

Draft Policy Recommendations to be discussed by the COMCEC Tourism Working Group, in its 15th Meeting, for the Exchange of Views Session of the 36th COMCEC Session on “Promoting Entrepreneurship for Tourism Industry Competitiveness”

The 35th COMCEC Session agreed on “Promoting Entrepreneurship for Tourism Industry Competitiveness” as the theme for the Exchange of Views Session at the 35th Session of the COMCEC and requested the COMCEC Tourism Working Group (TWG) to come up with concrete policy recommendations on this topic and report it to the 36th COMCEC Ministerial Session. The TWG, in its 15th Meeting held on 24-25 September 2020 in a virtual-only format, considered the current level of tourism entrepreneurship and the challenges as well as possible policy options related to various aspects of tourism entrepreneurship. After intensive deliberations, the TWG has come up with a set of challenges and the policy options for enhancing tourism entrepreneurship in the member countries.

CHALLENGES

Tourism Working Group highlighted the following possible challenges and problems in enhancing tourism entrepreneurship in the Member Countries:

- *Low level of capital and limited local investment*
- *Small and fragmented nature of tourism entrepreneurship*
- *Informal economy*
- *Poor legal framework and unfair competition*
- *Inefficient and sustainable use of local tourism resources*
- *Lack of qualified Human Resources and know-how*
- *Fluctuating Demand*
- *Poor planning and community involvement*
- *Adverse effects of climate change and water supply*
- *Frequent crises and poor risk management*
- *Characteristics of Tourism Service (intangibility, perishability, heterogeneity)*
- *Dependency on specific markets and products*
- *Weak market performance and domestic demand*
- *Lack of reliable data and market intelligence*
- *Low per capita tourist spending*
- *Infra-structural problems*
- *Insufficient internationalization and branding*

POLICY RECOMMENDATIONS

In light of the above-mentioned challenges and problems, TWG came up with a set of policy recommendations as follows:

1. Public Investments and Infra-structure

- *Developing master plans for potential tourism regions to facilitate long-term entrepreneurial planning and investment decisions.*
- *Encouraging investments in infra-structure (e.g. security), technology (e.g. digitalization) accessibility (e.g. transportation) and promotion (e.g. branding) at the destination.*
- *Promoting technological and virtual investments.*
- *Building large-scale super-structure (e.g. airports, convention centers).*
- *Strengthening regulatory frameworks to establish and monitor standards.*
- *Providing statistical information and reliable market research data to support entrepreneurial decision-making.*
- *Developing/promoting online marketing, distribution and e-tourism applications.*

2. Capacity Building, Certification and Training

- *Promoting entrepreneurial skills development (e.g. financial management, marketing, networking, feasibility).*
- *Developing capacity building and training programs to enhance human capital required by potential entrepreneurs at the destination.*
- *Supporting entrepreneurial involvement in and collaboration through professional organizations, cooperatives and DMOs.*

3. Financing & Subsidization

- *Offering financial incentives, tax holidays, land allocations and credit facilities.*
- *Facilitating alternative forms of funding suitable with local cultural and religious norms (e.g. crowd funding).*
- *Supporting joint investments, micro financing and angel capital structures.*

4. Legislative Actions

- *Designing regulations to improve the entrepreneurial status and protect entrepreneurs.*
- *Encouraging transformation from informal economy to certification and registration.*
- *Promoting creative rather than imitative businesses.*
- *Facilitating growth, branding, institutionalization and internationalization*
- *Enhance clustering and cooptation.*

5. Risk Management

- *Enhancing risk management and encouraging crises mitigation strategies to protect entrepreneurs and their investments.*
- *Utilizing certification to enhance professionalism and survival rates.*
- *Encouraging diversification in tourism products based on trends in the market (e.g. nature based tourism, medical tourism)*
- *Facilitating domestic tourism.*

6. Sustainability

- *Positive discrimination towards local entrepreneurship rather than imported investments.*
- *Enhancing tourism value chain and utilizing local resources and raw materials.*
- *Facilitating social non-profit entrepreneurship and community involvement.*

7. Intra-OIC Collaboration

- *Facilitating investments and easing formalities for intra-OIC tourism investments and brands.*
- *Simplifying visa and border formalities and improving air connectivity within OIC.*
- *Enhancing employment mobility within the OIC.*
- *Designing capacity building and training programs for developing entrepreneurial skills in OIC tourism industry.*
- *Facilitating information and experience sharing and benchmarking from best practices.*