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Informality in the tourism sector in the Eastern Caribbean

Informality in the tourism sector in the Eastern Caribbean

ILO Regional Office for Latin America and the Caribbean

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▶ Abbreviations

BERT	Barbados Economic Recovery and Transformation Plan
BEST	Barbados Employment and Sustainable Transformation
BIDC	Barbados Investment and Development Corporation
BMA	Barbados Micro-Enterprise Development Agency
CARIBANK	Caribbean Development Bank
CBI	Citizenship by Investment (CBI) programme
CBT	Community-based tourism
CTO	Caribbean Tourism Organization
DWCP	Decent Work Country Programme
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECLAC	Economic Commission for Latin America and the Caribbean
FDI	Foreign direct investment
FORLAC	Strategy for the Promotion of Formalization in Latin America and the Caribbean
GDP	Gross Domestic Product
HDI	Human Development Index
IDB	Inter-American Development Bank
ILO	International Labour Organization
IMF	International Monetary Fund
IPFG	Innovation, Firm Performance and Gender
LAC	Latin America and the Caribbean
LFS	Labour Force Survey
MNE	Multinational enterprise
MSEs	Micro and small-sized enterprises
MSMEs	Micro, small and medium-sized enterprises
NEET	Not in Education, Employment or Training
NIS	National Insurance Scheme
OECS	Organisation of Eastern Caribbean States
OSH	Occupational safety and health
PPCP	Public-Private-Community Partnership
PPP	Public-Private Partnerships
SDG	Sustainable Development Goals
STR	Short-term rental
TVTE	Technical and Vocational Education and Training

▶ Foreword

Tourism is a major driver of economic growth, enterprise development and job creation, particularly for women, youth, migrant workers and local communities of the Eastern Caribbean. It contributes an average of 39 per cent to the region's GDP and accounts for over 11 per cent to total employment, supporting livelihoods across the islands. However, behind this engine of growth lies a persistent paradox: the very sector that drives the Eastern Caribbean economy is also one where informality remains most entrenched, affecting nearly half of all workers and leaving far too many without adequate social protection, decent wages, or safe working conditions.

This study examines that paradox across five countries: Antigua and Barbuda, Barbados, Dominica, Grenada, and Saint Lucia. These countries share a deep dependence on tourism, significant exposure to climate shocks and common structural barriers to formalization, yet they also present distinct national realities that call for differentiated responses. The study provides a rigorous diagnosis and comparative analysis of the drivers, characteristics, and consequences of informality in the sector.

The findings demonstrate that informality in Eastern Caribbean tourism is not a marginal phenomenon but a structural condition, sustained by the interplay of continuous decent work deficits, low productivity among micro, small and medium-sized enterprises, fragmented regulatory and institutional environments, limited access to finance, persistent skills mismatches, and social protection systems that do not adequately reach seasonal and informal workers. Climate vulnerability and the sector's strong seasonality further compound these challenges, repeatedly undermining the capacity of enterprises to invest and sustain formal operations.

The study is anchored in the ILO's normative framework, most notably on the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), the Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172) and its accompanying Recommendation (No. 179), and the Resolution and Conclusions on addressing informality adopted by the International Labour Conference at its 113th Session (2025a). It is also guided by the ILO 2024-2030 Strategy for the Promotion of Formalization in Latin America and the Caribbean (FORLAC 2.0), which provides the integrated policy framework around which the study's nine proposed pathways are organized, along with the ILO Guidelines on decent work and socially responsible tourism. The pathways identified in the study span productive development, skills and employment, social protection and labour rights, complemented by cross-cutting action on social dialogue, gender equality, and data collection.

This study is also aligned with the priorities agreed by the ILO's tripartite constituents in the Punta Cana Declaration, adopted at the 20th American Regional Meeting in 2025. The Declaration reaffirms the need to advance towards more productive, inclusive and resilient economies by promoting the transition from the informal to the formal economy. Additionally, through coherent policies shaped by social dialogue, it advances the foundations for an optimal environment for sustainable enterprises, broader social protection and just transitions. In strategic sectors such as tourism, these commitments are particularly relevant to ensuring that economic growth translates into more and better jobs, higher productivity and greater social justice.

Therefore, the challenge is not simply to reduce informality, but to transform tourism into a genuine platform for decent work, productive development and social inclusion. The Eastern Caribbean has an opportunity to demonstrate that competitiveness, resilience and social justice can advance together. Turning this opportunity into reality will require vision, leadership and collective action. The ILO will continue to work alongside governments, employers' and workers' organizations to translate these commitments into tangible results: more sustainable enterprises, better-protected workers, more resilient communities, and a tourism sector whose growth generates opportunity and dignity for all.

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▶ Executive summary

This study on informality in the tourism sector in the Eastern Caribbean was conducted to inform the design of the project "Transition to the formal economy with emphasis on improving productivity and decent working conditions in the Caribbean tourism sector". The study covers five countries: Antigua and Barbuda, Barbados, Dominica, Grenada, and Saint Lucia. They were selected based on their high dependence on tourism in terms of employment and GDP, the potential for sectoral social dialogue, the existing Decent Work Country Programmes that prioritize tourism, governments' interest in promoting sustainable tourism, and the willingness of employers' and workers' organizations to engage in the discussion on the formalization of the tourism sector.

The methodology combined the collection of primary data through interviews with analysis of secondary data. The latter was drawn from the International Labour Organization (ILO), the Economic Commission for Latin America and the Caribbean (ECLAC), the Caribbean Development Bank (CARIBANK) and the World Bank databases, as well as official government documents, institutional reports and academic literature. Key methodological limitations include the scarcity of data on informality, outdated official statistics, and the lack of up-to-date tourism statistics in most of the selected countries.

Informality in the tourism sector in the Eastern Caribbean remains pervasive despite sustained tourism growth. It is primarily driven by low-productivity micro, small and medium-sized enterprises (MSMEs) operating in a fragmented regulatory, financial, and institutional environment, further exacerbated by climate vulnerability and strong seasonality. As a result, workers continue to face decent work deficits, including variable and long working hours, low wages, limited access to social protection, gender-based discrimination, and poor occupational safety and health practices. Enterprises face barriers to accessing finance, digital markets and value chains, compounded by complex bureaucratic processes and a widespread perception that the costs of formalization outweigh its benefits.

The five Eastern Caribbean countries share a high dependence on tourism as an economic pillar and employment generator, significant climate vulnerability and common obstacles of labour informality, low MSMEs productivity and gaps in skills and training. However, important differences can be observed. Antigua and Barbuda and Barbados demonstrate higher levels of development, reflected in a higher GDP per capita, more current regulatory frameworks and a stronger post-pandemic recovery. Grenada and Saint Lucia are characterized by very high employment informality rates and strong labour dependence on tourism. Dominica stands out for its focus on community-based tourism, albeit with more pronounced infrastructure and connectivity constraints. The diversity of conditions calls for differentiated interventions adapted to each particular country's context.

The study on informality included a stakeholder mapping exercise that illustrated the diversity of stakeholders involved in the tourism sector, including government institutions, employers' and sectoral workers' organizations, and community-based organizations. Coordination among these actors is essential, yet often fragmented. Interviews with representatives from workers' and employers' organizations and research institutions suggest that informality is a deliberate choice in many cases, driven by financial barriers, institutional distrust and the high seasonality of the sector.

Based on the diagnosis, the study proposes nine pathways for promoting decent work and formalization in the Eastern Caribbean tourism sector. The pathways are organized under the four priority areas of ILO's 2024-2030 Strategy for the Promotion of Formalization in Latin America and the Caribbean (FORLAC 2.0): productive development policies; employment and skills development policies; social protection policies; and policies for the recognition and enforcement of labour rights, and sanctions and incentives for formalization. Three additional pathways address cross-cutting dimensions: social dialogue, gender-responsive policies, and data collection and regional collaboration. The normative foundation for the pathways is provided by the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) and the Resolution and Conclusions adopted by the International Labour Conference at its 113th Session (2025a). In the specific context of tourism, the Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172) and its accompanying Recommendation (No. 179), as well as the ILO Guidelines on decent work and socially responsible tourism offer additional sector-specific guidance on promoting decent work and improving working conditions. The study also identifies ILO tools and methodologies that can support the implementation of these pathways at the national and sectoral levels.

1

Introduction

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Tourism is a primary engine of the Eastern Caribbean economy, contributing an average of 39 per cent to its GDP and over 11 per cent to total employment in 2019 (OECS 2024). However, this engine of growth coexists with high levels of labour informality, which in the Caribbean affects almost half of workers (IDB 2025). Especially in the highly seasonal[1] tourism industry, weak social protection systems can be an important driver of labour informality which is often characterized by significant decent work deficits, including low wages[2], variable and long working hours, gender-based discrimination, poor occupational safety and health (OSH) practices, weak organization of labour, limited access to opportunities for skills development and recognition of prior learning.

Furthermore, informal enterprises often exhibit low productivity, outdated technology and limited access to finance, which not only produces instability for workers but also limits the sector's competitiveness. Therefore, the transition to formality emerges as a crucial pillar to improve the living conditions of the workforce as well as the productivity of economic units, particularly micro and small-sized enterprises (MSEs) with growth potential. Formalization further contributes to ensuring quality standards in the sector along with preserving protected areas.

This rapid diagnosis of informality in the tourism sector in the Eastern Caribbean is conducted within the general framework of the ILO's Formalization Strategy for Latin America and the Caribbean (FORLAC 2.0). It aims to support the promotion of the transition to the formal economy in the Caribbean tourism sector and to provide a comprehensive analysis of the level, composition and characteristics of informality in the tourism sector across the selected Eastern Caribbean countries. It examines the main drivers of informality, incentives for formalization and the key actors involved, as well as their coordination mechanisms. Its findings are intended to inform the design of the ILO project "Transition to the formal economy with emphasis on improving productivity and decent working conditions in the Caribbean tourism sector".

The first section of the study presents the methodological approach, guided by the ILO's methodological note on diagnosis of informality (2021) as well as its Informal Economy Indicator Framework[3]. This framework seeks to enhance the understanding of the extension, drivers and consequences of the informal economy, with the focus on formulating coherent interventions that promote the transition to formality. This section also defines the country selection criteria and describes the data sources and their limitations.

The second section introduces the conceptual framework, including the main characteristics of the tourism sector in the Eastern Caribbean.

The third section presents a comparative sectoral diagnosis across the five selected countries, structured thematically rather than by each individual country. It covers the socio-economic and tourism context, the composition and characteristics of informality, the main drivers of informality, the regulatory and policy framework and the growth potential of the tourism sector. This comparative structure enables cross-country patterns and divergences to be identified within each analytical dimension.

The fourth section proposes nine pathways for promoting decent work and formalization in the tourism sector, organized under the four priority areas of FORLAC 2.0. These pathways are grounded in the normative orientations of Recommendation No. 204, and draw on the sector-specific guidance of the Convention No. 172 and the Recommendation No.179, and the ILO Guidelines on decent work and socially responsible tourism.

The fifth section presents the ILO tools and methodologies available to support the implementation of these pathways, as well as the relevance of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) for the tourism sector. The study concludes with a set of strategic conclusions addressed to governments, employers' and workers' organizations.

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1 The tourism season in the Eastern Caribbean primarily runs from December to April.

2 According to 2025 ILO's report "Setting a minimum wage through evidence-based practices. A situation analysis and guide for Caribbean employers' and business member organizations", the average minimum wage across 14 Caribbean countries is US$3.6 per hour in nominal terms, while the average for the five analysed Eastern Caribbean countries (Antigua and Barbuda, Barbados, Dominica, Grenada, and Saint Lucia) is US$3.11. Based on information from the Labour Force Survey (ILOSTAT), a variable gender wage gap exists in the Caribbean tourism sector. In Barbados (2016), the gap is evident, as men earned US$1,137.62 compared to women earning US$930.67, while in Antigua and Barbuda (2018) the gap is smaller (US$906.39 as opposed to US$896.24). In Saint Lucia (data from 2000–2003), the gap fluctuated: in 2001, men earned US$939.37 compared to US$762.84 for women, but in 2002, the difference slightly reversed (US$913.11 versus US$926.43) (ILO 2025b).

3 ILO's Economy Indicator Framework: https://wwwex.ilo.org/ilostat/f?p=45130:1.

2

Methodology

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▶ 2.1. Methodological approach

The analysis follows the definition of the informal economy as stated by ILO's Recommendation No. 204 which is "all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements" (2015, Part I, Para. 2). It also considers its guiding principles and its rights-based approach to formalization.

In particular, the methodology for the rapid diagnosis on the Caribbean tourism sector is based on the Diagnosis of Informality: Methodological Note (ILO 2021), which proposes a sequence of steps to collect, analyse and discuss information about the informal economy. While the overall ILO methodological process is divided into preliminary steps, core components and post-diagnosis phases, the rapid diagnosis focuses on the core components of the assessment, which correspond to steps 4 to 7 of the aforementioned methodology. The main objective of conducting these diagnoses is to obtain a deep understanding of the informal economy (extent, diversity, causes and consequences) that builds the basis for the design of coherent and coordinated initiatives that facilitate the transition to formality.

The comparative diagnosis is organized into five thematic sections that examine the tourism sector across the five selected countries, adapting the analytical framework set out in the ILO's methodological note for informality diagnosis:

1. **Socio-economic and tourism context.** This section examines the macroeconomic conditions that shape the tourism sector in each country, including the contribution of tourism to GDP and employment, the structure of visitor arrivals and source markets, climate vulnerability, infrastructure and connectivity, and the potential of the blue economy[4].

2. **Composition and characteristics of informality.** This section captures the heterogeneity of informality in the tourism sector, distinguishing between workers and economic units. The analysis draws on quantitative data and qualitative studies, with particular attention to employment patterns, labour market dynamics, social protection coverage, productivity gaps and gender-disaggregated indicators.

3. **Drivers of informality.** This section analyses the main factors that sustain informality across the five selected countries, including access to finance, energy costs and the operating environment, regulatory complexity, and tourism-specific factors. It draws on legislation, policy documents and interviews with key stakeholders to capture how barriers to formalization are perceived and experienced in practice.

4. **Regulatory and policy framework.** This section examines the legal and institutional frameworks governing enterprise development, tourism regulation, administrative modernization and skills development across the five selected countries.

5. **Growth potential of the tourism sector**. This section assesses opportunities for the sustainable development of the tourism sector, its potential for job creation, tourism product diversification, community-based tourism and infrastructure development, identifying areas where formalization can be embedded within broader productive development strategies.

▶ 2.2. Country selection criteria

The analysis focuses on a subset of Eastern Caribbean countries: Antigua and Barbuda, Barbados, Dominica, Grenada and Saint Lucia.

The selection was guided by an assessment of the national contexts to identify where efforts to promote formalization in the tourism sector could have the greatest potential impact. In particular,

4 Sustainable economic activities related with the ocean, sea or coastal regions.

the five countries were selected based on the following criteria, aligned with the objective of fostering formalization with a focus on productivity:

High employment concentration in the tourism sector: the high share of employment in tourism underlines its importance for the transition from the informal to the formal economy, because it concentrates a significant proportion of the labour workforce where efforts for regularization and the extension of social protection can be focused.

Significant contribution to national GDP: the share of tourism in the GDP reflects its strategic role in national economies and justifies interventions aimed at enhancing productivity, increasing fiscal revenues and strengthening sector sustainability through formalization.

Potential for sectoral social dialogue: effective social dialogue is a critical enabling factor for consensus-building on regulatory frameworks, labour inspection policies and tripartite strategies that incentivize and govern the transition towards formalization. A preliminary mapping of workers' and employers' organizations, as well as relevant government institutions related to the tourism sector was conducted to assess this potential and provide basis for identifying institutional strengths, representation gaps and opportunities to establish or reinforce effective tripartite engagement.

Commitment of key actors to the formalization agenda: the willingness of employers' and workers' organizations to engage in the project is an essential indicator of feasibility, ensuring that relevant social actors are prepared to address the challenges associated with informality.

Existing Decent Work Country Programmes (DWCP) prioritizing tourism: these provide strategic frameworks for advancing inclusive and sustainable employment, social dialogue, rights at work and social protection. For example, Barbados signed its DWCP 2025–2030 in July 2025, and Grenada its DWCP 2026–2031 in May 2026.

Government commitment to promote sustainable tourism: All selected countries demonstrate a strong interest in promoting sustainable tourism, as reflected in their participation in regional initiatives and respective national tourism strategies.

The convergence of these criteria positions the selected countries as highly relevant contexts with favourable conditions for interventions aimed at promoting the transition to formality.

▶ 2.3. Data sources and data collection tools

The rapid diagnostic of informality in the Caribbean tourism sector is based on a mixed-methodology approach combining the analysis of secondary data with the collection of primary qualitative information. Secondary sources include databases from international and regional organizations (ILO, Economic Commission for Latin America and the Caribbean [ECLAC], Caribbean Development Bank [CDB], Inter-American Development Bank [IDB] and the World Bank), and the review of studies, reports, academic publications and official government documents. These are complemented by qualitative interviews conducted with key stakeholders linked to the tourism sector.

Document review

As a first step, a comprehensive review of national reports, development strategies, legal frameworks and public policies in the five selected countries was undertaken. It included legislation on MSMEs and tourism, national development plans and sectoral policy documents, with the aim of characterizing the regulatory and institutional environment that influences the transition to formality in the tourism sector. In addition, relevant reports, studies, project documents and academic literature were reviewed.

Key quantitative data sources

The quantitative analysis was based on secondary data from national surveys and official databases, as well as reports and publications from international and regional organizations (see table 1). These sources also provide context on the macroeconomic environment and the labour market. In particular, data from the ILO Labour Force Surveys (LFS) and national statistics offices were used to analyse employment, unemployment and labour informality trends for the five selected countries (with varying levels of coverage across countries and years), disaggregated by sex, age and economic sector.

▶Table 1. List of key secondary sources for quantitative information

Organization	Type of data / information used
International Labour Organization (ILO)	ILOSTAT databases, Labour Force Survey (LFS), informal employment, unemployment and productivity statistics
Economic Commission for Latin America and the Caribbean (ECLAC)	Macroeconomic data (total GDP, GDP per capita, growth), population data and statistics on people affected by climate change
Caribbean Development Bank (CDB)	Real GDP growth, tourist arrival statistics ("stayover arrivals" and cruise passengers), economic and outlook reports
World Bank	Ease of Doing Business indicators, data on new business density and creation, and thematic reports
International Monetary Fund (IMF)	Country-specific reports with macroeconomic analysis, growth projections and fiscal and financial sector assessment
Inter-American Development Bank (IDB)	Firm surveys (Innovation, Firm Performance and Gender [IFPG]), country program evaluations and national strategies
Caribbean Community (CARICOM)	Official national accounts statistics, value added from the accommodation and food service sector
Organisation of Eastern Caribbean States (OECS)	Regional policy documents (e.g., Common Sustainable Tourism Policy), structural data and sector analysis
National statistics offices	National Labour Force Surveys, government budget statements and mid-year fiscal reviews
UN Tourism	Reports on global and regional tourism trends, sector investments
United Nations Development Programme (UNDP)	Detailed national tourism diagnostic reports ("Future Tourism" project (UNDP 2022a)
Organization for Economic Co-operation and Development (OECD)	Analysis of Caribbean development dynamics and partner review reports

Source: Own compilation.

2.3.1. Interviews with key stakeholders

To complement the quantitative analysis, semi-structured virtual interviews were conducted with more than 30 key stakeholders in the tourism sector between September and early November 2025. The institutions consulted included regional organizations, national tourism associations, employers' and workers' organizations, as well as academics and tourism experts.

The regional bodies consulted were the Organisation of Eastern Caribbean States (OECS), the Caribbean Tourism Organization (CTO) and the Caribbean Centre of Excellence for Sustainable Livelihoods (COSEL), whose representatives addressed policy, data and structural constraints at regional level. Interviews were also held with representatives with current or past involvement in national sectoral associations, including the Dominica Community Tourism Association (DCTA) and the Dominica Hotel and Tourism Association (DHTA), which act as intermediaries in the development of local tourism products. Union representatives from Dominica, Saint Lucia and Antigua and Barbuda were interviewed on the effects of informality on working conditions, and independent experts and academics specialized in tourism contributed evidence from formalization projects in the region. These interviews are the main source of qualitative evidence for the study and are cited throughout the analysis. The names and institutional affiliations of those interviewed are listed in Annex 1, and the interview guides are reproduced in Annex 2.

▶ 2.4. Methodological limitations

The analysis is subject to several limitations, primarily related to data availability and quality, which constrain the depth and scope of the assessment. A key limitation is the limited availability of up-to-date official data from national statistical offices. In many cases, core socio-economic and labour market data, including Labour Force Surveys, are not produced regularly. This restricts the ability to assess recent

trends in informality and labour market dynamics, particularly in the aftermath of shocks such as the COVID-19 pandemic. In addition to this, the lack of recent disaggregated data on MSMEs limits the ability to accurately assess their number, distribution and structural characteristics.

Tourism statistics also present important gaps. Available data tends to focus on aggregate indicators, such as tourist arrivals and overnight stays, while more detailed information – particularly on expenditure patterns – is often outdated, incomplete or not systematically analysed and disseminated. Moreover, there is limited information on the tourism value chain, including linkages between different types of enterprises (such as hotels, restaurants and tour operators), which constrains a comprehensive understanding of the sector's economic and employment structure.

Important data gaps also exist regarding gender and digitalization. While informality is known to particularly affect women, data on women's ownership of tourism MSMEs and their access to finance, for example, are limited or unavailable in several countries. Similarly, evidence on the level of adoption of digital technologies by enterprises is largely anecdotal.

Finally, the analysis is constrained by the limited availability of rigorous evaluations of public policies and programmes. Although a range of legislations and initiatives to promote formalization and support MSMEs have been identified, the absence of systematic evaluations limits the ability to assess their effectiveness and impact.

3

Conceptual framework

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▶ 3.1. Context of the tourism sector in the Caribbean

The tourism sector is a major driver of economic growth and an engine for job creation. Prior to 2020, the global tourism sector had experienced six decades of growth and diversification. In 2019, it was one of the world's fastest growing and largest economic sectors, contributing 8 trillion United States dollars to the global economy, accounting for 10.4 per cent of GDP. The sector employed more than 230 million workers worldwide, representing around 7.2 per cent of total employment (El Achkar 2023). This sector is particularly important for women, youth and migrant workers, who constitute a substantial share of the workforce. Micro, small and medium-sized enterprises (MSMEs), including small hotels and restaurants, account for most businesses in the sector and play a key role in job creation.

Tourism is the main source of jobs and income in the Caribbean region and it is a central pillar of national development strategies. On average, this sector contributes directly to around 33 per cent of the Caribbean GDP and more than 52 per cent of export earnings. The region receives approximately 30 million visitors annually, the majority from the United States, and a significant share from cruise tourism. It directly employs around 413,000 workers in the region (18.1 per cent of total employment), with women representing between 50 and 60 per cent of the workforce, and youth accounting for an estimated 10 to 20 per cent (ILO 2020).[5] When considering indirect and induced employment, tourism represents between 43 and 90 per cent of total employment (with a markedly upward skewed distribution in tourism-dependent Eastern Caribbean countries). Overall, around 1 million of the region's 2.3 million workers depend on tourism for their livelihoods, highlighting a high degree of economic reliance on the sector in the Caribbean (Muhummed 2025). However, strong tourism growth has not always translated into inclusive and sustainable development outcomes. In some cases, increases in tourist arrivals and expenditures have not been accompanied by improvements in broader development indicators. For example, while international arrivals and tourism expenditures increased by 4.6 per cent and 6.5 per cent respectively in Saint Lucia between 2014 and 2019, the Human Development Index (HDI) did not increase over that period. Cruise companies are capturing up to 70 per cent of tourists' expenditures on shore excursions in Saint Lucia (Daly and Fernandez-Stark 2018), indicating a lack of integration of local businesses and value chains in the tourism sector.

Although international tourism in the Caribbean exceeded pre-pandemic levels by 1 per cent in 2023[6], accounting for 26.5 million international tourist arrivals, the COVID-19 pandemic has further exposed the vulnerability of tourism-dependent economies, particularly those relying on high-volume tourism models. In response, governments are increasingly prioritizing more sustainable tourism models that promote decent jobs, reduce the environmental impact, and share tourism income more equally among different regions and stakeholders involved within the country. This shift aligns with changing consumer preferences towards more sustainable, local and authentic experiences (World Bank 2025)[7].

The sector's importance for employment, local and national economic development, culture, products and services is reflected in the Sustainable Development Goals (SDG), particularly Nos. 8, 12 and 14, which include specific tourism targets.[8] Sustainable tourism plays a vital role in improving the livelihoods of people, lifting communities out of poverty and generating economic and social benefits in destination countries. Given its strong linkages with related sectors, such as agriculture, retail and transport, it has a multiplier effect across the economy.

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5 There is strong variation in the shares per country. A high share of employment in tourism was one of the country selection criteria for this study.

6 While worldwide, international tourism recovered 88 per cent of pre-pandemic levels in 2023.

7 For further information, you may also refer to the Supplementary Annexes to the cited document found in the following link: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099042325223521960.

8 These are: No. 8, decent work and economic growth, No. 12, responsible consumption and production, and No. 14, life below water (UN 2015).

▶ 3.2. Challenges of the tourism sector in the Caribbean

Despite being a crucial driver of job creation, the sector faces decent work deficits, such as the prevalence of informality, variable and long working hours, low wages, limited access to social protection, gender discrimination, poor occupational safety and health practices, and weak regulation. In some cases, the sector is also affected by the lack of an enabling environment for sustainable enterprise development, staff shortages, insufficient or inadequately skilled workforce and productivity challenges (ILO 2022), as well as the adverse impacts of climate change.

Across the world, high levels of informality represent a persistent structural challenge in the tourism sector. For instance, in Latin America, 61.4 per cent of restaurant workers and 25.1 per cent of hotel workers operate within the informal economy (Quicaña 2021). Comparable estimates are not available for the Caribbean, where data on informal employment in tourism is scarce and unevenly available across countries. The conditions surrounding it are nonetheless documented: low union density, limited training provision, and vulnerability arising from the systematic use of fixed-term or seasonal contracts in the absence of alternatives (ILO 2020).

Decent work deficits are most pronounced in the informal segments of the sector. Women, youth, indigenous and tribal peoples, migrant workers and local communities frequently engaged in informal or casual employment were disproportionately affected by the COVID-19 pandemic, and inequalities in the sector have intensified, with recent progress in gender equality and women's rights reversed in some cases (ILO 2022).[9] Women are more likely to undertake entrepreneurial activities in tourism than in other sectors, although many of them hold low-skilled jobs, which leaves them vulnerable to shocks (UNDP 2022a).

Over the past decade, the industry has undergone numerous changes, driven by new and emerging technologies (such as metasearch[10] and online booking platforms), changing demographics as well as generational and workforce diversity, globalization and climate change. Extreme weather events caused by climate change are increasingly becoming a concern for many destinations, especially in the Caribbean. In particular, low-lying island states like the Bahamas and Trinidad and Tobago, and countries that are often hit hard by major hurricanes, such as Antigua and Barbuda, the British Virgin Islands, Dominica, Jamaica and Saint Lucia. Other threats posed through climate change and sea level rise include coastal erosion, saltwater intrusion, challenges with water supply, and coral reef degradation and biodiversity loss.

Addressing informality in this context requires an integrated approach that acts simultaneously on productivity, working conditions, social protection and institutional capacity. The comparative diagnosis that follows examines the specific conditions of the tourism sector across Antigua and Barbuda, Barbados, Dominica, Grenada and Saint Lucia, identifying the structural factors that sustain informality and the opportunities for promoting the transition to formality.

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9 Informality is defined by coverage, and casual work, by duration. Under Recommendation No. 204, the informal economy comprises activities that are, in law or in practice, not covered or insufficiently covered by formal arrangements. Comparatively, casual work is the engagement of workers on a very short-term or on an occasional and intermittent basis. The two overlap but are not equivalent, since casual work may be formal and informal employment may occur in open-ended arrangements (see ILO 2016).

10 A metasearch engine compares prices across booking sites and supplier websites but does not take the booking itself, directing the traveller to the site that does.

4

Comparative sectoral diagnosis: Antigua and Barbuda, Barbados, Dominica, Grenada and Saint Lucia

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The following diagnosis examines the tourism sector across Antigua and Barbuda, Barbados, Dominica, Grenada and Saint Lucia through a comparative, thematic structure. It covers the socio-economic conditions that shape each country's tourism sector, the labour market and employment patterns that characterise the sector's workforce, the regulatory and policy frameworks governing enterprise development, and the growth trajectories and constraints facing the sector. Informality is examined within this broader sectoral context, with dedicated sections on its composition, characteristics and drivers across the five countries, and with particular attention to the conditions that configure informal employment and the opportunities for promoting the transition to formality.

This comparative structure enables cross-country patterns and divergences to be identified within each analytical dimension, while preserving the country-specific evidence that supports them. The five subsections cover: socio-economic and tourism context; composition and characteristics of informality; drivers of informality; regulatory and policy framework; and growth potential of the tourism sector. Detailed country-level diagnostics, including the full evidentiary base and country-specific tables and figures, complement this study and are available as separate country briefs.

▶ 4.1. Socio-economic and tourism context

The five Eastern Caribbean countries selected share a common orientation towards tourism as a driver of economic growth and employment. At the same time, they differ in economic scale, income levels and institutional arrangements. These differences shape the conditions under which tourism enterprises and workers operate.

Antigua and Barbuda and Barbados are classified as high-income countries, with GDPs per capita of US$21,559 and US$23,832 respectively in 2023 (ECLAC 2024). Dominica, Grenada and Saint Lucia are classified as upper-middle-income economies, with GDPs per capita ranging from US$8,958 in Dominica to US$13,478 in Saint Lucia (ECLAC 2024). Antigua and Barbuda records an HDI of 0.851 (ranked 53rd globally in 2023), followed by Barbados (0.811, ranked 69th), Grenada (0.791, ranked 80th), (UNDP 2025). Dominica (0.761, ranked 98th) and Saint Lucia (0.748, ranked 103rd

All five economies contracted sharply during the COVID-19 pandemic. The contraction was most pronounced in Saint Lucia (minus 20.4 per cent in 2020) and Dominica (minus 16.6 per cent), while Barbados' economy contracted by 15.1 per cent, and Grenada's by 13.8 per cent[11]. Antigua and Barbuda and Saint Lucia had experienced the sharpest GDP declines among the five countries during the pandemic. Recovery trajectories for each country have differed. Barbados and Grenada experienced strong rebounds in 2022 (17.8 per cent growth in both cases), driven by tourism and construction (ECCB 2024). By 2024, GDP growth ranged from 3.4 per cent in Saint Lucia to 6.3 per cent in Antigua and Barbuda, with Dominica at 4.6 per cent, Grenada at 4.1 per cent and Barbados at 3.7 per cent.[12] All five economies have surpassed pre-pandemic output levels.

All five countries have embarked on reform agendas to support sustained recovery. In Antigua and Barbuda, the 2025 budget foresaw substantial capital expenditure focused on climate-resilient infrastructure, including the seaport of Barbuda, reflecting the country's high vulnerability to climate shocks (IMF 2025a). Barbados is implementing the Economic Recovery and Transformation Plan (BERT), with a new phase launched in 2025 emphasizing innovation, sustainability, productivity and competitiveness, alongside the longer-term Barbados "2035" Plan focusing on investment, climate objectives and key sectors (IDB 2025). Dominica's development strategy centres on building a climate-resilient economy through the National Resilient Development Strategy (NRDS) 2030 and the Climate Resilience and Recovery Plan (CRRP) 2020–2030 (Mu et al. 2023). Grenada's National Sustainable Development Plan 2020–2035 guides its approach with tourism, construction and investment in large infrastructure projects driving a projected growth of 4.1 per cent in 2025 as well as with the 2026–2031 Decent Work Country Programme that prioritizes expanding the offer of decent work opportunities through increased formalization, productivity and tripartite cooperation (Grenada, Ministry of Finance 2019; ILO 2026b). Saint Lucia's Medium-Term Development Strategy (2020–2023), branded as A.R.I.S.E., focuses on creating an enabling environment for MSMEs by reducing administrative barriers, improving access to finance and modernizing public services (Saint Lucia 2020).

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11 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

12 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

4.1.1. The role of tourism in national economies

Tourism plays a central role in the economic structure of the selected countries. Antigua and Barbuda records the highest contribution of tourism to GDP, at 77.3 per cent in 2025 (WTTC 2025a). In Grenada, the share reached 60 per cent, followed by Saint Lucia (57.4 per cent). Barbados and Dominica recorded shares of 23.1 per cent and 22.3 per cent respectively (WTTC 2025b; 2025c; 2025d; 2025e). Employment patterns reflect this structure: in 2019, tourism accounted for an estimated 91 per cent of total employment in Antigua and Barbuda (when considering direct, indirect and induced effects), 78 per cent in Saint Lucia, 41 per cent in Grenada, 38 per cent in Dominica, and 31 per cent in Barbados (ILO 2020). Direct employment in tourism is lower: in Dominica, the sector accounted for 10.5 per cent of total employment directly, primarily in accommodation and food services (Mu et al. 2023). In Grenada, direct employment in tourism represents 17.1 per cent of total employment, with an additional 25.8 per cent through indirect linkages (ILO 2020). Tourism also generates multiplier effects across other sectors. In the Caribbean, a 10 per cent rise in tourism expenditure per capita is associated with a same-year rise in GDP per capita of between 0.58 per cent and 0.89 per cent. Over the long term, that same increase reaches approximately 2.6 per cent (CARIBANK 2017).

In Antigua and Barbuda, the tourism sector was one of the first to develop in the Eastern Caribbean and it is among the most consolidated in the region. Gross tourism receipts amounted to around 1 billion in 2024, constituting 46.8 per cent of GDP (IMF 2025a). The contribution of tourism to GDP is projected to reach 48.5 per cent by 2029 (IMF 2025a). In Barbados, the sector contributed approximately 36.2 per cent of GDP in 2013; following the pandemic, this share was around 21 per cent in 2022 (IDB 2024). The accommodation and food service activities segment accounted for 9.9 per cent of total GDP in 2023, demonstrating steady growth since 2020 (CARICOM 2025). In Dominica, travel and tourism accounted for 32.6 per cent of GDP (US$188.9 million) in 2019 when considering both direct and indirect effects (UNDP 2022b). However, the contribution of accommodation and food service activities alone remained limited, at 1.3 per cent of GDP in 2019, recovering to 1.6 per cent in 2023 (CARICOM 2025). In Grenada, accommodation and food service activities contributed 5.6 per cent of GDP in 2018, declining to 4.9 per cent in 2023 following the pandemic-related contraction (CARICOM 2025). In Saint Lucia, accommodation and food service activities contributed 21 per cent of GDP in 2019, declining sharply in 2020 but recovering to 18.8 per cent in 2023 (CARICOM 2025).

4.1.2. Tourism structure: visitors, source markets and seasonality

The composition of tourism flows differs across destinations and shapes opportunities for local economic integration. Antigua and Barbuda and Dominica record the highest shares of cruise passengers in total visitor arrivals: 70 per cent of visitors to Antigua and Barbuda arrive by cruise ship (CTO 2020), while in Dominica cruise passengers accounted for close to 80 per cent of total visitor arrivals in 2023.[13] In Dominica, cruise passengers represented 72 per cent of arrivals in 2019 but generated only 6.3 per cent of tourism expenditure (IMF 2021). Cruise arrivals in Dominica peaked at 532,000 in 2009 and have declined since. This imbalance has limited incentives for investment in accommodation and higher value-added tourism services. In Antigua and Barbuda, cruise passenger arrivals reached 563,699 by October 2024, exceeding 2019 levels by 114.3 per cent (IMF 2025a). By contrast, Barbados has the highest share of stayover visitors and the largest proportion of European arrivals.[14]

Stayover arrivals in 2024 were: Barbados, 704,340; Saint Lucia, 435,659; Antigua and Barbuda, 330,000; Grenada, 194,914; and Dominica, 83,647.[15] Growth in stayover arrivals has been particularly strong in the post-pandemic period. In Saint Lucia, stayover arrivals increased by 118 per cent between 2021 and 2024 (from 199,160 to 435,659), although this was accompanied by a reduction in the average length of stay.[16]

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13 ECCB (Eastern Caribbean Central Bank), "Selected Tourism Statistics: Commonwealth of Dominica, annual", Eastern Caribbean Central Bank and the ECCU Central Statistical Offices, accessed 15 July 2026.

14 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

15 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

16 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

In Grenada, stayover arrivals grew by 9.5 per cent between 2023 and 2024 (from 178,000 to 194,000).[17] In Barbados, stayover arrivals grew by 10.7 per cent between 2023 and 2024, although cruise arrivals expanded considerably faster, by 40.8 per cent (Central Bank of Barbados 2025).

Source markets present varying degrees of concentration. The United States is the principal source for Antigua and Barbuda (53.5 per cent of stayover arrivals) (IMF 2025a), Saint Lucia (52 per cent) (UNDP 2022c) and Grenada, where visitors from the United States accounted for 46,424 in the first half of 2023, an increase of 35.4 per cent compared to the previous year (Ministry of Finance, Grenada 2023). Dominica receives the majority of its overnight visitors from the Caribbean region (61.2 per cent in 2019), followed by the United States (14 per cent), France (7.7 per cent) and the United Kingdom (5.7 per cent) (Mu et al. 2023). Barbados has a diversified market base with a larger European share.[18] The concentration of arrivals from a limited number of source markets increases exposure to demand shocks.

Tourism in the Eastern Caribbean is subject to strong seasonality, with the high season running approximately from October or December through April (ILO 2017a). This pattern contributes to income volatility, underemployment and challenges in maintaining year-round formal employment. Seasonality particularly affects MSMEs in the food and beverage and accommodation subsectors, where cash flow constraints limit the capacity to sustain formal employment throughout the year. In Saint Lucia, a large gap exists between the high season (January to March) and the low season (September to October) (UNDP 2022c). In Dominica, the high season runs from October to April (Mu et al. 2023).

4.1.3. Climate vulnerability

Climate vulnerability is a structural feature across the region, shaping both economic trajectories and the conditions for tourism sector development. All five selected countries are exposed to hurricanes, tropical storms and sea-level rise. These events may cause damage to critical infrastructure.

According to the Notre Dame Global Adaptation Initiative (University of Notre Dame 2023), Antigua and Barbuda records the highest vulnerability score among the five countries (0.468, positioned 122 out of 187). The ten major disasters that occurred in Antigua and Barbuda between 1983 and 2017 affected approximately one quarter of the population and caused damage averaging 22 per cent of GDP (IMF 2025a). In response, the 2025 budget allocates substantial capital expenditure to climate-resilient infrastructure, and building codes are being strengthened to withstand category 4 and 5 hurricanes (IMF 2025a).

Dominica recorded the highest GDP losses from climate-related disasters worldwide between 1997 and 2017 (IMF 2021). Its exposure is heightened by the concentration of population, infrastructure and economic activity in narrow coastal zones susceptible to sea-level rise and storm surges. Together with Grenada, Dominica has recorded the highest number of persons affected by climate events in the region over the past decade: 99,987 and 107,008 respectively.[19] In July 2024, Hurricane Beryl caused damages equivalent to more than 16 per cent of GDP in Grenada, affecting 15 per cent of the population and damaging 10 per cent of the national tourism room stock, although core tourism infrastructure on the main island remained operational[20]. Barbados and Saint Lucia experienced a higher number of climate events over the same period, though with 5,979 and 30,500 persons directly affected respectively.[21] In Barbados, the island geography concentrates population and tourism infrastructure in coastal areas particularly exposed to tropical storms, hurricanes, sea-level rise and water scarcity (IDB 2024). In Saint Lucia, national projections indicate that the economic cost of inaction on climate change could reach 12.1 per cent of GDP by 2025 (Government of Saint Lucia 2023).

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17 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

18 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

19 Data extracted from The International Disaster Database, https://www.emdat.be/.

20 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

21 Data extracted from The International Disaster Database, https://www.emdat.be/.

4.1.4. Construction, infrastructure and connectivity

Tourism-related construction activity is a secondary growth engine across the region. In Antigua and Barbuda, the construction sector contributed nearly US$900 million in 2024, driven by luxury property development and renovation of existing complexes (Antigua and Barbuda, Ministry of Finance 2023). In Barbados, the construction sector expanded 7.2 per cent year-on-year until September 2024, supported by tourism-related projects and public investments (IMF 2024). Dominica is undertaking infrastructure projects, including a new international airport, a marina, new hotel infrastructure and a geothermal power plant, financed in part through the Citizenship by Investment programme (Mu et al. 2023). In Saint Lucia, the planned hotel expansion is expected to increase labour demand, requiring 2.4 workers per room (UNDP 2022c).

Air connectivity is a shared priority. Antigua and Barbuda is strengthening connectivity through route expansion, supported by the upgrade of V. C. Bird International Airport (US$165 million) and the development of a new international airport in Barbuda (IMF 2025a). Air arrivals to Antigua and Barbuda reached 242,265 visitors by October 2024, a 112 per cent increase compared to 2019 levels, driven primarily by the United States market (IMF 2025a). Dominica faces the most pronounced connectivity constraints: air connectivity experienced negative growth between 2009 and 2019 (World Bank 2025), and limited airport capacity restricts arrivals from outside the Caribbean. The introduction of direct flights from Miami in 2022 and the ongoing construction of an international airport are being pursued to address this constraint (Mu et al. 2023). Barbados has the most developed connectivity infrastructure and it is positioning itself as a logistics hub through investments in maintenance and repair operations, cargo terminal development and international port agreements (IDB 2025).

4.1.5. The blue economy and tourism diversification

The blue economy has gained policy prominence across the region, building on the OECS Eastern Caribbean Regional Oceans Policy and Strategic Action Plan adopted in 2013 (OECS 2024). Grenada is the most advanced in this area, with a dedicated Blue Economy Strategy, a Growth Coastal Master Plan and participation in the OECS Unleashing the Blue Economy of the Caribbean initiative (UNDP 2022a). Blue and nautical tourism activities such as yachting, sailing, fishing and diving are considered to have a larger multiplier effect and value added to the local economy than cruise tourism, due to longer stays and direct and indirect employment generated (UNDP 2022d). Projections suggest that "luxury relaxers" and "yachters" will be the largest visitor segments in Grenada by 2029 (UNDP 2022d).

Antigua and Barbuda is establishing an institutional framework to advance its blue economy agenda, building on its active engagement in key initiatives such as the Commonwealth Marine Economies Programme and the OECD Sustainable Oceans for All Initiative (OECS 2024). Dominica's unique marine assets, including Morne Trois Pitons National Park (a UNESCO World Heritage site), the Boiling Lake, nine active volcanoes and its worldwide unique status as a habitat for resident sperm whales, provide a basis for high-value niche tourism development. Dominica accounted for only 1.3 per cent of regional tourist arrivals in 2019, indicating untapped potential (CARICOM 2025).

▶ 4.2. Composition and characteristics of informality

This section examines these dimensions comparatively, with attention to how informality intersects with employment patterns, enterprise characteristics, productivity and gender.[22]

4.2.1. Employment patterns and labour market dynamics

Formal employment in Antigua and Barbuda has shown a lagged recovery compared to overall economic expansion following the COVID-19 pandemic. Total employment increased from 36,233 in 2001 to 56,003 in 2023 (a 54.6 per cent rise over 22 years), with strong growth between 2018 and 2023 (17.4 per cent)

22 The data available to measure these phenomena differ in coverage, frequency and reference periods, which constrains direct cross-country comparison on some indicators.

(ILO 2023). The hotels and restaurants industry is the largest employer in the country, with 8,250 workers representing 17.4 per cent of total employment (ILO 2018a). However, social security contribution data indicates that formal employment remained weak in 2023: while public sector employment grew by 1 per cent between 2019 and 2023, private sector employment declined by around 3 per cent across all gender and age groups, with more pronounced reductions among youth aged 16 to 19 (IMF 2025a). The employed population is almost evenly distributed between men and women (ILO 2018a).

In Barbados, labour force participation remained stable between 2018 and 2019, averaging 65 per cent for men and 63 per cent for women. The pandemic led to a marked decline by 2021, with rates falling to 59 per cent for men and 56.3 per cent for women, indicating a more pronounced impact on women.[23] Recovery began in 2022 but remained incomplete by 2023, when participation reached 63.8 per cent for men and 60.1 per cent for women.[24] The unemployment rate declined from around 8 per cent between 2016 and 2019 to 6.5 per cent in 2023.[25] Improvement continued in 2024, with unemployment falling to its lowest level since 2008. The government seeks to increase potential annual growth to between 3 and 5 per cent, which will require an expansion of the labour force and gains in labour productivity (IMF 2024).

Dominica's labour force is relatively small. Population estimates indicate a modest increase between 2001 (71,242) and 2019 (74,243), followed by a decline to approximately 66,205 in 2024.[26] Available estimates indicate an unemployment rate of around 13 per cent in 2024 (Dompedia n. d.). The COVID-19 pandemic had a severe impact: employment in the tourism sector declined by 29.4 per cent in 2020, corresponding to a loss of around 3,700 jobs, alongside a contraction of 64.6 per cent in sectoral output (Mu et al. 2023). Recovery has progressed more gradually than in other countries in the region (Mu et al. 2023). Dominica's labour market remains characterized by a significant share of workers classified as "working poor"[27] (CARIBANK 2020).

In Grenada, the employed population (15 years and over) increased from 45,715 in 2018 to 52,315 in 2023, remaining slightly below pre-pandemic levels partly due to demographic factors.[28] The share of persons aged 65 and over reached 9.8 per cent in 2020 and it is projected to more than double to 21.2 per cent by 2060 (PAHO 2024). The unemployment rate was on a downward trend between 2014 and 2019, reaching 9.8 per cent in 2019 (a 60 per cent decrease), and continued to decline to 6.3 per cent in 2023 (4.1 per cent for men, 9 per cent for women) (ILO 2023). Men have consistently recorded higher employment levels and greater job growth than women, reflecting barriers to women's full labour market participation (ILO 2023). Despite achieving higher educational attainment (World Bank 2024), women face gender inequalities including disadvantages in employment opportunities: they are underrepresented in higher-paying sectors such as construction and overrepresented in lower-paid sectors such as education, care and health services. Women account for only 20 per cent of top executive roles in Grenada (ILO 2018b).

In Saint Lucia, unemployment declined from 22.2 per cent in 2013 to 15.3 per cent in 2019, before increasing to 20.4 per cent in 2020 due to the pandemic. Since then, conditions have improved, with unemployment declining to 10.1 per cent in 2024.[29] Over the period analysed, unemployment rates have consistently been higher for women than for men, with the gender gap remaining at approximately 3 to 4 percentage points. The lowest levels were recorded in 2024 (9.2 per cent for men and 11.1 per cent for women).[30]

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23 Data extracted from ILOSTAT, https://ilostat.ilo.org/data.

24 Data extracted from ILOSTAT, https://ilostat.ilo.org/data.

25 Data extracted from ILOSTAT, https://ilostat.ilo.org/data.

26 Data extracted from World Development Indicators - World Bank Open Data, https://data.worldbank.org/country/dominica.

27 The ILO defines the working poor as employed persons living in households whose per capita income or consumption falls below the poverty line, a condition that reflects deficits in job quality rather than an absence of work (see also ILOSTAT 2019).

28 ILO, "Labour Force Survey: Employment-to-population ratio by sex and age, Grenada", ILOSTAT Data Explorer. Accessed December 2025.

29 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

30 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

Gender disparities in employment are a cross-cutting pattern. In 2023, the female employment-to-population ratio was lower than male across all five selected countries: the gap ranged from 8.7 percentage points in Antigua and Barbuda to approximately 21 percentage points in Dominica, where 40.8 per cent of working-age women were in employment.[31] Women are concentrated in lower-paid tourism occupations such as housekeeping, customer service and food preparation. In Antigua and Barbuda, 31.2 per cent of female employment was in service and sales, compared to 13.8 per cent for men (ILO 2018a). A higher proportion of women is found in lower income brackets: less than one in six women (15.3 per cent) earned US$4,000 or more, compared to 21.9 per cent of men (ILO 2018a). In Dominica, women accounted for around 70 per cent of direct employment in hotels and restaurants, above the shares recorded in Antigua and Barbuda, Barbados and Saint Lucia (World Bank 2025). Women in the tourism sector in Saint Lucia account for 57.4 per cent of the labour force in accommodation and food and beverage services, making them particularly exposed to employment instability during periods of crisis (Saint Lucia 2022).

Youth unemployment is persistent across all five countries, consistently more than three times the overall rate. In Saint Lucia, youth unemployment reached approximately 45 per cent in 2021 and remained at 21.9 per cent in 2024.[32] In Grenada, the rate was 18.1 per cent in 2023 but rose to 24 per cent in 2024, with particularly high rates among young women (37 per cent) (ILO 2023). In Dominica, youth unemployment was 34.7 per cent in 2022[33] and, historically, young people have accounted for a large share of total unemployment, reaching 49.7 per cent in 2009 (Parra-Torrado 2014). In Barbados, youth unemployment has consistently been more than three times the adult rate (IDB 2024). In Antigua and Barbuda, youth unemployment reached 15.6 per cent in 2023, nearly three times the overall rate of 5.4 per cent, and labour underutilization among youth reached 32.3 per cent, more than double the rate for the total population (13.8 per cent) (ILO 2023). The NEET[34] rate ranged from 17.9 per cent in Antigua and Barbuda to 29 per cent in Barbados, then Dominica at 21.3 per cent, Grenada at 20.1 per cent, and Saint Lucia at 22.6 per cent.[35] [36]

4.2.2. Informality

Antigua and Barbuda reported an informality rate of 19.3 per cent in 2023, having increased from 12.7 per cent (6,053 persons) in 2018 (ILO 2023). In the hotels and restaurants subsector, labour informality is closely linked to enterprise size: the highest incidence (21.6 per cent) was concentrated in microenterprises employing one to four persons (ILO 2018a). This indicates that the informal economy is largely composed of very small and potentially unregistered economic units.

Grenada recorded an informality rate of 48.1 per cent in 2023, having declined from a peak of 57.4 per cent in 2019 (ILO 2023). In 2020, the rate declined to 50 per cent, possibly reflecting the impact of containment measures on informal activities. Within the tourism sector, informality levels vary across subsectors: in 2023, 18.2 per cent of accommodation workers were in informal employment, compared to 48.9 per cent in food and beverage services (ILO 2023). Between 2018 and 2023, overall informality in Grenada's tourism sector recorded a modest decline from 34.3 per cent to 31.3 per cent; however, this improvement appears to be partly driven by a contraction in total employment that disproportionately affected informal jobs, rather than by the creation of new formal employment (ILO 2023).

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31 ILO, "Labour Force Statistics database (LFS), indicator 'Employment-to-population ratio by sex and age (%)' (EMP_DWAP_SEX_AGE_RT_A), age group 15+, 2023", ILOSTAT Data Explorer.

32 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

33 This rate only considers young adults between 15 and 24 (Dompedia n.d.).

34 Not in Education, Employment or Training.

35 The age range used to define youth varies across the sources cited, thus the rates presented are not strictly comparable across countries.

36 ILO, "Youth NEET rate 2025", ILOSTAT.

In Saint Lucia, the average informality rate reached 28.3 per cent in 2024.[37] The labour force in the hotels and restaurants subsector has declined as a share of total informal employment over the last three years, averaging around 9.5 per cent.[38] The number of informal workers has increased since 2021, reflecting ongoing labour market adjustments.

The most recent ILO data for Barbados (2016) indicates an informality rate of 61.8 per cent.[39] Of the 54,851 workers in informal employment in 2016, 4,610 (8 per cent) were in hotels and restaurants.[40] In Dominica, available estimates suggest that approximately 41.8 per cent of total employment was informal in 2022[41].

Where gender-disaggregated data is available, men exhibit higher overall informality rates. In Antigua and Barbuda, men accounted for approximately two-thirds of the informal workforce (6,648 men compared to 4,137 women), with rates of 23.4 per cent and 14.5 per cent respectively.[42] This pattern is influenced by the concentration of men in sectors such as construction and agriculture. In Grenada, male informality reached 57.2 per cent compared to 36.5 per cent for women in 2023, a gap of more than 20 percentage points that has persisted over time.[43] In Saint Lucia, male informality stood at 35.4 per cent, and female informality at 19.8 per cent.[44] Men were reabsorbed into informal employment at a faster rate than women in the post-pandemic period, while recovery among women was slower and remained closer to pre-crisis levels. This pattern is also explained by the higher labour force participation rate among men compared to women, who are disproportionately responsible for unpaid care work, which reduces their ability to participate even in the informal labour market.

Within the tourism sector, however, women are overrepresented in informal employment. In Barbados, women accounted for 52.5 per cent of informal employment in accommodation, and 62.6 per cent in food and beverage services in 2016.[45] In Grenada, women represented 56.7 per cent of informal workers in food and beverage services in 2023 and this gender gap was particularly pronounced in 2021, when 3,020 women out of 3,955 total workers in food and beverage services were in informal employment (ILO 2023). These patterns reflect a degree of labour market segmentation, whereby women are more likely to be in occupations characterized by lower earnings, limited job security and reduced access to social protection[46].

Informality is concentrated in microenterprises across the region. In Antigua and Barbuda, the highest incidence of informal employment in hotels and restaurants (21.57 per cent) was found in enterprises employing one to four persons (ILO 2018a). In Grenada, approximately half of tourism workers are employed in enterprises with fewer than ten employees, and around three-quarters in enterprises with fewer than 50 employees (ILO 2017a). In Saint Lucia, MSMEs account for approximately 80 per cent of the business structure and comprise the majority of enterprises in the tourism sector (Government of Saint Lucia 2023). In Dominica, MSMEs account for 99 per cent of businesses in adventure tourism, including accommodation providers, tour operators and activity-based services (World Bank 2025). In Barbados, small hotels (class B) are predominantly locally or regionally owned (about 75 per cent), while just over half of larger class A hotels (53 per cent) are locally owned (Dev and Stroock 2022).

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37 ILO, "Labour Force Statistics database (LFS), indicator 'Informal employment rate by sex (%)', Saint Lucia, total, 2024", ILOSTAT Data Explorer.

38 ILO, "Informal employment by sex (thousands) – annual, Saint Lucia", ILOSTAT Data Explorer. Accessed December 2025.

39 ILO, "Labour Force Statistics database (LFS), indicator 'Informal employment rate by sex (%)', Barbados, total, 2016", ILOSTAT Data Explorer.

40 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

41 A Population and Housing Survey was conducted in 2022, but results are not officially available.

42 ILO, "Labour Force Statistics database (LFS), indicator 'Informal employment rate by sex (%)', Antigua and Barbuda by sex, 2023", ILOSTAT Data Explorer.

43 ILO, "Labour Force Statistics database (LFS), indicator 'Informal employment rate by sex (%)', Grenada, by sex, 2023", ILOSTAT Data Explorer.

44 ILO, "Labour Force Statistics database (LFS), indicator 'Informal employment rate by sex (%)', Saint Lucia, by sex, 2024", ILOSTAT Data Explorer.

45 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

46 Based on interviews (See Annexes).

4.2.3. Social protection

Social protection coverage varies across the five selected countries. Antigua and Barbuda records the highest proportion of the population covered by at least one benefit (65.4 per cent in 2020).[47]. Barbados follows at 56.7 per cent (with a gender gap of 52.9 per cent for men and 60.2 per cent for women). Grenada recorded 54.3 per cent in 2022, declining from 66.1 per cent in 2019 and 2020.[48] Dominica recorded 53.2 per cent in 2020, having increased from 46.8 per cent in 2019. Saint Lucia records 40.1 per cent in 2020, with slightly higher coverage among women (40.9 per cent) than men (36.3 per cent),[49]

In Antigua and Barbuda, 38 social assistance programmes target vulnerable populations (IMF 2025a). Coverage among vulnerable groups is particularly limited: only 3.9 per cent of vulnerable persons received social assistance in 2019. Data from the National Population and Housing Census conducted in September 2025 is expected to provide further insights. In Saint Lucia, only 6.6 per cent of people in poverty were covered in 2019, and coverage of vulnerable persons receiving social assistance remained at 2.5 per cent.[50] In Grenada, coverage for vulnerable persons receiving social assistance decreased from 20 per cent in 2019 to 13.1 per cent in 2022.[51] The size of the informal economy continues to limit the effectiveness of Grenada's National Insurance Scheme in providing social protection (ILO 2025c).

Pension system sustainability is a concern in several countries. Dominica's reserves face projected depletion by 2050 (IMF 2025b), and Saint Lucia's by around 2051 (IMF 2025c). Barbados has one of the highest shares of older persons globally (among the top 50 countries), combined with low population growth (0.6 per cent) (ECLAC 2024). Grenada introduced an unemployment insurance scheme in June 2023, providing 50 per cent of the average weekly insurable earnings for up to 6 months, a first in the ECCU (Eastern Caribbean Currency Union) (ILO 2025c). Other National Insurance Scheme (NIS) reforms in Grenada include a gradual increase of the pensionable age from 60 to 65 by 2029 and an increase in contribution rates from 12 to 16 per cent by 2031 (ILO 2025c, NIS 2023). Grenada also revised and increased the minimum wage in 2024, the first adjustment since 2011 (ILO 2025d). Saint Lucia introduced a minimum wage in October 2024.[52] It also raised the minimum pension for National Insurance Corporation pensioners to 500 Eastern Caribbean dollars[53] per month in August 2024, and announced plans for an unemployment insurance programme in August 2025 (OPM 2024; 2025).

In Barbados, the design of the NIS discourages the formalization of self-employment: although self-employed workers are required to contribute at relatively high rates, they are not eligible for unemployment benefits[54]. During the COVID-19 pandemic, informal workers in Barbados reportedly declined temporary government support to avoid registration in the system[55]. Regarding the protection of tourism workers, Barbados is the only country among the selected five to have ratified Convention No. 172. An ILO analysis of Antigua and Barbuda concluded that compliance with C172 is moderate: core protections are in place under the Labour Code, but gaps remain in the 36-hour weekly rest period, meal break regulation and oversight of the sale and purchase of employment[56].

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47 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

48 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

49 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

50 ILO, " SDG Labour Market Indicators database (ILOSDG), indicator 'SDG indicator 1.3.1: Proportion of population covered by social protection floors/systems by sex and function (%) – Annual', Saint Lucia, both sexes, 2019", ILOSTAT Data Explorer.

51 ILO, "SDG Labour Market Indicators database (ILOSDG), indicator 'SDG indicator 1.3.1: Proportion of population covered by social protection floors/systems by sex and function (%) – Annual', Saint Lucia, both sexes, 2019", ILOSTAT Data Explorer.

52 Saint Lucia. 2024. *Labour (Minimum Wage) Order, No. 134 of 2024.* 30 September 2024.

53 Approximately US$185.

54 Based on interviews (see Annexes).

55 Based on interviews (see Annexes).

56 Internal ILO analysis.

4.2.4. Productivity, skills and gender

In Barbados, output per worker (GDP in constant 2015 US dollars) reached US$39,366 in 2024, recovering above pre-pandemic levels, with projections of US$40,602 in 2025 (CARICOM 2025). Saint Lucia's productivity has fluctuated within a narrow range of approximately US$23,810 to US$25,620 with no clear upward trend.[57] Both countries exceed the Caribbean Community (CARICOM) average, which stood at approximately US$12,426 in 2015; the gap between Barbados and the regional average has widened, from approximately US$23,184 in 2015 to around US$25,717 in 2024 (CARICOM 2025).

In Grenada, productivity has shown a downward trend between 2005 and 2020, reflecting limited efficiency in translating employment growth into higher output (Grenada, Ministry of Finance 2019). MSMEs face constraints such as low generation of value added (particularly in agricultural and fisheries production), high operational costs (electricity, transport and port services) and limited access to markets and finance (Grenada, Ministry of Finance 2019). Only 19 per cent of the tourism sector workforce was classified as highly skilled in 2023.[58]

Skills mismatches constrain enterprises across all five selected countries. Approximately 58 per cent of enterprises surveyed across 13 Caribbean countries reported shortages in the quality, skills and quantity of professionals (IDB 2020). In Saint Lucia, 44 per cent of vacancies required third-level qualifications (Nieto Parra et al. 2025). In Dominica, limited infrastructure[59], high energy costs, and enterprise-level constraints[60] further limit productivity. In Barbados, only 2.8 per cent of enterprises engage in digital innovation, compared to a regional average of 7.8 per cent in Latin America and the Caribbean (IDB 2025).

Gender disparities in access to economic resources persist across the region. Women-led enterprises in Barbados face loan rejection rates reaching 90.4 per cent (IDB 2025). In Grenada, female entrepreneurship rates are relatively high, but women's businesses tend to be informal, home-based and concentrated in lower-productivity sectors (ILO 2018b). In Dominica, gendered patterns in access to assets have led to more severe impacts of natural disasters on women (for example, single female-headed households made up 15 per cent of those displaced by Hurricane Maria) (UN WOMEN 2019). Barriers to accessing credit are even more severe for Kalinago women, as legislation prevents individuals from holding land titles in the Kalinago Territory, which are usually required as collateral to access credit (Bleeker et al. 2021).[61]

▶ 4.3. Drivers of informality

The factors that sustain informality across the five selected countries operate at multiple levels and reinforce each other. Low-productivity MSMEs face constraints in accessing the resources needed to meet formal requirements, while the costs and administrative complexity of formalization reduce the capacity to invest in growth. The result is a self-reinforcing cycle in which structural conditions, regulatory burdens and institutional distrust interact to sustain informality (ILO 2024). Low productivity is both a cause and a result of informality and limited economic development: given that a large share of workers in the region are in informal employment, low productivity in this segment constrains overall economic growth and aggregate productivity (Salazar-Xirinachs and Chacaltana 2018).

At the same time, formalization can generate tangible benefits for enterprises that are able to make the transition. Formal registration opens access to public procurement, participation in tourism value chains linked to hotels and cruise operators, bank financing, digital payment systems and government support programmes.[62] In practice, however, many MSMEs do not perceive these benefits as outweighing the

57 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

58 Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

59 With 75 per cent of the road network in "fair to very poor" condition in 2020 and only 10 per cent of secondary roads in "good" condition (Caribbean Development Bank 2020).

60 Dominica ranked 111th out of 190 countries in the 2020 Ease of Doing Business index (World Bank 2020).

61 The Kalinago Territory is the communally held homeland of the Kalinago, Dominica's indigenous people and home to the largest surviving Island Carib-descended community in the Caribbean, established in 1903 and governed under the Carib Reserve Act 1978.

62 Based on interviews (see Annexes).

associated costs, and formalization is often considered only when it becomes a prerequisite for accessing finance or formal markets.[63] Therefore, understanding both the barriers and the potential incentives is essential for the design of differentiated approaches to promoting formalization.

4.3.1. Access to finance

Access to finance is identified as a constraint in all five selected countries. It is consistently reported as one of the top three obstacles to enterprise operations (IDB 2020). In Barbados, more than 70 per cent of SMEs report that the cost and availability of financing constrain their operations, while only 11.6 per cent have obtained a bank loan. Women-led enterprises face significantly higher loan rejection rates (90.4 per cent) (IDB 2025). In Dominica, access to credit is conditional on collateral assets, typically land, which restricts financing for MSMEs (Nieto Parra et al. 2025). This barrier is further compounded for Kalinago women, who cannot hold individual land titles. In Grenada, the 2019 Doing Business report indicates a score of 30 out of 100 in the ease of obtaining credit (Grenada, Ministry of Finance 2019). In Antigua and Barbuda, Grenada and Saint Lucia, MSMEs face similar constraints, frequently citing prohibitive banking requirements.[64] Opening and maintaining a business bank account is a significant obstacle for micro and small-sized enterprises, creating a domino effect: without formal banking services, enterprises are often excluded from digital payment systems, international sales channels and government support programmes.[65]

Alternative financial institutions play a role in promoting financial inclusion. Credit unions in the Caribbean operate under a cooperative model, providing savings and lending services tailored to member needs.[66] Barbados has the largest credit union sector (26 credit unions, US$1.38 billion in savings, 239,611 members). Grenada's ten credit unions serve 84,780 members with US$374.6 million in savings and outstanding loans of US$334 million, pointing to active lending activity. Dominica's six credit unions serve 113,302 members with US$353.9 million in savings. Saint Lucia operates 12 credit unions with 90,696 members, and Antigua and Barbuda has 8 credit unions serving 45,587 members with US$186.6 million in savings (CCCU 2023).

4.3.2. Energy costs and operating environment

High energy costs reinforce low-productivity conditions among the smallest economic units. In Barbados, fossil fuels accounted for 22.6 per cent of total imports in 2024, followed by Grenada (16.6 per cent).[67] Over the past decade, imports in Barbados have averaged 46 per cent of GDP, with fuels representing approximately 24 per cent of total imports (IDB 2025). Antigua and Barbuda is the only country among the five where enterprises report electricity as a direct constraint on operations (IDB 2020). Antigua and Barbuda also has the highest level of electric generator ownership among hotels across the countries analysed (World Bank 2025). Dominica is investing in geothermal energy to reduce costs and enhance competitiveness (Mu et al. 2023). Barbados has introduced temporary feed-in tariffs and tax reductions for green transition investments (IDB 2024).

Customs and trade regulations are cited as a constraint by all five selected countries. An inadequately educated workforce is frequently identified in Barbados, Grenada and Saint Lucia. Access to land for expansion appears as a particular challenge in Dominica (IDB 2020).

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63 Based on interviews (see Annexes).

64 Based on interviews (see Annexes).

65 Based on interviews (see Annexes).

66 Caribbean Confederation of Credit Unions (CCCU), https://caribccu.coop/the-credit-union-difference/.

67 World Bank, "Fuel imports (% of merchandise imports), World Development Indicators", World Development Indicators DataBank.

4.3.3. Regulatory complexity and the formalization process

The business formalization process across all five selected countries involves interaction with multiple government agencies (OAS 2023). In Antigua and Barbuda, entrepreneurs must register with the Intellectual Property and Commerce Office (ABIPCO), the Social Security Board and the Inland Revenue Department, as well as comply with the Medical Benefits Scheme and Board of Education requirements. Barbados requires registration through the Corporate Affairs and Intellectual Property Office and related agencies. Dominica's process involves the Companies and Intellectual Properties Office, Dominica Social Security, the Inland Revenue Division and the Dominica Bureau of Standards. Grenada and Saint Lucia follow similarly multi-institutional pathways. Saint Lucia has the highest initial registration cost (US$125) among the five countries.

In practice, the fragmentation of these processes generates delays, duplication and information gaps. Limited coordination among agencies contributes to administrative complexity across the region.[68] In Dominica, circular constraints arise: access to government incentives (such as duty-free imports) requires prior registration and operational status, while establishing the business itself requires access to the same imported products.[69] Cost-related barriers are significant: many MSMEs prioritise immediate operational needs over formalization expenses, and many businesses operate informally without perceiving clear operational advantages from formalizing.[70] Widespread lack of information among entrepreneurs on the requirements and benefits of formalization often leads them to consider formalization only when it becomes a prerequisite for accessing finance or formal markets.[71] These barriers are compounded by a perception that the cost of formalization outweighs its benefits (IDB 2025).

Enforcement and monitoring capacity vary across the five selected countries. Institutional constraints, including limited inspection coverage and weak enforcement mechanisms, combined with low perceived risks of sanctions, may reinforce incentives to remain informal.[72] Territorial dispersion and the prevalence of microenterprises, often operating without fixed premises, make monitoring by authorities more difficult. In Antigua and Barbuda, informality raises concerns related to consumer protection, including non-compliance with food safety, health and quality standards, as well as potential environmental impacts due to limited monitoring (IMF 2025a). In Dominica, high insurance premiums can discourage compliance and licensing, and widespread unlicensed activities pose risks in terms of safety, liability and the overall reputation of the tourism destination (Mu et al. 2023).

4.3.4. Tourism-specific factors

The COVID-19 pandemic had a structural effect on employment patterns. Workforce reductions in hotels pushed many former employees into self-employment in informal activities such as food vending, handicrafts and direct service provision.[73] In Saint Lucia, the sector shifted from predominantly permanent positions towards temporary and short-term contracts, reducing job security and contributing to increased informality (Saint Lucia 2022). In Antigua and Barbuda, formal private sector employment declined by 2.8 per cent between 2019 and 2023 (IMF 2025a), even as tourism activity expanded, indicating that a growing share of tourism activity operates outside the formal economy. In Barbados, the crisis contributed to a shift towards self-employment and alternative income activities (IDB 2024). In Dominica, employment in the tourism sector declined by 29.4 per cent in 2020 (Mu et al. 2023).

The rapid expansion of short-term rental platforms has outpaced regulatory capacity. In Saint Lucia, the number of rooms on platforms exceeded the formal hotel sector in 2024 (5,584 compared to 4,449), and less than 10 per cent were registered with the Tourism Authority (World Bank 2025). Large hotels account for a relatively small share of registered establishments (11 per cent) but most of the registered room

68 Based on interviews (see Annexes).

69 Based on interviews (see Annexes).

70 Based on interviews (see Annexes).

71 Based on interviews (see Annexes).

72 Based on interviews (see Annexes).

73 Based on interviews (see Annexes).

capacity (67 per cent) (Saint Lucia 2022). In Barbados, short-term rental platforms list approximately 9,000 options, while only 78 apartments were officially registered in 2023 (World Bank 2025). In Grenada, unregistered accommodation through digital platforms creates similar regulatory challenges.[74] In Antigua and Barbuda, the hotel association has raised concerns that informal accommodation options reduce hotel occupancy rates despite increasing visitor arrivals.[75]

Value chain dynamics constrain local participation. For example, cruise companies in Saint Lucia captured more than 70 per cent of tourists' expenditure on shore excursions. Approximately 80 per cent of cruise-related activities are pre-arranged through cruise operators. A large share of cruise expenditure is directed towards imported goods (for example, jewellery and duty-free products) with relatively low onshore spending Even in destinations with high cruise arrivals, most tourism-related employment is not directly linked to the cruise segment (World Bank 2025).

In Grenada, stakeholder consultations indicate that informality is largely driven by tax evasion and competition from informal businesses. Licensed tour operators face competition from individuals offering similar services informally. There, the Ministry of Tourism is developing a new policy expected to place greater emphasis on addressing informality.[76] In Dominica, the National Tourism Policy 2020 explicitly encourages that the formal and informal sectors work together, recognizing that collaboration serves the long-term interest of the industry and contributes to the country's national development goals of greater equity, poverty alleviation and sustainable growth (Commonwealth of Dominica, Ministry of Tourism and Legal Affairs 2013; Mu et al. 2023).

▶ 4.4. Regulatory and policy framework

All five selected countries have established legal and institutional frameworks to support MSME development and tourism sector governance. Common features include small business legislation, investment incentive regimes, tourism-specific regulatory instruments and, increasingly, digital transformation strategies. The scope, maturity and implementation trajectories of these frameworks differ across countries.

4.4.1. Legal frameworks for enterprise development

Antigua and Barbuda's Small Business Development Act[77] provides incentives for enterprises with up to 25 employees and up to US$3 million in capital, including income tax exemptions for up to five years, property tax reductions of up to 75 per cent, special consideration for taxi and bus operators and tourism cooperatives, and a Credit Guarantee Scheme of up to US$100,000 administered by the Antigua and Barbuda Development Bank. The Investment Authority Act[78] establishes a system of scaled incentives: investments exceeding US$100 million generating more than 150 jobs can benefit from up to 75 per cent reduction in property tax and income tax exemptions for up to 20 years, while investments of up to US$1 million can qualify for exemptions for up to 3 years (IMF 2025a).

Barbados' Small Business Development Act (1999) enables MSMEs to access loan guarantees and technical assistance through the Central Bank's Credit Guarantee Scheme[79]. The Government supports MSMEs through the Barbados Investment and Development Corporation (BIDC), the Small Business Centre (including the Innovation Support Programme and the "Holding Hands" Mentorship Programme) and the Barbados Micro-Enterprise Development Agency (BMA) (IDB 2024). The Tourism Development

74 Based on interviews (see Annexes).

75 Based on interviews (see Annexes).

76 Based on interviews (see Annexes).

77 Antigua and Barbuda. 2007. *Small Business Development Act, No. 24 of 2007.* 16 November 2007.

78 Antigua and Barbuda. 2006. *Investment Authority Act, No. 15 of 2006*. 17 November 2006.

79 Barbados. 1999. *Chapter 318C Small Business Development*. 27 December 1999.

Act[80] governs incentives including duty-free importation and income tax concessions for approved tourism projects (IDB 2024).

Dominica's Micro and Small Business Enterprise Act (implemented since 2015) has registered over 1,200 businesses through simplified procedures, tax concessions and facilitation of access to credit (Mu et al. 2023). The Discover Dominica Authority Act established the Discover Dominica Authority (DDA) as the national tourism agency[81]. The Tourism (Regulations and Standards) Act[82] created the Nature Island Standards of Excellence programme with mandatory training for accommodation providers, tour guides and souvenir vendors as part of licence renewal (Mu et al. 2023).

Grenada's MSME Policy and Strategy, combined with the Medium-Term Action Plan 2022–2024 (2022; n.d.), creates a framework that improves access to fiscal and non-fiscal incentives and modernizes access to information, markets and finance. The Grenada Tourism Authority Act (2013) and its amendments (2020[83], 2025[84]) govern the tourism sector[85]; the 2020 amendment expanded regulation to smaller accommodations (even 1–2 rooms), while the 2025 amendment allows the Grenada Tourism Authority to charge fees (Grenada, Ministry of Finance 2019).

Saint Lucia's Micro and Small-Scale Business Enterprises Act (1998, revised 2023) provides soft loans, information technology purchase incentives and training support.[86] The Tourism Stimulus and Investment Act provides exemptions from corporate taxes, value-added tax on construction materials, property tax and alien landholding licence fees.[87] The Tourism Development Act (2024) mandates certification for all property owners offering tourism services, including residential properties[88] (Saint Lucia, Ministry of Tourism 2024).

4.4.2. Tourism regulation and short-term rentals

The regulation of short-term rentals has emerged as a policy priority. Barbados introduced the Tourist Accommodation Bill[89] (2025), requiring mandatory licensing, registration, inspection, classification and minimum health and safety standards. Non-compliance is punishable by fines of up to 250,000 Barbadian dollars (approximately US$124,270). The Bill provoked concern among small-scale hosts regarding compliance costs and disproportionate effects on locally owned operators; the government paused the Bill in late 2025 for further stakeholder engagement.[90] Grenada's amended Tourism Authority Act expanded regulation to properties with as few as one or two rooms (Grenada, Ministry of Finance 2019). Dominica's licensing framework covers accommodation, water sports, car rentals, tour operators, food and beverage, travel agencies, taxi operators, vending and tour guides, with fees ranging from 50 to 100 Eastern Caribbean dollars (approximately US$18.50 to US$37) (Mu et al. 2023). In Saint Lucia, the Community Tourism Agency conditions financial support on business formalization, requiring registration, public liability insurance, quality standard compliance and digital booking capacity.[91]

4.4.3. Administrative modernization and digital strategies

Administrative modernization is advancing across the region. Antigua and Barbuda has created a large taxpayer's unit and plans a single electronic window for customs, replacing largely manual,

80 Barbados, Ministry of Tourism and International Transport. 2002. *Tourism Development Act*.

81 Commonwealth of Dominica, Ministry of Tourism. 2005. *Discover Dominica Authority Act, No. 19 of 2005*. 23 January 2006.

82 Commonwealth of Dominica. 2005. *Tourism (Regulations and Standards) Act, No. 19 of 2005*. 23 January 2006.

83 Grenada. 2020. *Grenada Tourism Authority (Amendment) Act, No. 4 of 2020*. 4 September 2020.

84 Grenada. 2025. *Grenada Tourism Authority (Amendment) Bill, Act No. 12 of 2025*. 4 July 2025.

85 Grenada. 2013. *Grenada Tourism Authority Act, No. 42 of 2013*. 30 December 2013.

86 Saint Lucia. 2023. *Micro and Small-Scale Business Enterprises Act*.

87 Saint Lucia. 2014. *Tourism Stimulus and Investment Act, No. 14 of 2014*. 19 May 2014.

88 Saint Lucia, Ministry of Tourism. 2024. *Tourism Development Act, No. 1 of 2024*. 27 February 2024.

89 Barbados. 2025. *Tourist Accommodation Bill*. 24 July 2025.

90 Based on interviews (see Annexes).

91 Based on interviews (see Annexes).

paper-based systems (IMF 2025a). Tax administration reforms include expansion of e-filing, e-payment and e-registration systems (IMF 2025a). Barbados has merged registration processes through the Corporate Affairs and Intellectual Property Office (CAIPO) into a single window and operationalized the Electronic Single Window (ESAW). The "Business Barbados" one-stop shop provides specialized advice (IDB 2024). Saint Lucia launched the Digi-Gov platform with more than 30 online government services and enacted the Security Interest in Movable Property Act with an online Security Registry.[92] Dominica's National Digital Transformation Strategy (2022–2026), driven by the Ministry of Public Works and the Digital Economy, aims for an inclusive digital transition covering tourism, agriculture and fisheries (Mu et al. 2023). Grenada is implementing regulatory simplification through its Medium-Term Action Plan, including reforms to the Physical Planning Unit and simplified tax codes (Grenada, Ministry of Finance 2019).

Fragmented regulatory frameworks and limited coordination among public institutions across areas responsible for accommodation, food services, transport and safety can affect product development, quality and the enforcement of safety standards. This may result in increased safety risks, particularly in adventure tourism, higher insurance costs and lower investment (World Bank 2025). The expansion of digital platforms, including short-term rentals and online tour operators, has further created challenges for oversight and integration into formal regulatory systems.

4.4.4. Skills development

Skills development initiatives are present across all five selected countries. Antigua and Barbuda operates the Antigua and Barbuda Hospitality Training Institute, the One Stop Employment Centre (connecting employers and job seekers), the Harrison Centre for Social Mobility (established in 2023 for technical and vocational training), and the New Work Experience Programme for young people aged 18 to 35. The University of the West Indies Five Islands Campus is being expanded (Antigua News Room 2025). Barbados' Skills for the Future project trained and certified approximately 2,866 unskilled workers (around 6 per cent of the total) and the Public Sector Modernisation Programme has been initiated (IDB 2024). The Population Policy 2023–2024 in Barbados was approved to attract skilled workers and the diaspora (IDB 2024). Dominica mandates training for accommodation providers, tour guides and souvenir vendors as part of licence renewal. Additionally, the Nature Island Standards of Excellence are being expanded to cover canyoning and whale watching (Mu et al. 2023). Grenada prioritizes continuous national training, digital skills expansion and flexible labour contracts (Grenada, Ministry of Finance 2019). Saint Lucia's Small Business Development Centre provides training and legal assistance (ILO 2017a).

▶ 4.5. Growth potential of the tourism sector

The tourism sector across all five selected countries presents growth potential, provided that structural constraints are addressed and opportunities for diversification and local economic integration are pursued. The specific mix of opportunities and barriers differs, reflecting differences in available resources, existing tourism models and the policy priorities each country has adopted.

4.5.1. Tourism product diversification

All five selected countries are pursuing strategies to diversify beyond traditional resort and cruise models. Dominica's offer is the most strongly oriented towards nature, adventure and ecotourism, with activities in these segments accounting for more than 60 per cent of offerings (World Bank 2025). The country is transitioning from a nature destination to include cultural and heritage offerings, while strengthening conservation and access to protected areas (Mu et al. 2023). Grenada is focusing on blue and nautical tourism, health and wellness tourism (using natural assets including biodiversity and medicinal plants), and community-based cultural tourism (UNDP 2022d). The National Sustainable Development Plan advocates for the incorporation of nature-based tourism, ecotourism and cultural tourism linked to local communities (Grenada, Ministry of Finance 2019). Saint Lucia is pursuing a "value over volume" model, with strategic priorities in blue tourism (including nautical activities with higher value-added potential

92 Saint Lucia. 2023. *Security Interest in Movable Property Act*. 9 November 2023.

than cruise tourism), health and wellness (herbs and spices), and community-based and cultural tourism. The sector is projected to grow at an average annual rate of 5.5 per cent until 2032 (Nieto Parra et al. 2025). Barbados is diversifying through business tourism, logistics and the blue economy (IDB 2025). Antigua and Barbuda is expanding community-based tourism, with approximately 85 per cent of short-term rentals locally owned (IMF 2025a).

4.5.2. Community-based tourism

Community-based tourism (CBT) has emerged as an approach to organize small-scale entrepreneurs within collective structures that facilitate access to training, certification and integration into tourism value chains. Dominica is the only country with a dedicated Community Tourism Association, bringing together 22 organizations under community ownership and benefit-sharing (Mu et al. 2023). The Dominica Community Tourism Association (DCTA) plays a key intermediary role by linking local communities with tourism operators and facilitating experiential products such as homestays[93]. Successful community-led initiatives, such as the development of Mero Beach, illustrate the model's potential to generate local economic activity. Additionally, Cultural assets such as Bouyon music and festivals like "Breakfast Spec" create additional tourism streams (Mu et al. 2023).

In Saint Lucia, the Community Tourism Agency provides grants and credit conditional on formalization[94]. In Grenada, the "Pure Grenada" initiative, led by the Hotel and Tourism Association through a Public-Private-Community Partnership, reversed declining arrivals by integrating community actors into a unified destination brand. Its success is based on having integrated community-based tourism organizations into a diversified tourism offer (UNDP 2022d). The Grenada Hotel and Tourism Association explores collective solutions such as collective purchasing of technology to allow small businesses to access advanced operational systems (UNDP 2022d). In Antigua and Barbuda, government initiatives such as the Entrepreneurship Development Programme support local actors. The country's government is also allocating land parcels for short-term rental development (IMF 2025a).

4.5.3. Infrastructure and connectivity

Infrastructure investments condition the sector's expansion. Dominica's new international airport, marina and geothermal power plant address its most pronounced constraints (Mu et al. 2023). Barbados is investing in maintenance and repair operations, cargo terminal development, increased flight training capacity and port agreements (IDB 2025). Saint Lucia's planned hotel expansion (300 new accommodations over 3 years, particularly in short-term rentals) is expected to increase labour demand (Saint Lucia 2022). Grenada's reconstruction after Hurricane Beryl and renewable energy projects (including the next phase of geothermal development) are expected to support growth and resilience.[95]

93 Homestays are a form of accommodation in which visitors stay at the home of a local family, rather than at a hotel. There, they share in their daily life, often including meals.

94 Based on interviews (see Annexes).

95 Data extracted from Country Data Reports – CARIBANK database, https://www.caribank.org/data/country-data-reports.

5

Potential pathways to formalization within ILO normative and policy frameworks

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The comparative diagnosis presented in the preceding sections identified a set of structural conditions that sustain informality in the Eastern Caribbean tourism sector. Low-productivity MSMEs operate in fragmented regulatory environments where the costs of formalization are perceived to outweigh the benefits. Workers, particularly women and youth, face pervasive decent work deficits, including low wages, long and irregular working hours, limited social protection coverage and weak enforcement of labour standards. These conditions are compounded by climate vulnerability and strong seasonality, which erode enterprise capital and constrain the capacity to sustain year-round formal employment. While the five selected countries share these broad structural features, the diagnosis also revealed differences in institutional capacity, tourism models and policy maturity that require differentiated policy responses.

Formulating pathways to address these conditions requires an explicit normative foundation. The section that follows first establishes that foundation, drawing on the ILO normative framework for the transition to formality and on sector-specific instruments for tourism. Then, it proposes nine pathways organized under the four FORLAC 2.0 policy areas.

▶ 5.1. International labour standards and policy guidance underpinning the pathways

The transition to formality in the Eastern Caribbean tourism sector requires policy interventions that address the structural conditions that reproduce informality over time. International labour standards provide normative orientation for such interventions. They establish the rights, protections and institutional arrangements that define formal employment and enterprise operation, and they offer a framework within which governments, employers' organizations and workers' organizations can design integrated formalization strategies adapted to national circumstances. Three sets of instruments are of relevance for the present analysis.

The **Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)** is the first international instrument to address the informal economy in its entirety. It applies to all workers and economic units that are not covered, or that are insufficiently covered, by formal arrangements, whether in law or in practice. This definition encompasses the full range of situations documented across the five selected countries, from unregistered accommodation providers operating through digital platforms to tourism workers employed without written contracts or social security coverage, as well as MSMEs that meet some but not all regulatory requirements. The instrument establishes three objectives for formalization policy:

- **Facilitate** the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship.
- **Promote** the creation, preservation and sustainability of enterprises and decent jobs in the formal economy, as well as the coherence of macroeconomic, employment, social protection and other social policies.
- **Prevent** the informalization of formal economy jobs.

Recommendation No. 204 calls for integrated strategies that combine incentives with compliance mechanisms, recognizing that the causes of informality are multiple and that no single intervention is sufficient. It promotes differentiated approaches adapted to the characteristics of the workers and economic units concerned, an orientation that is directly applicable to the Eastern Caribbean context, where the diagnosis identified heterogeneous profiles of informality. The instrument also assigns a central role to social dialogue in the design and implementation of formalization measures, with particular attention to women and groups in situations of vulnerability.

The **Resolution and Conclusions adopted by the International Labour Conference at its 113th Session (2025)** complement Recommendation No. 204 with updated policy guidance that reflects a decade of implementation experience. The Conclusions confirm that informality remains a structural and persistent phenomenon globally, with a disproportionate impact on women, youth, migrant workers and other groups in situations of vulnerability. They establish four prerequisites for an effective transition to formality:

- Good governance and adequate regulatory frameworks.
- Organization, voice, representation and participation of workers and economic units in the informal economy.
- An enabling environment for sustainable enterprises.
- Improved working conditions and livelihoods.

In the specific context of tourism, the **Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172)** and its accompanying **Recommendation (No. 179)** provide a sector-specific normative framework focusing on improving working conditions in hotels, restaurants and similar establishments. The convention requires ratifying States to adopt and apply a policy designed to improve the working conditions of hotel and restaurant workers, addressing working time and rest periods, overtime, compensation for work on public holidays, and the treatment of tips and service charges, which cannot replace basic remuneration paid at regular intervals. The Recommendation supplements these provisions with more detailed guidance, including the progressive elimination of split shifts, a minimum weekly rest of 36 consecutive hours, daily rest of 10 consecutive hours, a minimum of 4 weeks of paid annual leave, and the establishment of vocational education and training policies in cooperation with employers' and workers' organizations. In addition, the ILO Guidelines on Decent Work and Socially Responsible Tourism (2017b) provide a framework for governments, employers, workers, and other tourism stakeholders to promote decent work, full and productive employment and sustainable tourism development. They provide practical information for developing and implementing policies and interventions to promote sustainable tourism enterprises, invest in the development of a skilled and productive tourism workforce, promote the implementation of international labour standards and compliance with laws and regulations, strengthen labour protection and promote effective social dialogue and tripartism in the sector.

FORLAC 2.0, the ILO Strategy for the Promotion of Formalization in Latin America and the Caribbean (2024–2030), operationalizes Recommendation No. 204 at the regional level. The strategy is built on the recognition that addressing the structural causes of informality requires combined action on productivity, working conditions, social dialogue and institutional capacity, and that informality is heterogeneous, admitting no single pathway to formality. FORLAC 2.0 proposes an integrated policy framework structured around four priority areas: (a) productive development policies; (b) employment and skills development policies; (c) social protection policies; and (d) policies on labour rights, compliance, sanctions and incentives. This framework provides the organizing structure for the policy proposals that follow.

▶ 5.2. Integrated policy framework for promoting decent work and formalization in the tourism sector

Drawing on the normative framework outlined above and on the country-specific evidence presented in the diagnosis, nine pathways for promoting decent work and formalization in the Eastern Caribbean tourism sector are proposed. These are organized under the four FORLAC 2.0 policy areas, with three additional pathways that cut across the integrated framework.

The pathways are not intended as uniform interventions. Their application requires differentiated approaches that recognize the heterogeneity of informal actors in the tourism sector. The diagnosis identified two distinct profiles: (1) subsistence-level operators for whom the immediate costs of formalization outweigh perceived benefits; and (2) growth-oriented enterprises that face specific regulatory and financial barriers to transition. Many informal actors entered the sector out of necessity, following job loss or as supplemental income, rather than as part of a long-term business strategy. Formalization strategies should therefore be graduated and tailored to the specific circumstances of these different segments, an orientation consistent with the differentiated approach called for by Recommendation No. 204.

Productive development:

1. Promotion of Community-based tourism (CBT).

2. Structural transformation to support MSMEs and enable formalization.

3. Leveraging digitalization and emerging technologies, including artificial intelligence (AI), to enhance productivity and formalization.

Employment and skills development:

4. Skills Development and workforce upgrading.

Social protection:

5. Extension of social protection coverage with systems adapted to labour market realities.

Labour rights, compliance, sanctions and incentives:

6. Progressive compliance and decent work in tourism.

Cross cutting pathways:

7. Effective social dialogue and enhanced engagement of sectoral social partners and other key stakeholders.

8. Gender-responsive policies to address inequalities and support inclusive labour market outcomes.

9. Strengthening data collection and regional collaboration to improve evidence-based policymaking.

Each pathway is grounded in the evidence from Antigua and Barbuda, Barbados, Dominica, Grenada and Saint Lucia, and each is aligned with the normative orientations of Recommendation No. 204, Convention No. 172 and Recommendation No. 179. Their effectiveness depends on their articulation within the integrated framework, as the structural causes of informality in the tourism sector operate simultaneously across the productive, employment, social protection and labour rights dimensions.

5.2.1. Productive development

Pathway (1) Promotion of Community-based tourism (CBT)[96]**:** CBT emerged as a promising approach to address financing constraints and to support the formalization of informal entrepreneurs and enterprises. By organizing small-scale and informal entrepreneurs within collective structures, CBT facilitates access to training, certification and integration into tourism value chains. Experiences such as the Dominica Community Tourism Association illustrate how these models can serve as effective pathways to formalization. Community-based tourism also contributes to product diversification by offering authentic, locally rooted experiences, which can help mitigate seasonality and distribute economic benefits more inclusively, reducing reliance on large international operators. In Saint Lucia, the Community Tourism Agency provides financial support through grants and loans, conditional on formalization, requiring registration, insurance and digital booking capacity. Similar approaches have been adopted in other countries. Jamaica, for example, has updated National Community Tourism Policies, incorporating modern needs such as digital marketing. In Grenada, structured collaboration, led by the Hotel and Tourism Association, contributed to the creation of a unified brand ("Pre Grenada"), reversing declining arrivals and integrating community actors. To support these efforts, practical tools such as the **community tourism toolkit** have been developed at the regional level, guiding communities through stages such as product and enterprise development, market analysis and marketing strategies.

Digital technologies, including artificial intelligence (AI) offer additional opportunities to scale community-based tourism. Potential applications include, for example, direct-to-consumer booking platforms, digital aggregation of local experiences, digital cooperatives, virtual cultural products and improved matching between local suppliers and tourism demand. With appropriate policy and institutional support, digitalization can strengthen locally owned tourism models and enhance their contribution to inclusive and sustainable development, rather than deepen existing patterns of external dependence.

96 The ILO Community-based Rural Tourism programme supports local communities to promote sustainable, formal tourism businesses and decent work opportunities by developing sustainable tourism and creating decent jobs (ILO 2025d).

▶Box 1. Community-based tourism (CBT)

Community-based tourism and cooperativism

This approach constitutes a promising framework in promoting tourism development in rural areas and among small-scale productive economic units. Various studies and interviews with relevant stakeholders from the five countries analysed – and other regional institutional representatives – highlighted how this model, based on participatory local management, not only generates economic benefits but has also strengthened the social structure, empowers communities and promotes the conservation of natural and cultural resources. By prioritizing local governance and the equitable distribution of income, CBT represents a sustainable alternative to conventional tourism, demonstrating its ability to create inclusive value chains and retain economic benefits within the territories where it operates.

CBT refers to tourism activity developed in a rural location in a planned and sustainable manner, through management models with the active participation and leadership of local communities, represented by community-based organizations (Peru, MINCETUR 2020). On the other hand, **cooperativism** plays a central role in enabling CBT of as a mechanism for local development, since community-based tourism activity promotes community integration, governance and territorial empowerment (Mata et al. 2022). Cooperatives provide a legal and collective structure that allows communities to manage their tourism resources, share benefits equitably and make decisions democratically within a structured governance.

The tourism sector in the Caribbean is increasingly shifting towards inclusive, sustainable and regenerative tourism (Bertrand and Hamilton 2024). Despite strong growth over recent decades, the distribution of tourism revenues has often been uneven, with limited benefits accruing to local communities and MSMEs, particularly in rural areas. The changing global demand presents new opportunities, as there is a growing interest in authentic and responsible tourism experiences, with evidence suggesting that visitors are willing to pay a premium price for locally sourced products and experiences that directly benefit host communities (Bertrand and Hamilton 2024). This trend provides an opportunity to strengthen local value chains, increase income retention and support more inclusive and sustainable tourism development.

A key factor driving this type of tourism has been the adoption of the **Public-Private-Community Partnership (PPCP) model**, which is fundamental to engaging communities as equal partners and beneficiaries. These collaborative models, similar to cooperative structures, have proven successful in creating and realizing long-term value for communities in the Caribbean. Cooperative structures have helped boost tourism by formalizing community initiatives and facilitating investment. For example, in Peru, the main associative modalities adopted by community-based organizations usually are associations, cooperatives and communal enterprises (Peru, MINCETUR 2020).

One of the most prominent CBT experiences in the Caribbean is the case of Treasure Beach, Jamaica (Bertrand and Hamilton 2024). In 2014, tourism stakeholders in this fishing community established a PPCP cluster with technical assistance. This collaboration led to the development of diversified CBT products that promoted local culture and generated important interactions with visitors. The results were remarkable: by 2019, local tourism employment increased by 150 per cent, and local MSMEs revenues grew by 300 per cent.

Another example of collaborative coordination is found in Saint Lucia, where the Saint Lucia Hotel and Tourism Association developed a PPCP using a digital platform known as the Virtual Agricultural Clearing House. This tool, based on a simple messaging application, connects local farmers with hotels and restaurants more effectively. The platform has enabled more than 400 farmers (including farmer cooperatives) to notify hotels of their product availability, strengthening the economic linkages between tourism and agriculture and increasing the average income of businesses by 5 to 7 per cent. Such initiatives illustrate how collaborative governance structures (PPCPs and clusters), which share characteristics with cooperativism, can strengthen building local capacity, ensuring fair distribution of benefits and generating sustainable economic outcomes.

In Latin America, countries like Peru have promoted CBT through national policies. Since 2007, the Ministry of Commerce and Tourism (MINCETUR) has implemented guidelines for the development of rural community tourism, focusing on diversifying the tourism offer and generating employment and income. MINCETUR's Community Tourism Strategy has supported projects in 72 communities across 11 regions. The Peruvian model recognizes various associative modalities adopted by community-based organizations, including associations, cooperatives and communal enterprises, seeking their legal formalization and the strengthening of internal organization.

A global success story using the cooperative model is the Coffee Tour with Café de Monteverde in Costa Rica (Euromonitor International 2019). This tour, offered by a locally owned community cooperative and led by a local expert in the rainforest, combines multiple CBT activities (educational tourism, wildlife observation, organic gardens and tasting). The focus on sustainable agricultural practices and certification particularly attracts ethically conscious tourists.

Other experiences promoted through Compete Caribbean in the region focus on farm tours, which are activities linked to a tour/visit to an agricultural farm. These can include organic farm tours or visits to specialized crops such as coffee and cacao plantations, spice farms and medicinal herbs. Farm tours may include meals, food tastings, and/or accommodation. Examples include the Bellevue Chopin Organic Farms Experience in Dominica which highlights certifications such as Fairtrade or Organic, and the Maya Organic Farm Tour offered by Chaa Creek in Belize, which preserves and showcases traditional Mayan farming techniques.

Pathway (2) Structural transformation to support MSMEs and enable formalization: The formalization of MSMEs is closely linked to broader structural reforms. Low productivity levels and operational instability limit the capacity of many MSMEs to meet the financial, regulatory and operational requirements of the formal economy. As a result, these enterprises often remain trapped in informality, which in turn restricts their access to capital, markets and other growth-enabling resources. Evidence suggests that the relationship between productivity and formalization is strongest when formalization is embedded within a broader development strategy and combined with productivity-enhancing measures, such as access to finance and business development services.

Experiences from the region illustrate the effectiveness of such integrated approaches. In Barbados, the introduction of the Electronic Single Window (ESAW) and the "Business Barbados" one-stop shop has simplified regulatory procedures and reduced administrative burdens for MSMEs. These reforms have been complemented by the Barbados Employment and Sustainable Transformation (BEST) programme, which focuses on skills development and labour market alignment, thereby creating a more enabling environment in which formalization becomes a viable and attractive option for small-sized enterprises. Similarly, in Saint Lucia, the A.R.I.S.E. strategy has advanced structural reform through the enactment of the Secured Transactions Act and the launch of the Digi-Gov platform, which provides access to more than 30 online government services. Together, these initiatives have reduced the cost and complexity of compliance. At the same time, complementary interventions implemented through the Community Tourism Agency link regulatory simplification with direct financial and technical support by offering grants and credit conditioned on formalization.

Pathway (3) Leveraging digitalization and emerging technologies, including artificial intelligence (AI), to enhance productivity and formalization: In the Caribbean, digitalization has the potential to accelerate economic convergence with advanced economies. For example, it does so by alleviating burdensome administrative processes, improving access to finance and enhancing productivity. Digital tools can simplify business registration and compliance processes, facilitate access to markets and enable the adoption of innovative business models. However, wide digital gaps persist between the region and more advanced economies, and the COVID-19 pandemic accelerated the digital investment already concentrated in the latter, raising the risk that the Caribbean falls further behind (Rosenblatt et al. 2022). Addressing this gap requires targeted investments in digital infrastructure, skills development and regulatory frameworks to ensure inclusive access and effective use of digital technologies.

Digitalization is rapidly transforming the tourism sector in the Eastern Caribbean. Tourism enterprises increasingly rely on global digital platforms to access international markets, manage bookings and promote their services. These platforms make expensive use of artificial intelligence for functions such as search ranking, personalized recommendations and dynamic pricing. Even small tourism operators in the five selected countries are increasingly influenced by AI-driven digital systems. These technologies shape their online visibility, competitiveness and access to tourism markets, highlighting both new opportunities and emerging challenges for MSMEs in the sector.

▶Box 2. The platform economy in the Caribbean tourism sector

The platform economy has become a significant feature of the tourism sector in the Eastern Caribbean. Digital platforms have significantly lowered the barriers to entry, allowing individuals and small businesses to offer accommodation, tours, transport and tourism experiences directly to visitors. While it has created new income opportunities and diversified tourism products, it has also contributed to rising informality, created regulatory challenges and intensified competition with traditional, formally registered businesses.

For instance, in Antigua and Barbuda, 85 per cent of short-term rental properties advertised on digital platforms are locally owned, demonstrating how platforms can empower local entrepreneurs. However, it remains a largely unregulated "disruptive force", criticized by hotel associations for reducing hotel occupancy and making tax collection difficult. In Barbados, a gap exists between platform listings and formal registrations. While short-term rental platforms list around 9,000 accommodation options, only 78 apartments were officially registered with the Tourism Product Authority in 2023, underlining the high share of informal accommodations operating through digital platforms.

Digital platforms also influence business behaviour. In Dominica, for instance, informal operators rely on social media and digital marketing to reach customers, reducing the perceived need to formalize. In Grenada, the lack of regulation for unregistered properties is identified as a key driver of informality. Informal operators avoid taxes and compliance costs, creating an uneven playing field for formal accommodation providers and leading to significant lost tax revenue. Finally, in Saint Lucia, the scale of the platform economy is particularly evident: in 2024, the unregistered short-term rental sector had a larger inventory of available rooms (5,584) than the entire formal hotel sector (4,449 rooms), underscoring its large share of the market.

In 2017, the Caribbean Tourism Organisation (CTO) and a short-term rental platform formalized a partnership agreement, aiming to foster sustainable tourism growth across the Caribbean region (Nicholls 2017). This collaborative framework was designed to promote Caribbean destinations globally, leverage digital platforms for enhanced market visibility and support data-driven tourism strategies. A core component of the agreement involved sharing anonymized data from the short-term rental platform with the CTO and its Member States, providing valuable insights into travel trends, accommodation usage and economic impact to inform policy and development planning. The partnership emphasized community empowerment and inclusive tourism, which involves promoting authentic local experiences for visitors and exploring training opportunities for hosts to ensure service quality and adherence to hospitality standards. This alliance represents a significant move towards integrating the shared economy into the Caribbean's official tourism planning, recognizing digital platforms as key stakeholders in the region's economic and tourism ecosystem. The agreement points out a shared commitment to leveraging innovation and collaboration to diversify tourism offerings, distribute economic benefits more widely and enhance the overall resilience and competitiveness of Caribbean tourism.

In 2025, the government of Barbados implemented a new policy to regulate short-term vacation rentals, requiring the mandatory registration of all properties. The policy aims to promote safety standards and preserve Barbados' tourism brand. Those operating without registration face fines of up to US$125,000. The measure seeks to formalize the sector, guarantee quality

standards, recover uncollected taxes and balance competition with traditional accommodation providers. Short-term rental platforms, as a global phenomenon, have reconfigured the tourism sector in recent years. In Barbados, it represents a valuable opportunity for the local economy, allowing small accommodation providers to enter the tourism sector and generate alternative incomes (Lorde and Joseph 2018). However, it requires a regulatory framework that guarantees quality standards, tax equity and sustainability, reduces market distortions and protects the interests of the tourism industry. Only in this way can the platforms' inclusive potential be controlled without compromising the island's economic stability.

In June 2026, government, employer and worker representatives from the 187 ILO Member States gathered at the International Labour Conference adopted the Decent Work in the Platform Economy Convention, 2026 (No. 193), establishing the first international labour standard dedicated to the platform economy. It establishes a global framework to help ensure that technological innovation and new business models go hand in hand with workers' rights, fair competition and sustainable economic growth. The Convention addresses a broad range of issues, including fundamental principles and rights at work, occupational safety and health, violence and harassment, promotion of decent work opportunities, remuneration or payment, social security, impact of the use of automated systems based on algorithms on workers, data protection and privacy, suspension, deactivation and termination, protection of migrants and refugees, and access to justice.

In the tourism sector, the platform economy holds dual importance for the region. Positively, it fosters entrepreneurialism, increases the variety and authenticity of tourist accommodations and experiences, and can help distribute tourism income beyond large resorts into local communities and households. It aligns with growing demand for unique, local and personalized stays. However, its challenges are profound and central to the region's informality dilemma. Platforms facilitate a large, shadow economy that escapes regulation and taxation, as operators often avoid business registration, licensing fees, safety inspections and taxes, reducing government revenue. It also creates unfair competition, as formal businesses incur higher costs to comply with regulations, putting them at a competitive disadvantage against informal platform operators. The low barrier to entry on digital platforms, combined with prohibitive banking requirements that block MSMEs from opening business accounts, traps many in informality. Without a formal account, they cannot access digital payment systems or certain government support. In addition, the lack of data sharing from platforms makes it difficult for tourism authorities to estimate the true size of the sector, manage destination capacity, or implement quality and safety standards.

In conclusion, the platform economy presents both an opportunity and a challenge for the future of Caribbean tourism. It represents the modern, decentralized nature of travel, but simultaneously exacerbates long-standing issues of informality, fair competition and regulatory oversight. Addressing this new reality is critical for designing effective formalization strategies that can control the entrepreneurial energy of platforms while ensuring decent work and social dialogue, safety and a sustainable revenue collection for the region.

Across the Eastern Caribbean, the **adoption of artificial intelligence (AI) in tourism remains at an early and uneven stage.** Current use is largely concentrated in areas such as **digital marketing, customer service automation** (for example, chatbots) **and revenue or operational management tools,** rather than advanced or locally developed AI systems. According to UN ECLAC (Alexander et al. 2024), AI readiness in most countries in the region is still at an early stage, including for AI governance frameworks, regulatory structures and institutional capacity. The absence of comprehensive national AI strategies or regulatory frameworks helps explain why adoption of AI has been driven primarily by private digital platforms and larger enterprises, with more limited uptake among MSMEs and in the public sector.

▸Figure 1. Dimensions of artificial intelligence (AI) applications in the tourism sector

Marketing and demand generation	▸ AI-driven travel recommendation engines ▸ Personalized advertising targeting high-value travelers ▸ Chatbots for 24/7 guest communication ▸ Sentiment analysis of online reviews	**Implications:** ▸ AI determines visibility in highly digital markets (e.g. Antigua and Barbuda and Saint Lucia) ▸ Smaller locally owned properties risk invisibility if they lack digital optimization ▸ CBT can benefit from AI-enhanced storytelling and niche targeting (ecotourism, regenerative tourism, culinary tourism)
Productivity and cost efficiency	▸ Dynamic pricing for hotels and villas ▸ Demand forecasting (seasonality management) ▸ Inventory management (food and beverages) ▸ Energy optimization ▸ Workforce scheduling	**Implications:** ▸ Facilitates handling of seasonality, energy optimization, forecasting of labour demand; can support especially in enterprises with thin profit margins to stabilize revenue volatility and improve competitiveness – in particular in islands with small domestic markets
Skills and employment transformation	▸ Skills demand (digital marketing, data literacy) ▸ Automation of administrative tasks ▸ Training platforms and micro-learning tools ▸ Recognition of prior learning (RPL) digitization	**Implications:** ▸ Youth have better access to remote tourism-related work (digital booking management, marketing) ▸ Risk that some workers in lower-skilled positions may face task automation ▸ New hybrid roles (digital hospitality management)
Formalization and data systems	▸ Digital business registration platforms ▸ Automated tax compliance tools ▸ Risk-based labour inspection systems ▸ Informality mapping through data integration	**Implications:** ▸ AI-based analytics can identify unregistered short-term rentals ▸ Tax simulation tools can lower fear of formalization ▸ Governments can better track sector productivity
Climate resilience and sustainability	▸ Hurricane forecasting integration into tourism planning (and disaster early warning systems) ▸ Climate-risk modeling for tourism infrastructure ▸ Coral reef monitoring using AI-based image recognition ▸ Energy efficiency optimization ▸ Insurance risk modeling ▸ Emergency response coordination	**Implications:** ▸ AI-based climate tools can strengthen reslience and are particularly relevant for small eco-lodges, community-based tourism sites and marine tourism operators

Source: Own elaboration based on literature review.

As shown in figure 1, AI applications in the five countries analysed are most evident in global booking and search platforms and within hotel management systems. The diffusion of these technologies among MSMEs remains limited and is closely linked to levels of digital readiness and the availability of supportive ecosystems. This constraint is also highlighted in the OECD's **Development Strategy Assessment of the Eastern Caribbean** (2022), which emphasizes the strategic importance of **digital infrastructure, support services and improved regulatory environments** to enable a more resilient and higher-value growth pathways in the region. At the regional level, the Caribbean Hotel and Tourism Association (CHTA) has published an **AI Transformation Guide for Caribbean Tourism** (2025), aimed at supporting tourism enterprises in the adoption of practical AI applications (for example, guest communications, marketing and operational improvements). This initiative reflects a shift from experimental use towards a more structured integration of AI within the tourism industry. While concrete country-level examples remain limited, Barbados – often considered one of the more digitally advanced environments in the Eastern Caribbean subregion – has hosted initiatives exploring AI-enabled tourism concepts through UNDP's Accelerator Labs network (including marine-related virtual tourism ideas). These initiatives illustrate how AI is being tested not only to enhance productivity, but also to support innovation in sustainability-oriented tourism models.

Given the diversity of tourism structures across the five selected countries, the opportunities and constraints associated with AI adoption vary. These are summarized in table 2.

▶Table 2. AI-related dynamics, levers and challenges by country

	Antigua and Barbuda	Barbados	Dominica	Grenada	Saint Lucia
Tourism model	▸ Highly tourism-dependent ▸ Strong luxury resort segment ▸ High cruise passenger volume	▸ More diversified tourism product ▸ Strong short-term rental (STR) market ▸ Highest institutional and digital capacity among the five countries	▸ Nature-based tourism ▸ Ecotourism focus ▸ Smaller cruise volumes ▸ Community-based tourism potential	▸ Marine tourism (yachting, diving) ▸ Boutique and mid-scale accommodation ▸ Spice and culinary tourism branding	▸ Strong high-end resort market ▸ Growing boutique segment ▸ Significant cruise arrivals ▸ Major foreign direct investment (FDI) presence
AI-specific dynamics	**Large resorts increasingly use** ▸ Dynamic pricing algorithms ▸ Revenue management systems ▸ Predictive booking analytics **Cruise companies use AI for** ▸ Passenger profiling ▸ Onboard revenue capture ▸ Port spending optimization	**STR regulation & AI** AI tools are increasingly used globally to ▸ Identify unlicensed STRs ▸ Monitor platform listings ▸ Improve tax compliance Barbados is well-positioned to use AI for ▸ STR mapping ▸ Compliance enforcement ▸ Informality reduction **Digital readiness** Barbados has relatively better: ▸ Broadband infrastructure ▸ Financial services ecosystem Information and Communications Technology (ICT) capacity and could become a regional leader in: ▸ AI-enabled tourism governance ▸ Digital booking cooperatives ▸ Tourism data analytics	**AI for eco-monitoring**[97] AI can support: ▸ Biodiversity monitoring ▸ Forest fire risk assessment ▸ Climate vulnerability mapping **Digital marketing for niche markets** AI-driven targeting can help: ▸ Eco-conscious travellers ▸ Adventure tourism segments ▸ Regenerative tourism markets	**Marine sector digitalization** AI could enhance: ▸ Marine traffic forecasting ▸ Weather and safety systems ▸ Marine ecosystem protection But marine operators face: ▸ High compliance burdens ▸ Lower digital maturity **Culinary & experience bundling**[98] AI-powered packaging of: ▸ Farm-to-table tourism ▸ Spice tours ▸ Cultural experiences	**Foreign-owned resort advantage**[99] International hotel chains use: ▸ Centralized AI-based revenue systems ▸ Predictive maintenance ▸ Guest personalization engines **Labour market shifts** AI may: ▸ Reduce administrative jobs ▸ Increase demand for digital marketing roles ▸ Require hybrid hospitality-tech skills
Strategic lever	Data-sharing frameworks (for luxury revenue optimization)	Digital governance tools (AI-supported formalization and regulatory modernization)	Eco-tech integration (for eco-AI and nature positioning and helping community-based operators to access markets.	Marine digital training (for marine forecasting and bundling and helping community-based operators to access markets)	Skills upgrading (for high-end AI integration)
Risks/challenges	Market concentration favouring large resorts over local SMEs. AI could reinforce external value capture unless data-sharing frameworks improve (e.g. with cruise companies)	Short-term rental compliance conflict	Digital infrastructure and skills gaps among rural operators (rural digital divide).	Digital adoption gap among small tour operators (MSME digital gap).	Saint Lucia's education and Technical and Vocational Education and Training (TVET) systems will need adaptation (SME–FDI productivity). Risk that AI reinforces the dominance of large foreign resorts.

Source: Own elaboration.
Note: Based on interviews, UN Tourism (2025), López-Naranjo et al. (2025).

97 Highly relevant for Dominica's "Nature Island" positioning.

98 This could increase local value capture if supported digitally.

99 This may widen productivity gaps with domestic SMEs.

Without targeted policy interventions, the adoption of AI may reinforce existing structural inequalities, including increased market concentration, the marginalization of informal operators and exacerbating productivity gaps. At the institutional level, the effective uptake of AI is constrained by gaps in data governance frameworks, outdated administrative structures and limited coordination across public institutions. To ensure that artificial intelligence (AI) supports more inclusive and sustainable tourism development, governments may need to:

- Invest in digital infrastructure to expand connectivity and access, particularly for MSMEs and rural areas.
- Strengthen digital and AI skills through targeted training programmes for MSMEs and workers.
- Develop simplified digital compliance tools to facilitate business registration and formalization.
- Promote digital cooperatives and collective platforms to enhance market access for small operators.
- Integrate AI into labour market information systems to improve matching, skills planning and policy design.
- Ensure the inclusion of women and youth in digital upskilling initiatives.
- Promote responsible business conduct in AI adoption, including data protection and fair use of algorithms.
- Support the development of AI-enabled local value chains, including the digital integration of community-based tourism and the use of data to strengthen linkages between local enterprises and larger tourism operators, including cruise tourism.

5.2.2. Employment and skills development

Pathway (4) Skills development and workforce upgrading: While all five selected countries have some initiatives in place, they are not sufficient to address the existing skill gaps. Specialized training programmes are required in various topics and areas. For example, to support provisioning of quality local food products (including in food safety risks and hazards, packaging and logistics); to improve quality and quantity for handicraft products; product development (especially within CBT models); financial management (also to increase access to financing); and opportunities to engage with larger actors (for instance, cruises or bigger hotels) in the tourism value chain.

Specifically, these programmes should be built upon and strategically integrated with the existing national Technical and Vocational Education and Training (TVET) frameworks and regional standards set by CARICOM's Caribbean Association of National Training Agencies to ensure recognized certification. Training delivery must be flexible and adapted to the evolving needs of the sector and to the realities of informal workers, potentially using weekends or modular formats to avoid disrupting livelihoods. A critical component should be upgrading informal apprenticeships by integrating master craftsmen and experienced informal workers into the formal training system as certified trainers, providing them with pedagogical skills. Furthermore, initiatives must include a strong focus on soft skills, digital literacy and the recognition of prior learning (RPL) to validate existing competencies.

Collaborating with regional organizations (and building on the existing toolkits and guides, for example, for CBT and business registration) to benefit from economies of scale. Finally, to ensure labour market relevance and sustainability, these programmes must be informed by updated labour market information and structured to foster direct linkages between trainees and formal sector employers, cruise lines and hotel chains, thereby creating clear pathways to formalization and improved livelihoods.

5.2.3. Social protection

Pathway (5) Extension of social protection coverage with systems adapted to labour market realities: This implies reforms that expand social protection coverage to workers in non-standard forms of employment, strengthen portability of benefits and enhance the resilience of national social security systems that are closely linked to tourism employment. As illustrated in table 3, significant gaps in coverage persist in the countries analysed, for example regarding vulnerable populations and access to unemployment benefits.

▶Table 3. Overview of social protection coverage in the five countries analysed, percentage

	Antigua and Barbuda	Barbados	Dominica	Grenada	Saint Lucia
Population covered by at least one social protection benefit	65.4 % (2020)	56.7 % (2020) Men: 52.9 % (2020) Women: 60.2 % (2020)	46.8 % (2019) 53.2 % (2020)	66.1 % (2019) 66.1 % (2020) 54.3 % (2022)	35.4 % (2019) 40.1 % (2020) Women: 40.9 % (2020) Men: 36.3 % (2020)
Persons above retirement age receiving a pension	84.4 % (2020)	98.4 % (2020) Men: 100 % (2020) Women: 93 % (2020)	60.3 % (2019) 92.7 % (2020) Men: 100 % (2020) Women: 85.3 % (2020) Men: 68 % (2019) Women: 53.9 % (2019)	47.8 % (2019) 53.5 % (2020)	32.5 % (2019) 48.8 % (2020) Men: 58.6 % (2020) Women: 40.6 % (2020)
Persons with severe disabilities receiving disability social protection benefits	8.1 % (2017) 7.9 % (2019) 9.1 % (2020)	45.7 % (2019) 65.6 % (2020) Men: 62.2 % (2020) Women: 68.6 % (2020)	9.7 % (2019) 11.8 % (2020)	22.2 % (2020)	13.2 % (2019) 13.4 % (2020) Men: 12.3 % (2020) Women: 14 % (2020)
Unemployed persons receiving unemployment benefits	0 % (2020)	94 % (2019) 88 % (2020)	0 % (2019)	0 % (2019) 0 % (2020) 0 % (2022)	0 % (2019) 0 % (2020) 0 % (2022)
Employed persons covered in the event of work injury	67.9 % (2020)	76.7% (2020) Men: 68.8 % (2020) Women: 84.6 % (2020)	68.3 % (2019) 63.3 % (2020)	92.4 % (2019) 77.3 % (2020)	53.6 % (2019) 63.3 % (2020) Men: 58.6 % (2020) Women: 67.8 % (2020)
Mothers with newborns receiving maternity benefits	60.7 % (2019) 37 % (2020)	58.2 % (2020)	38.6 % (2019) 30.2 % (2020)	85.3 % (2019) 87.5 % (2020)	45.8 % (2019) 39.4 % (2020)
Vulnerable persons receiving social assistance	6 % (2018) 3.9 % (2019)	9.6 % (2019) 9.2 % (2020)	28.2 % (2019) 19.7 % (2020)	20 % (2019) 13.1 % (2022)	2.5 % (2019) 2.5 % (2020)
Poor persons covered by social protection systems	12.3 % (2018)	16.4 % (2019) 24.2 % (2020)	39.4 % (2018) 31.7 % (2019) 31.7 % (2020)	23.6 % (2019) 23.6 % (2020) 16.5 % (2022)	6.6 % (2019) 5.8 % (2020)
Children or households receiving child or family cash benefits	n/a	13.1 % (2020)	0.7 % (2020) Men: 1.1 % (2020) Women: 0.3 % (2020)	n/a	5.1 % (2020)

Source: Data extracted from ILOSTAT, https://ilostat.ilo.org/data. Accessed December 2025.

Key reform elements should include:

- **Extending coverage to workers in non-standard forms of employment and self-employed tourism workers:** Given the high reliance on seasonal employees, casual workers, self-employed tour operators and gig-economy platform workers (e.g., short-term rental hosts, excursion providers), social protection coverage systems should be adapted to include these groups. This may involve simplified contribution mechanisms, voluntary schemes, or hybrid models tailored to irregular income patterns.
- **Strengthening portability and continuity of benefits:** Tourism employment in the Eastern Caribbean is often characterized by temporary or short-term contracts and multiple employers. Promoting **portability through individual social security accounts, the accumulation of entitlements across jobs, as well as regional agreements**, can help reduce coverage gaps, particularly in the high labour mobility context that characterizes the Eastern Caribbean (see table 4).

▶Table 4. Migrant population in the five countries analysed

Countries	Migrant population (foreign-born residents) (First half of 2024)	Key countries of origin
Antigua and Barbuda	30,473 individuals (33 % of the total population; 55 % women, 45 % men)	Guyana (7,064), Dominica (5,148), Jamaica (4,328), USA (2,850), Dominican Republic (1,934)
Barbados	35,187 individuals (13 % of the total population; 55 % women, 45 % men)	Guyana (6,728), Saint Vincent and the Grenadines (3,177), UK (2,560), Saint Lucia (2,220), Trinidad and Tobago (1,520).
Dominica	8,440 individuals (13 % of the total population; 48 % women, 52 % men)	Haiti (2,585), UK (659), USA (649) Antigua and Barbuda (459), Trinidad and Tobago (318)
Grenada	7,340 individuals (6 % of the total population; 54 % women, 46 % men)	Trinidad and Tobago (2,331), United States Virgin Islands (670), Saint Vincent and the Grenadines (405), Guyana (371), Venezuela (330)
Saint Lucia	8,079 individuals (5 % of the total population; 52 % women, 48 % men)	Guyana (2,045), USA (824), UK (735), Trinidad and Tobago (488), Barbados (390)

Source: IOM (2025).

- **Introducing mechanisms for seasonal income smoothing:** As tourism demand fluctuates strongly, social protection systems should incorporate mechanisms such as unemployment insurance, temporary income support and partial benefits during low seasons. Disaster-related income protection is also key, especially in economies exposed to hurricanes and other climate shocks.
- **Linking formalization incentives to social protection:** Access to social protection, such as health insurance, maternity protection, pensions and employment injury protection, can serve as a key incentive for formalization for enterprises and workers. Simplified registration processes combined with visible and accessible social protection benefits can encourage tourism MSMEs and workers to transition to formality.
- **Strengthening financial sustainability of national social security systems:** Tourism-dependent economies are particularly vulnerable to shocks (such as COVID-19) that can dramatically reduce contribution flows. Strengthening sustainability requires diversified contribution bases, improved compliance and collection mechanisms, integrating self-employed tourism workers into contribution systems and enhancing actuarial planning. These reforms are particularly relevant for national social protection systems in small tourism-dependent economies.
- **Enhancing resilience to shocks and disasters:** The COVID-19 pandemic has demonstrated the vulnerability of tourism-dependent labour markets. Therefore, it is important that social protection systems are designed to scale up rapidly in response to economic or climate-related shocks. This includes mechanisms such as temporary unemployment benefits, emergency cash transfers and the use of digital platforms for efficient benefit delivery.

5.2.4. Labour rights, compliance, sanctions and incentives

Pathway (6) Progressive compliance and decent work in tourism: The tourism sector across the five countries analysed is characterized by pervasive decent work deficits that are most pronounced in the informal economy: variable and long working hours, low wages, limited access to social protection, weak regulation and enforcement and poor occupational safety and health practices. Addressing these deficits through progressive compliance mechanisms and improved working conditions constitutes a pathway to formalization, as it establishes a floor of rights that protects workers and, in turn, creates conditions for fair competition among enterprises.

Country-specific evidence illustrates these challenges. In Saint Lucia, the sector shifted from predominantly permanent positions towards temporary and short-term contracts following the pandemic, reducing job security and contributing to increased informality (Saint Lucia 2022). In Grenada, the hospitality sector registers high staff turnover and only 19 per cent of the tourism workforce was classified as highly skilled in 2023. In Dominica, a significant share of tourism workers are classified as working poor and women represent approximately 70 per cent of direct employment in hotels and restaurants (CARIBANK 2020; World Bank 2025). In Antigua and Barbuda, an ILO analysis identified gaps in the provision of a 36–hour weekly rest period, meal break regulation and oversight of the sale and purchase of employment, while formal private sector employment declined by 2.8 per cent between 2019 and 2023 even as tourism activity expanded (IMF 2025a).

Labour inspection and enforcement capacity. Institutional constraints limit the effectiveness of existing labour protections in the tourism sector.

Territorial dispersion and the prevalence of microenterprises, many operating without fixed premises, make monitoring difficult. In several of the selected countries, low perceived risks of sanctions reinforce incentives for enterprises to remain informal or operate below established standards. Country-specific patterns illustrate these constraints:

- In Antigua and Barbuda, informality raises concerns related to consumer protection, including non-compliance with food safety, health and quality standards, as well as potential environmental impacts due to limited monitoring.
- In Dominica, high insurance premiums can discourage compliance and licensing. Widespread unlicensed activities pose risks in terms of safety, liability and the overall reputation of the tourism destination.
- In Grenada, stakeholder consultations indicate that licensed tour operators face competition from individuals offering similar services informally, which contributes to tax evasion and unfair competition.

Strengthening labour inspection in tourism requires risk-based planning that targets subsectors with the highest incidence of decent work deficits, joint protocols involving labour inspectorates and tourism licensing authorities and the use of digital tools to identify and monitor unregistered operators on short-term rental and service platforms.

Progressive compliance and incentive-based approaches. For many MSMEs, full compliance cannot be achieved in a single step. Progressive compliance frameworks that combine regulatory requirements with graduated incentives allow enterprises to improve their practices over time. Key mechanisms include:

- **Incentive measures:** preferential access to public procurement and tourism value chains for enterprises meeting minimum labour standards; recognition and certification programmes linked to quality labels or tourism branding, such as the “Pure Grenada” initiative or Dominica’s Nature Island Standards of Excellence; simplified tax regimes or reduced licensing fees for enterprises that demonstrate formal employment and social security registration; and priority access to training and business development services.

- **Deterrence measures:** strengthened sanctions for enterprises operating without required licences, particularly in subsectors with safety implications such as adventure tourism and food services; effective enforcement of regulations governing short-term rental accommodation, building on emerging legislative frameworks such as the Barbados Tourist Accommodation Bill (2025) and Grenada’s amended Tourism Authority Act (2025); and transparent application of existing penalties.

- **Simplification measures:** streamlined administrative processes that reduce the complexity and cost associated with transitioning to or maintaining formal operations, combined with improved information for enterprises on the requirements and benefits of formalization.[100]

Occupational safety and health. The tourism sector, including activities such as adventure, nature or sports tourism and food services, presents occupational safety and health risks requiring adapted regulatory approaches. Among the five selected countries, Antigua and Barbuda (2002), Grenada (2012) and Saint Lucia (2021) have ratified the Occupational Safety and Health Convention, 1981 (No. 155), while Barbados' ratification is due to enter into force in June 2026. Dominica has not yet ratified C155. Strengthening OSH frameworks in tourism would reduce safety risks for workers and visitors and enhance enterprise competitiveness. This is particularly relevant where the expansion of adventure tourism activities, including canyoning and whale watching in Dominica, has outpaced the development of safety standards and enforcement capacity.

5.2.5. Cross-cutting pathways

Pathway (7) Effective social dialogue and enhanced engagement of sectoral social partners and other key stakeholders: Social dialogue is essential for designing programmes that address the real needs of the tourism sector. Across the region, tripartite social dialogue institutions can be classified into five main categories: labour councils, wage councils, occupational safety and health councils, economic and social councils, and dispute prevention and resolution commissions. To date, social dialogue and worker organizations remain limited in the five countries analysed. While Barbados has four of these institutions and Antigua and Barbuda has three; Dominica, Grenada and Saint Lucia have only labour and/or wage councils (see table 5).

▶Table 5. Types of tripartite social dialogue institutions by country

Labour councils	Wage councils	Economic and social councils	Occupational safety and health councils	Dispute prevention and resolution
▸ Antigua and Barbuda	▸ Antigua and Barbuda	▸ Antigua and Barbuda	▸ Barbados	▸ n/a
▸ Barbados	▸ Barbados	▸ Barbados		
▸ Dominica	▸ Dominica			
▸ Grenada	▸ Saint Lucia			

Source: ILO (2025c).

Given the multisectoral nature of formalization, interministerial and interinstitutional coordination are essential. It is necessary to establish permanent dialogue platforms that bring together ministries of tourism, economy, labour and others, along with central banks and business facilitation agencies, as well as representatives of workers' and employers' organizations. Only through such coordination can integrated solutions be designed to address the complexity of the formalization process from a holistic and coordinated perspective. These include effective single windows, appropriate special regimes for MSMEs and effective tourism licensing systems.

In this context, Executive Boards could be established to support an integrated approach to formalization. These bodies are well-suited to promoting broad sectoral and stakeholder participation, while incorporating due diligence and responsible business conduct principles. They are particularly relevant for:

- Overcoming coordination failures among institutional actors that need to work intersectorally to promote formalization through interventions at the national, sectoral and enterprise/worker levels.[101]
- Identifying and addressing the underlying causes that hinder formalization and the capacity to generate decent work in a sector, value chain, or cluster, as well as the challenges in applying due diligence and responsible business conduct to proactively assess risks and mitigate adverse impacts.

100 Based on interviews (see Annexes).

101 For example, productive development policies, employment and skills development policies, social protection policies, and policies for the recognition and compliance of labour rights, as well as sanctions and incentives for formalization.

- Promoting the co-creation and implementation of sustainable and cost-effective solutions and interventions at the national (macro), sectoral (meso) and enterprise/worker (micro) levels.
- Adapting, streamlining and modernizing public management processes and procedures to make them more flexible to ensure a more inclusive and sustainable formalization in line with due diligence principles.

Pathway (8) Gender-responsive policies to address inequalities and support inclusive labour market outcomes: It is essential to reducing informality in the tourism sector in the Eastern Caribbean, given that women constitute a large share of tourism workforce while facing structural barriers that limit their access to formal and secure work. Across the Caribbean, women account for **about 57 to 70 per cent of employment in accommodation and food service activities.** However, they are disproportionately concentrated in lower-paid, seasonal, or informal jobs and face persistent wage gaps and limited opportunities for career advancement. These patterns are reinforced by gender-specific constraints, including unequal access to finance and training, occupational segregation and the disproportionate burden of unpaid care work, which restrict women's ability to enter formal employment or entrepreneurship. Addressing these challenges requires gender-responsive reforms that combine formalization strategies with targeted interventions. Key measures include expanding access to childcare and social protection for tourism workers, improving women's access to skills development and digital entrepreneurship opportunities, facilitating access to finance and business registration for women-led tourism MSMEs and strengthening labour protections and pay equity in hospitality and service occupations (ILO 2026b). Such interventions can support more inclusive labour market outcomes, ensuring that efforts to promote formalization also contribute to gender equality, productivity growth and economic resilience in Eastern Caribbean countries.

Pathway (9) Strengthening data collection and regional collaboration to improve evidence-based policymaking: Improving the availability and quality of data on the informal economy, MSME growth and productivity is essential for evidence-based policymaking. In this context, it is important to pilot measurements and promote collaboration among regional institutions. One key indicator is the "access to business bank accounts among tourism MSMEs", measuring the proportion of small businesses with a formally registered business bank account. The indicator would capture a critical dimension of financial exclusion, directly linked to digital payments, formal credit and government support programmes. A pilot initiative could be implemented through coordinated surveys led by national statistics offices in partnership with tourism associations and the Eastern Caribbean Central Bank (ECCB). Such surveys could target specific groups of informal operators (for instance, craft vendors, tour guides, small guesthouse owners) to better understand the extent of financial exclusion and identify key procedural or regulatory barriers.

Another key indicator is the "Gender-disaggregated informal employment rate in tourism subsectors (Accommodation & Food/Beverage Services)". It measures the proportion of men and women in informal employment within core tourism activities, highlighting the gendered dimensions of labour market vulnerability. This indicator is particularly important for identifying disparities in the proportion of women in informality, particularly in food and beverage service activities and for assessing the effectiveness of policies aimed at promoting formalization and closing gender gaps. A pilot could be implemented by National Statistics Offices, in partnership with tourism ministries and the bureaus of women's and gender affairs, through the inclusion of a specialized survey module or a targeted panel focusing on women entrepreneurs in tourism. This would support more granular analysis of gender gaps and inform the design of gender-responsive formalization strategies.

The structural conditions that sustain informality in the Eastern Caribbean tourism sector operate across multiple dimensions simultaneously. Low productivity limits access to finance, which constrains investment, which in turn perpetuates low productivity and informal operation. Addressing these self-reinforcing dynamics requires the articulation of interventions across the four policy areas, not their implementation in isolation. **The pathways proposed in this section provide a framework for that articulation, but their effectiveness will depend on institutional conditions that the diagnosis found to be unevenly developed across the five selected countries. These are the capacity to coordinate across ministries and agencies, the availability of disaggregated data to inform targeting and monitoring, and the existence of mechanisms for social dialogue that can adapt formalization strategies to sectoral and national realities.** Where these conditions are weakest, building them constitutes a prerequisite for the pathways to produce sustained results.

6

ILO tools and methodologies for formalization and the role of the MNE declaration

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▶ 6.1. Tools and methodologies for formalization

The preceding section proposed nine pathways for promoting decent work and formalization in the Eastern Caribbean tourism sector, organized under the four FORLAC 2.0 policy areas. Translating these pathways into concrete interventions requires operational instruments adapted to the institutional capacities and policy priorities of each country. The ILO has developed a set of tools and methodologies that can support governments, employers' organizations, workers' organizations and other stakeholders in the design, implementation and evaluation of formalization strategies. The FORLAC Formalization Toolkit systematizes these resources and facilitates their application at the national and sectoral levels.

These resources can be broadly classified into two main categories: **methodologies**, which provide structured, system-wide approaches to address complex and long-term challenges; and **tools**, which offer practical instruments for implementation, diagnosis, monitoring and evaluation, or direct intervention.

These methodologies include systemic and long-term strategic approaches. Foremost among these are the frameworks for value chain development, the creation of **Productivity Ecosystems for Decent Work,** and the promotion of an **Enabling Environment for Sustainable Enterprises (EESE)**. They also include established programmes such as Sustaining Competitive and Responsible Enterprises (**SCORE)**, which focuses on improving working conditions and productivity in SMEs; and **Start and Improve Your Business (SIYB)**, which supports enterprise creation and development. Additional methodologies address specific areas, including skills foresight (**SENAI Model**), the promotion of associativity and cooperativism (**Start Coop., Think Coop. and Manage Coop**.), and the strengthening of social dialogue mechanisms (**Executive Boards)**.

ILO tools provide concrete and operational support. A significant set is dedicated to the **informal economy**, offering guides for diagnosing informality, supporting the organization or informal workers, and extending social protection to vulnerable groups, including migrant agricultural workers, domestic workers, those in irregular situations, refugees and asylum seekers. In **occupational safety and health**, there are tools that support risk assessment, labour inspections and the development of MSME-focused strategies. There are also **analytical and diagnostic tools**, such as the Rapid Market Assessment, the Digital Employment Diagnostic Guidelines and the Rapid STED Guide for skills, as well as innovative instruments like the **ILO Care Policy Investment Simulator**. Tools such as **MyGreenBusiness** support the integration of green elements into new business ideas, while **DigitalizeYourBusiness** supports businesses in integrating sustainability and digitalization into their operations.

▶Table 6. ILO tools and methodologies for formalization by FORLAC policy area[102]

Resource type	Publication year	Resource title
Productive development		
Tool	2025	Rapid Market Assessment for Economic Sectors or Value Chains
Tool	2024	Productivity measurement and analysis: A guidance note
Methodology	2023	Assessing informality in small economic units: Methodological guide
Tool	2022	DigitalizeYourBusiness
Methodology	2022	Enabling Environment for Sustainable Enterprises (EESE)
Tool	2022	MyGreenBusiness
Methodology	2022	Productivity Ecosystems for Decent Work
Methodology	2021	Executive Roundtables
Methodology	2021	Formalize Your Business
Tool	2021	Diagnosis of Informality: Methodological Note

102 Several tools and methodologies may address more than one policy area. For purposes of simplification, each resource is assigned to a single area on an indicative basis.

Resource type	Publication year	Resource title
Methodology	2021	Value chain development for decent work
Methodology	2020	Boosting Productivity: A Guide for Business Organizations
Methodology	2012	Associativity and Cooperativism
Methodology	2010	SCORE Programme
Methodology	1977	Start and Improve Your Business (SIYB)
Employment and skills development		
Tool	2025	Community-based Rural Tourism programme
Tool	2023	Digital Employment Diagnostic Guidelines
Tool	2020	Rapid Skills for Trade and Economic Diversification (STED) Guide
Methodology	2016	Methodological guides on anticipation and matching of skills
Tool	2015	Assessing skills in the informal economy: A resource guide for small industry and community organizations
Tool	2012	Employment diagnostic analysis: A methodological guide
Methodology	2004	SENAI Foresight Model
Social protection		
Tool	2022	ILO Care Policy Investment Simulator
Tool	2022	Intervention Model: For extending social protection to migrant seasonal agricultural workers
Tool	2021	Extending Social Security to Workers in the Informal Economy: Policy Resource Package
Tool	2021	Governance of social protection systems: a learning journey
Tool	2021	Intervention Model: For extending social protection to migrant domestic workers
Tool	2021	Intervention Model: For extending social protection to migrant workers in an irregular situation
Tool	2021	Intervention Model: For extending social protection to refugees and asylum seekers
Tool	2017	Social protection assessment-based national dialogue: A global guide
Labour rights, compliance, sanctions and incentives		
Tool	2024	Assessment of national occupational safety and health qualification systems
Tool	2024	Survey Questions for Collecting Data on Work Relationships and Informality
Tool	2022	Designing a national strategy to improve occupational safety and health in MSMEs: A practical guide
Tool	2021	Conducting occupational safety and health inspections on agricultural farms: A guide for labour inspectors
Tool	2020	A guide on how and why to collect and use data on labour relations
Tool	2019	General principles and operational guidelines for fair recruitment
Tool	2019	Organizing Informal Economy Workers into Trade Unions
Tool	2017	Labour inspection guide for the informal economy: A participatory method
Tool	2016	Labour inspection and other compliance mechanisms in the domestic work sector: an introductory guide
Tool	2006	SYNDICOOP handbook for trade unions and cooperatives about organizing workers in the informal economy

Source: Formalization Toolkit – FORLAC 2.0 (ILO 2025f).

6.2. The ILO Tripartite Declaration concerning Multinational Enterprises and Social Policy

The tourism sector in the Eastern Caribbean is characterized by the presence of multinational enterprises, particularly international hotel chains, cruise operators and digital platform companies, whose operations have direct and indirect effects on employment, working conditions and the structure of local value chains. The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), adopted by the ILO, provides a global framework for encouraging multinational enterprises (MNEs), governments, employers' and workers' organizations to promote sustainable development and decent work. In the context of the Eastern Caribbean tourism sector, the MNE Declaration can serve as a valuable tool to advance formalization through these key principles:

- **Strengthening social dialogue and tripartism** to improve regulatory enforcement and promote inclusive formalization strategies that address the needs of both large hotels and local MSMEs.
- **Reinforcing respect for fundamental rights at work** to reduce informality and protect vulnerable workers.
- **Supporting sustainable enterprise development through** local sourcing, skills training and technology transfer. In the Caribbean, this can enhance linkages between international hotel chains and local MSMEs, fostering integration into formal value chains and increasing local value added.
- **Encouraging due diligence and responsible business conduct support mitigating** informality in supply chains, such as unregistered tour operators, food vendors and accommodation providers, by encouraging larger enterprises to partner with formalized local businesses.
- **Supporting capacity-building** to enhance workforce skills and productivity by improving collaboration between multinational hotel operators and local training institutions.

7

Conclusions

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Informality in the tourism sector of the Eastern Caribbean is the product of structural conditions that operate across multiple dimensions simultaneously. The study identified a set of mutually reinforcing factors: low-productivity MSMEs constrained by limited access to finance, fragmented regulatory environments where the costs of formalization are perceived to outweigh the benefits, persistent skills mismatches, social protection systems that do not adequately cover seasonal and informal workers, and limited institutional capacity for the enforcement of labour regulations. Climate vulnerability and strong seasonality compound these conditions by affecting the capacity of enterprises to invest and sustain formal operations. Addressing any one of these factors in isolation is insufficient; their interaction sustains the cycle of informality that characterizes the sector.

The high dependence of the five selected countries on tourism as an economic pillar amplifies the impact of external shocks on employment and informality. Tourism contributes an average of 39 per cent to GDP across the region and accounts for a substantial share of total employment. This dependence, combined with strong seasonality and concentration in a limited number of source markets, exposes enterprises and workers to income volatility and employment instability. The COVID-19 pandemic demonstrated how rapidly tourism-dependent labour markets can contract, pushing workers into informality or out of employment altogether. Diversification of tourism products, extension of the tourism season and stronger linkages with local productive sectors can contribute to reducing this vulnerability.

Climate vulnerability is a structural constraint on formalization that requires adapted responses. All five countries are exposed to the effects of climate change, including hurricanes, tropical storms and sea-level rise, which cause recurring damage to tourism infrastructure and repeatedly erode the capital base of MSMEs. These events reduce the capacity of enterprises to invest, grow and maintain formal operations. Social protection systems and enterprise support mechanisms need to incorporate climate-related income protection and rapid-response capacity to prevent shocks from reversing formalization gains.

The five countries share common structural challenges but require differentiated policy responses. Antigua and Barbuda and Barbados have more developed regulatory frameworks, higher GDP per capita and stronger institutional capacity; while Dominica, Grenada and Saint Lucia face more pronounced challenges in infrastructure, connectivity and data availability. Informality rates vary across countries and subsectors, with food and beverage services consistently registering higher informality than accommodation. These differences call for approaches adapted to each country's context, consistent with the differentiated strategies called for by Recommendation No. 204.

The integrated policy framework of FORLAC 2.0 provides the structure for the transition to formality in the sector. The nine pathways proposed in this study are organized under the four FORLAC 2.0 priority areas: productive development policies; employment and skills development policies; social protection policies; and labour rights, compliance, sanctions and incentives policies. Three additional pathways address cross-cutting dimensions: social dialogue, gender-responsive policies and data collection. The pathways are designed to function as an articulated set of measures across the four areas, reflecting the recognition that the structural causes of informality cannot be addressed through interventions in a single policy domain.

Regulatory complexity and administrative burdens discourage formalization across the region. The processes for formalizing a business are often complex, time-consuming and costly. Fragmented institutional arrangements and bureaucratic procedures increase the administrative burden on MSMEs. The perception that the benefits of formalization do not compensate for the associated costs is widespread. Experiences from Barbados (Electronic Single Window, Business Barbados one-stop shop) and Saint Lucia (Digi-Gov platform, A.R.I.S.E. strategy) demonstrate that regulatory simplification, when combined with business development services and formalization incentives, can reduce these barriers.

Financial exclusion remains a structural barrier to formalization. The difficulty of opening and maintaining business bank accounts creates a cascade of consequences for micro and small-sized enterprises: exclusion from digital payment systems, international sales channels and government support programmes. Without access to formal banking, enterprises cannot integrate into formal value chains, reinforcing dependence on large operators and perpetuating informality. Credit unions play an important role in financial inclusion across the region but do not fully substitute for access to commercial banking services.

The expansion of digital platforms in tourism has implications for decent work and fair competition. Digital platforms, including short-term rental platforms have created new income opportunities and diversified tourism products, but have also contributed to rising informality, with significant gaps between platform listings and formal registrations in several of the selected countries. Barbados and Grenada have taken steps to develop regulatory approaches, including mandatory registration and adapted compliance mechanisms.

Persistent skills mismatches constrain both productivity and the capacity of enterprises to formalize. Evidence from the five selected countries indicates persistent gaps between the skills available in the workforce and those required by the sector. Enterprises report difficulties in finding workers with specialized and technical skills and existing training initiatives, while present in all five countries, are not yet sufficient to address these gaps. Addressing them requires flexible training delivery adapted to the evolving needs of the sector, to the realities of informal workers, the recognition of prior learning and stronger linkages between training programmes and formal sector employers.

Social protection coverage gaps require adapted mechanisms, particularly for seasonal and informal workers. Significant gaps in coverage persist across the five selected countries. At the time of the diagnosis, unemployment insurance was available only in Barbados, though Grenada introduced an unemployment insurance scheme in 2023 and Saint Lucia announced plans for a similar programme in 2025. Extending coverage, strengthening the portability of benefits and linking social protection access to formalization incentives constitute conditions for a sustainable transition to the formal economy.

Labour compliance and enforcement capacity need to be strengthened to ensure fair competition between formal and informal operators. Limited inspection coverage, territorial dispersion, and the prevalence of microenterprises without fixed premises make monitoring difficult. In several of the selected countries, licensed operators face competition from individuals offering similar services informally. Progressive compliance frameworks that combine incentives with graduated sanctions, adapted to the characteristics of tourism MSMEs, can support a gradual transition.

Social dialogue institutions exist across the five selected countries and present opportunities for strengthened sectoral social dialogue. While Barbados maintains four tripartite institutions and Antigua and Barbuda three, the remaining countries have more limited structures. Strengthening sectoral dialogue mechanisms that bring together ministries of tourism, labour and economy with employers' and workers' organizations would improve the institutional foundation for formalization strategies. The ILO's Executive Board approach offers a model for this type of intersectoral coordination.

Women face specific barriers to formalization that require gender-responsive interventions. Women are disproportionately concentrated in informal tourism employment, particularly in food and beverage services, where they occupy lower-paid and less secure positions. Gender wage gaps persist, and women face additional constraints including unequal access to finance, occupational segregation and the disproportionate burden of unpaid care work. Formalization strategies that do not address these structural barriers risk reproducing existing inequalities in the formal economy.

Significant data gaps constrain evidence-based policymaking on informality in the tourism sector. Limited monitoring capacity, outdated statistics and insufficient disaggregation of data by sex, subsector and employment status restrict the ability to measure informality and evaluate the effectiveness of formalization policies. Strengthening national statistical systems and promoting regional collaboration on data collection are prerequisites for targeted and effective interventions.

The Eastern Caribbean has the institutional foundations and the sectoral conditions to advance the transition to formality in tourism. The FORLAC Formalization Toolkit provides operational resources to support the implementation of the pathways proposed in this study, and the MNE Declaration offers a framework for the engagement of multinational enterprises whose presence in the sector shapes employment and value chain structures. Translating these pathways into sustained results requires the coordinated engagement of governments, employers' organizations and workers' organizations across the four FORLAC policy areas. Where institutional conditions are weakest, building them is not a preliminary step but part of the formalization process itself.

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▶ Annexes

Annex 1: Expert interviews

The names and institutional affiliations of those interviewed are listed below. These interviews are a primary source of qualitative evidence for the study.

1. Marcia Brandon, Caribbean Centre of Excellence for Sustainable Livelihoods (COSEL)
2. Annie Bertrand, Consultant/Tourism expert
3. Carla Portalanza, World Economic Forum (WEF)/CREARE Global Tourism Consulting
4. Maaret Cañedo, ILO
5. Michele Allen, Academic/Independent consultant
6. Michelle Singh, University of the West Indies
7. Maria Fowell and Sherma Beroo, Organisation of Eastern Caribbean States (OECS)
8. Richard Campbell, Organization of American States (OAS)
9. Larisa McBean, Jamaica Social Investment Fund (JSIF)
10. Randy Clarke, Ministry of Labour, Social Security and Third Sector
11. Steve Joseph, Dominica Public Service Union
12. Lizra Fabien, Private sector
13. Joseph Mc Marara, ILO trainer
14. Arlene Friday and Delysia de Coteau, Grenada Hotel and Tourism Association (GHTA) and Ministry of Tourism
15. J. Harewood, National Workers Union Saint Lucia
16. David Massiah, Antigua and Barbuda Workers Union
17. Josephine Dublin-Prince and Smith Prince, Dominica Community Tourism Association (DCTA), Taxi operator
18. Louis Lewis, Saint Lucia Tourism Authority
19. Eliah Shillingford, Dominica Amalgamated Workers' Union
20. Julian Schweitzer, Independent consultant
21. María Eugenia Rodriguez Florez, ILO consultant
22. Davina Layne, Private sector consultant
23. Aliyyah Shakkeer, Caribbean Tourism Organisation
24. Amanda Charles, IDB/Compete Caribbean
25. Kitwani Ferreira, President of the Dominica Hotel & Tourism Association

Annex 2: Interview guides

Guide for worker organizations

Interview guide for Union representatives: diagnosis of the tourism sector in the Caribbean

1. From your experience, how does labour informality manifest itself in the tourism sector? (e.g., verbal contracts, cash payments without records, excessive working hours without overtime pay, etc.).
2. What are the three main reasons why employers opt for informality, and why do workers end up accepting these conditions? (e.g., unemployment, evasion of employer obligations, lack of labour inspection).
3. In what ways does informality affect workers' social protection (access to healthcare and pensions), job security, and capacity for collective bargaining?
4. What actions or proposals does your union promote so that informal, seasonal, or temporary tourism workers can access social protection systems?
5. Do women, young people, or migrant workers within the sector face specifically worse or different working conditions? How does your organization address the defence of their rights and the fight against discrimination?
6. How can demands for better working conditions (decent work) be linked to the requirements for more environmentally sustainable tourism? Do you see conflicts or opportunities in this relationship?
7. How do you perceive the adoption of new technologies such as digital platforms or AI? Do you see them as a threat to traditional jobs, an opportunity to improve productivity with better conditions, or both?
8. Do you believe that current workers are receiving the necessary training to adapt to these technological changes? What role should unions and the government have in guaranteeing a "just transition"?
9. What are the greatest opportunities and the biggest barriers you face in organizing and representing workers in the tourism sector, especially those in informal situations, young people, or migrants?
10. Finally, from your point of view, what is the most urgent change needed (legal, in public policy, or in business practices) to reduce informality and improve productivity with decent work in the tourism sector?

Guide for employer associations

Interview guide for business and guild representatives: diagnosis of the tourism sector in the Caribbean

1. What are the main obstacles or costs that discourage business and labour formalization in the sector?
2. In your experience, how is a company's level of formality related to its ability to invest in technology, training, and service quality – key elements for productivity?
3. Do you identify a gap between the skills offered by the available labour force and the competencies required for tourism to become more productive and competitive? In which areas is this gap most critical (languages, digital skills, customer service)?
4. In what ways can the inclusion of young, female, and migrant talent become an advantage for sector businesses? Are there any good practices or success stories among your members that you can share?
5. Beyond salary, what benefits or social protection schemes (health plans, training, professional development) do formal companies offer to attract and retain the best talent?

6. What emerging technologies (management platforms, AI for personalizing experiences, big data for analysing trends) do you consider most promising for increasing the sector's productivity and competitiveness? What are the barriers to their widespread adoption by MSMEs?

7. What kind of public policies or incentives (tax simplification, subsidies for digitalization, training funds) would guilds consider most effective to support the formalization and growth of tourism businesses?

8. Looking to the future, what is the greatest growth opportunity (e.g., new source markets, niche tourism) and the biggest structural challenge (e.g., air connectivity, energy costs, climate change) facing your country's tourism sector?

Guide for governments

Interview guide for government officials: diagnosis of the tourism sector in the Caribbean

1. Could you describe the most relevant government policies or initiatives currently in place to encourage the formalization of micro, small, and medium-sized enterprises (MSMEs) and workers within the tourism sector?

2. What are the three main causes that explain the high levels of labour and business informality in your country's tourism sector? (e.g., complexity of procedures, tax burden, lack of access to financing, etc.).

3. In your experience, do you observe a clear relationship between the level of formalization of a tourism enterprise and its productivity?

4. What innovative mechanisms or programmes have been implemented to extend social protection coverage (such as health insurance, pensions or unemployment insurance) to informal workers in the tourism sector?

5. Could you mention any successful initiatives or public policies aimed at improving labour inclusion, working conditions, and development opportunities for women, young people, and migrants in the tourism industry?

6. How are environmental sustainability criteria (waste management, energy efficiency, resource conservation) being integrated and incentivized among both formal and informal actors in the sector?

7. What role is the adoption of digital technologies (such as online sales platforms, big data for marketing, or artificial intelligence) playing in the modernization of the sector? Are there any training or support programmes to help MSMEs adopt these tools?

8. From your institution's perspective, what credit access instruments or financial support mechanisms are considered most effective for supporting the transition to formality and the growth of tourism businesses?

9. What is the greatest unexploited opportunity for your country's tourism sector to increase its productivity, competitiveness, and level of formalization in the next five years? (e.g., market niches, public-private partnerships, etc.).

10. Finally, what do you consider to be the most critical structural challenge (economic, social, regulatory or environmental) that the sector must overcome to achieve more sustainable and inclusive tourism development?

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