

## Future Tourism Program: Digital Transformation of Tourism in Latin America and the Caribbean

### TERMS OF THE CALL FOR TOURISM DESTINATIONS IN LATIN AMERICA AND THE CARIBBEAN

#### DIAGNOSES ON THE LEVEL OF TECHNOLOGICAL READINESS OF TOURISM DESTINATIONS AND PREPARATION OF PRE-INVESTMENT PLANS

Link to TC document: <https://www.iadb.org/es/project/RG-T3660>

#### 1. Background and Justification

- 1.1 Before the arrival of COVID-19, tourism in Latin America and the Caribbean (LAC) was experiencing remarkable increase in recent years, becoming an important engine of growth and economic diversification. Estimates by the *World Travel and Tourism Council* (WTTC) suggest that, in 2019, tourism accounted for 10% of total Latin American GDP and 14% of Caribbean GDP.<sup>1</sup> Tourism was also responsible for 9% of total employment in Latin America and 15% in the Caribbean. Tourism has been one of the sectors most affected by the COVID-19 crisis. In 2020, the regional direct tourism GDP fell by half, a much higher drop than the contraction of the services sector in general (-6%) and other activities such as industry (-7%). Tourism has been responsible for over a third of the 7% decline in regional GDP in 2020.
- 1.2 To consolidate the recovery of the tourism sector and face the post-pandemic challenges, it is essential to support the business tourism fabric, as well as to understand the new priorities of tourism demand. In this context, it is important to consider the role of new technologies. Before COVID-19, the tourism sector was already immersed in a digital revolution, with a disruptive effect on its production and consumption processes. Therefore, when addressing the sector reactivation, it is key to incorporate technologies that allow strengthening the management of health safety, as well as the socio-environmental sustainability of tourism destinations.
- 1.3 The IDB's Future Tourism Program (RG-T3660) offers an opportunity to move towards the establishment of a network of smart tourist destinations (STD) in LAC, under a common methodological framework also capable of meeting the specificities of the different types of destinations. For the purposes of this call, the definition of the STD is the one provided by the State Society for the Management of Innovation and Tourism Technologies (SEGITTUR) in Spain: *a STD is an innovative tourist destination, consolidated on a cutting-edge technological*

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<sup>1</sup> Including indirect and induced effects

*infrastructure, which guarantees the sustainable development of the tourist territory, accessible to all, which facilitates the interaction and integration of the visitor with the environment, increases the quality of the tourism experience and improves the quality of life of residents.* The STD approach provides a strategic and operational framework to move forward towards the digitalization of LAC destinations.

- 1.4 This framework has the following advantages, already proved since the beginning of the STD initiative, in 2013: (i) the STD articulates an environment of public-private collaboration in which the most urgent and relevant technological needs for the destination are identified, generating a common prioritization of the necessary investment efforts; (ii) STDs facilitate the coordination between different administrative levels; and (iii) the network of STDs enhances collective learning processes through which micro/small/medium-sized enterprises (MSMEs) can be inspired by technology-savvy businesses (from the tourism sector or other sectors) and destinations can exchange good practices.
- 1.5 In this context, this call will support a first set of destinations in LAC, determining their level of technological maturity, and guiding them on the best management and technological investment instruments to face their respective challenges in terms of resilience, competitiveness, and sustainability, accelerating their potential transition towards the STD status.

## **2. Objectives of the Call**

- 2.1 Through this Regional Call, the Future Tourism Program **aims to provide technical assistance, apply diagnostic instruments and develop technological pre-investment plans** that: (i) accelerate the transfer of digital and emerging technologies (such as virtual reality, blockchain, etc.) towards the resolution of resilience, competitiveness and socio-environmental sustainability challenges in LAC tourist destinations; and (ii) stimulate a coordinated network of the tourism ecosystem in LAC destinations, around shared technological investment plans capable of consolidating the recovery of the sector after the Covid-19 shock. In short, it is about providing a homogeneous methodological framework and the appropriate decision mechanisms to facilitate the rapid incorporation of innovations in LAC tourist destinations, responding to their sectoral and geographical characteristics.
- 2.2 Specifically, **TEN** LAC destinations<sup>2</sup> will be supported, and will receive:(i) personalized diagnoses on their level of technological maturity, depending on their main challenges (prioritized by the destinations themselves); and (ii) action and pre-investment plans (agreed between the public and private tourism sector) to accelerate the technological assimilation

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<sup>2</sup> Located in the borrowing countries of the Inter-American Development Bank (IDB): Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panamá, Paraguay, Perú, Dominican Republic, Suriname, Trinidad and Tobago, Uruguay, Venezuela.

in the beneficiary destinations.

### 3. Requirements of the Call

3.1 This call is launched to select **TEN** destinations among the Bank's borrowing countries in LAC.

3.2 **Eligible destinations:** Destinations must be relevant -in terms of arrivals and tourist spending- in the context of the country in which they are located, and therefore only consolidated destinations are expected to apply (vs. emerging ones). Destinations must be defined at a subnational level, well-circumscribed in territorial terms, and not belonging to more than two municipalities. Regional circuits will not be supported. Applicants may be urban, coastal or nature destinations, targeting domestic and/or international outbound tourism markets.

3.3 The **criteria that will guide the selection** of the beneficiary destinations will be the following:

- i. Existence of a **local tourism organization**, with legal personality (public, public-private, or non-profit) that can prove it has sufficient competences over the destination to give continuity to the results obtained from this technical assistance.
- ii. Existence of a **letter of interest**, jointly signed by the public and private tourism stakeholders of the destination, which demonstrates a shared will to participate in this technical assistance. It is important to include the representatives of the main tourism subsectors of the destination (such as accommodation, catering, transport, agencies, tourist animation, etc.), preferentially represented through associations, trade councils or similar institutions.
- iii. In coordination with the local tourism organization, **creation of a public-private work team** to accompany this technical assistance. The team will include at least one public and one private tourism representative, both with active experience in the destination's tourism development. This team will interact with the consulting team that will carry out the diagnoses and technological pre-investment plans for the destination, ensuring that the consultants understand the priorities of the destination and can access the necessary information to achieve their work. It will also be responsible for disseminating the plan once this technical assistance is completed.
- iv. Presentation of a brief initial **diagnosis** on the tourist nature of the destination, its main needs / challenges and benefits sought with its participation in this technical assistance.
- v. Existence of documentation or instruments in force for the tourism **planning and management** of the destination: strategic tourism plan, promotion or tourism marketing plan, tourism statistics systems or similar tools.

3.4 Regarding the **diagnosis of the destination** (section d of the selection criteria described in the

previous paragraph) it will be important to include information related to the following aspects:

- i. *Destination's features*: Definition of geographic boundaries; Description of destination's territory, indicating the main types of tourism already developed and with development potential; Identification of the most developed tourist areas and those still with potential, if any; Quantitative and qualitative profile of tourism demand, among other possible data. It is expected that the description will be supported by digital cartography to facilitate the visualization and understanding of the dynamics of the destination.
- ii. *Importance of the destination in the context of tourism national development*: main tourism economic indicators of the destination and their relative weight in the national tourism economy (tourism GDP, tourist expenditure, tourist arrivals, tourist employment, number of tourism companies, tourism investment or similar indicators).
- iii. *Identification of the main needs/challenges of the destination*. The diagnosis will prioritize the most urgent challenges to be solved by the destination and will indicate how technology can support their resolution. The challenges faced by destinations can be one or more of those included in the following categories:
  - a. Barriers to generate **tourism economic benefits at the destination**: can include aspects related to competitiveness, tourism quality, labor productivity, internationalization, seasonality, basic services enabling tourism activity (energy, connectivity, sanitation, etc.), intelligence and marketing systems, etc.
  - b. Barriers to manage **resilience and safety at the destination**: the concept of safety is understood in a multidimensional way, incorporating the physical, psychological, and economic integrity of visitors and residents; climate management; disaster management; health crisis management, among other possibilities.
  - c. Barriers to manage **socio-environmental sustainability**, considering whether there is social inclusion along the tourism value chain and/or whether the environmental protection/conservation of the destination is ensured.
  - d. Barriers to manage tourism **governance**, including challenges of public-private coordination and with civil society.
- iv. *Description of technology state of the art* at the destination, in terms of level of coverage/access to mobile phone (voice and data) and broadband.
- v. *Benefits sought with the support of the technical assistance* offered in this call. The diagnosis will indicate how the destination expects to solve the main prioritized challenges with the support of technology adoption.

- vi. *Legal personality, organizational arrangements, team, and legal competences* of the local tourism organization at the destination. This organization must be circumscribed to the territorial limits of the destination.

**4. How to participate**

- Destinations interested in participating must fill in, before the deadline, the form of the call published at <https://www.iadb.org/en/calls-for-proposals>
- In addition, they will upload the requested technical documentation (diagnosis of the destination, evidence of documentation / instruments in force for the tourism planning and management of the destination, description and CVs of the work team that will accompany the technical assistance). A specific format for the diagnosis is not requested, but it will not exceed 15 pages.
- They will also upload the requested administrative documentation (bylaws, accreditation of legal personality and competences of the local tourism organization, as well as a letter of interest signed between the destination’s public and private tourism stakeholders).

**5. Selection process**

The evaluation of the applications will be completed under a **total score of 60 points**, according to the following distribution:

1. Scope of the destination’s diagnosis  
**Total 25 points**

The diagnosis presents a clear description of the destination	5
The diagnosis includes data on the relative importance of the destination in the tourism national context	5
The diagnosis identifies and prioritizes the main challenges that must be addressed	5
The diagnosis includes the state of the art of the technology at the destination	5
The diagnosis includes the benefits sought with this technical assistance	5

1. Strength of the team that will accompany the technical assistance in case the destination is selected.  
**Total 15 points**

The team includes a public and a private tourism representative of the destination	5
Team members are active in the destination's current tourism development	5
The team guarantees a minimum dedication time to the accompaniment of the technical assistance	5

2. Public-private letter of interest

**Total 20 points**

The letter is signed both by public and private tourism stakeholders with representativeness at the destination	10
The letter foresees specific actions to take advantage of the results obtained from this technical assistance (investment plans) once it is completed.	10

The selection panel will be composed of tourism, urban planning, science and innovation specialists from the IDB's public and private windows.

**6. Important dates**

1. *Call Release:* December 17, 2021
2. *Online briefing:* 15 February 2022
3. *Deadline to accept applications:* 30 March 2022