the Americas.” The meeting will feature guest speakers from among the following organizations:

* Global Tourism Resilience and Crisis Management Centre
* Caribbean Hotel and Tourism Association (CHTA)
* Central America Tourism Integration System (SITCA)
* Federation of Chambers of Tourism of South America (FEDESUD)

The meeting will also provide an opportunity for OAS member states to share national experiences on MSME development, in particular as it relates to business continuity in the tourism sector.

**5. Meeting Outcome**

1. In the context of the implementation of the initiatives pursuant to the resolution AG/RES. 2955 (L-O/20) resolution: “Advancing Hemispheric Initiatives on Integral Development : Promoting Resilience,” it is expected that the session will contribute to provide OAS member states an opportunity to:
   1. Engage in a meaningful discussion on their shared goals and challenges to strengthen their MSMEs, particularly in the tourism sector and as it relates to business continuity in the context of the pandemic; and
   2. Identify concrete steps that they can initiate or continue, at the national level and/or regional level, to support and build the resilience of their MSMEs and tourism sector through SEDI and other initiatives.
   3. identify synergies and opportunities for collaboration and cooperation with the invited institutions in relation to strengthening MSME resilience and business continuity in the tourism sector.

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1. . See World Travel and Tourism Council 2020Annual Research Key Highlights available at https://wttc.org/Research/Economic-Impact [↑](#footnote-ref-1)
2. . United Nations Office for Disaster Risk Reduction (UNDRR). Terminology. <https://www.undrr.org/terminology/resilience> [↑](#footnote-ref-2)