

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Capacity Building of the Caribbean Tourism Organisation (CTO) to implement community-based tourism clusters and stimulate innovation in the new normal
▪ TC Number:	RG-T3792
▪ Team Leader/Members:	Grant, Kayla Sharee (IFD/CTI) Team Leader; Stevenson, Claudia (IFD/CTI) Alternate Team Leader; Bertrand, Annie (IFD/CTI); Dohnert De Lascurain, Sylvia Eva (IFD/CTI); Drakes, Lisa (IFD/CTI); Elliott, Wayne Antonio (IFD/CTI); Franklyn, Russell Levon (IFD/CTI); Gonzalez Alzualde, Yohana Beatriz (IFD/CTI); Kelly Castillo, Emily Leticia (IFD/CTI); Levy, Denise Urias (CSD/RND); Lindsay, Courtney Oliver (IFD/CTI); Mendoza Benavente, Horacio (LEG/SGO); Wade, Henry Gilbert Jr.
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	16 Oct 2020.
▪ Beneficiary:	Dominica, Belize, The Bahamas ¹
▪ Executing Agency and contact name:	Caribbean Tourism Organization
▪ Donors providing funding:	Compete Caribbean Partnership Facility(CCP)
▪ IDB Funding Requested:	US\$1,000,000.00
▪ Local counterpart funding, if any:	US\$100,000.00 (In-Kind)
▪ Disbursement period (which includes Execution period):	32 months
▪ Required start date:	May 2021
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	CCB/CBA-Country Office Barbados
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability; Gender equality

II. Objectives and Justification of the TC

¹ The Bank has requested, and it is waiting for the Non-Objection Letter from the government of The Bahamas. The Bank will not proceed with any activities until the Bank has received the non-objection letter.

- 2.1 The objective of this TC is to enhance the capacity of the Caribbean Tourism Organization (CTO)² to support the development of Community-Based Tourism (CBT)³ clusters⁴ in the region.
- 2.2 Caribbean countries are among the most tourism dependent economies in the world, providing over 50% of employment in some destinations. However, a key strategy and priority for moving forward, particularly after COVID-19 is to diversify the regional tourism landscape by developing new community-based experiences to further move beyond the sun, sand, and sea model, and to ensure that underprivileged communities have equitable access to tourism markets. Cluster initiatives focused on Community-Based Tourism (CBT) have a proven record of success in aligning interests to optimize inclusive and sustainable economic growth in the region.⁵ The pandemic situation in 2020 highlighted the imperative for countries to transition the industry into a more sustainable model where visitors are encouraged to spend more time and money in remote areas. According to Euromonitor's research on global tourism trends, countries that want to accelerate post-COVID tourism recovery should develop tourism products that appeal to the rising demographic of New World Travelers (NWTs),⁶ who will increasingly drive tourism demand post-COVID.⁷

² The CTO is a public-entity of 24-member countries with a mandate to support sustainable tourism for the economic and social benefit of the Caribbean people. One of the organization's priorities is to diversify the regional tourism landscape by fostering community-based experiences that ensure equitable inclusive and sustainable access to tourism assets and markets. CTO's membership comprises Governments and public-sector agencies which represent its key members and includes private sector groupings and individual SME members.

³ Community-Based Tourism (CBT) is a collaborative approach to tourism in which community actively participate in appraisal, development, management and/or ownership (whole or in part) of enterprises that deliver net socio-economic benefits to community members, conserve natural and cultural [heritage] resources and add value to the experiences of local and foreign visitors. This encompasses both tourism activities in a community and goods and services supplied to the tourism industry by one or more community members. (CTO, 2006).

⁴ A tourism cluster is a geographic concentration of businesses and institutions interconnected in tourism activities. They compete and cooperate to obtain a larger share of the global market. A tourism cluster may include micro and small enterprises in the community offering homestays, tour guides, authentic food, soap/jewelry making, hiking/walking tours, live performances, etc. as well as travel agencies, tour operators and Business Support Organizations (BSO) and training entities. Clusters are one of the main vehicles used to promote local economic development as well as structural change, often by enhancing innovation and consistency and value for both the visitors and the micro entrepreneurs. In the first phase of Compete Caribbean, the cluster methodology proved to be successful in generating more than 6,000 jobs in the region.

⁵ Three of the most successful cluster initiatives funded by Compete Caribbean I were tourism projects involving local communities.

⁶ The New World Traveler defines a younger demographic of traveler who are looking for authentic, local community experiences and unique adventures. They are environmentally conscious and aim to leave a minimal impact on the environment, while maximizing their contribution to communities.

⁷ Further justification of the TC: In 2019, the World Tourism Organization (UNWTO) statistics show that international tourist arrivals grew by to 1.5 billion. Even as tourism is set to rebound by 2022-3, there is now a movement to go beyond to experiential travel to transformative travel, where travelers seek a deeper connection with nature and culture, more personal growth and meaningful or lasting changes in their lives. A study in 2017 shows that [54% of travelers attached considerable importance to transformative travel](#) (over 7 out of 10) and that 52% are placing more value on this type of travel. Embedded within transformative travel is Community-Based Tourism, for which there is a growing demand. Indeed, A Euromonitor market study of U.S. consumers conducted for Compete Caribbean in 2019 found that only 29% of respondents were familiar with CBT but 79% said they were willing to try it once they became aware. Given that there were approximately 30million visitors to the Caribbean in 2018, the study found a market potential of 23 million visitors for Caribbean CBT experiences.⁷ The TC is justified in that it will increase the capacity of the CTO to develop community-based tourism so that the region can enhance its economic development through this growing segment of the tourism industry.

- 2.3 Aside from being interested in a safe destination (60%), these NWTs want to travel sustainably and with purpose (64%), support local businesses and communities (57%), and stay in eco-friendly accommodations (51%) (Euromonitor, October 2020). A market research commissioned by Compete Caribbean indicates that there are many unfulfilled opportunities in the region to develop new, higher-value products to satisfy the demand from NWTs. This TC will respond to this changing context by institutionalizing a community-based cluster approach to the tourism industry in the region.
- 2.4 In July 2020, a Regional Public Good grant was approved by the IDB to help the CTO and the Caribbean Hotel and Tourism Association (CHTA) coordinate efforts with the Caribbean Public Health Agency (CPHA) to develop and disseminate new health and safety protocols across the region to accelerate recovery post-Covid. Efforts are needed to not only develop authentic experiences but also to ensure that the use of these new protocols becomes the new normal even in remote locations. Technology can also play an important role in helping MSMEs manage social distancing effectively while minimizing impact on revenues. With this TC, the region will build back better by enhancing the capacity of CTO to support products and services that can better meet the post-COVID requirements and changes in consumer preferences.⁸
- 2.5 This TC is the third phase of the regional capacity building effort launched by Compete Caribbean in 2017 to institutionalize the cluster methodology⁹ in the region to promote the development of CBT clusters. By increasing the capacity of the CTO to support CBT enterprises, the region can diversify its offering and enhance inclusive economic development in remote communities. In fact, this has been an ongoing effort by Compete Caribbean. In a Capacity Enhancement Plan (CEP) designed for CTO during the first phase of regional capacity building of 10 business support organizations (RG-T3021), three priorities were identified to stimulate and support CBT clusters on the ground. These priorities were addressed in the second phase of the capacity building process in a TC called “Innovation in Tourism Expansion and Diversification” (RG-T3338) and involved: (1) conducting a consumer research to assess the market demand and willingness-to-pay for products and services that can be offered by CBT enterprises in the Caribbean[5]; (2) developing a CBT toolkit[6] to help stakeholders design and implement inclusive, sustainable and profitable CBT experiences; and (3) testing the impact of adopting mobile technology for online bookings and payments on Caribbean CBT entrepreneurs’ business.[7] Moreover, CTO’s staff and consultants participated in a 3-week intensive training program on the European Excellence Clustering methodology to develop their capacity to identify and design cluster projects (RG-T3330). This TC embodies the third phase of the capacity building process by leveraging the knowledge acquired in identifying and designing cluster strategies and empowering the CTO to execute the implementation of three community-based tourism cluster projects selected competitively through a regional call. The direct

⁸ In July 2020, a Regional Public Good grant was approved by the IDB to help the CTO and the Caribbean Hotel and Tourism Association (CHTA) coordinate efforts with the Caribbean Public Health Agency to develop and implement new health and safety protocols across the region to accelerate recovery post COVID-19.

⁹ A tourism cluster is a geographic concentration of businesses and institutions interconnected in tourism activities. They operate near each other and compete and cooperate to obtain a larger share of the global market. In a tourism cluster these can be entities offering accommodation, tour guide services, transportation, catering (food and drinks), as well as research institutions and universities, and government and no-government support entities. Clusters are one of the main vehicles used to promote local economic development as well as structural change, often by enhancing innovation and productive capacity. The cluster methodology is selected because of its myriads of tangible benefits for sustainable and inclusive growth.

involvement of CTO in supporting these CBTs initiatives will raise the profile of more sustainable and inclusive approaches to tourism diversification in the region.

2.6 In January 2020, the CTO partnered with Compete Caribbean to launch a call for cluster proposals focused on tourism/agro-tourism. Fifty-five (55) project concept notes were received using the recently launched CBT Toolkit to frame projects¹⁰. Seven cluster projects were short-listed to receive technical assistance in preparing a Cluster Development Plan (CDP). These CDPs (comprehensive strategic documents developed in consultation with local stakeholders over a 3-month period) have been analyzed and scored by an Investment Panel of independent judges for the final step in the selection process. In accordance with Compete Caribbean's operating regulations, the Investment Panel (IP) consists of at least six independent experts from the Caribbean private sector and the IDB Group. They evaluate and debate the funding merit of each project and reach consensus on the ranking based on the following criteria:

- 1. Employment creation (25%)** – This initiative will create a significant number of jobs over the next two years. There is clear evidence that the product offered is aligned with the demand of the market targeted.
- 2. Increase in revenue and foreign exchange (25%)** – The Cluster initiative will generate significant FOREX for the country - either by increasing spending of international visitors or reducing imports - because there is alignment with the willingness-to-pay assessed by the consumer research.
- 3. Social and Environmental Impact (15%)** – This project will significantly affect women and vulnerable groups (e.g.: single-headed households; people living in poverty or harsh conditions, young people; ethnic minorities; etc.).
- 4. Feasibility and growth potential (35%)** – There is a critical mass of firms/farms already operating, and clear indication that the beneficiaries are committed to the success which will have significant impact over time, leading to great spillover effect. The cluster actors have the capacity to absorb the technical assistance needed and the risk of failure is low.

2.7 The Investment Panel recommended the following three projects for funding by Compete Caribbean as they were the highest-ranked proposals, subject to compliance with the conditions and recommendations documented and the budgetary rationalization suggested the clusters listed in Table I.

Table I - List of cluster initiatives recommended by the Investment Panel

¹⁰ The toolkit includes four complementary tools. These are: i) A user-friendly business guide that provides simple financial tools to evaluate breakeven points and facilitates business decisions, ii) a diagnostic tool with a simple questionnaire to facilitate discussions among community members and determine the readiness of the community to attract visitors, iii) an asset inventory to help community stakeholders better understand the diversity and resources available which can be used to develop high value CBT experiences, and iv), a simple standardised template to capture the main attractions and experiences found in a particular community. The purpose of this template is to help tourism agencies promote the wide diversity of CBT destinations at the national and regional levels.

Community	Nature of the communities
Andros Community – The Bahamas	Andros is the largest island in The Bahamas, and is rich in biodiversity, including endemic wildlife, medicinal plants, miles of wetlands, a high concentration of blue holes, and the world's largest underwater cave system. There are 6 businesses directly involved in the cluster, one of them female owned. They employ over 150 individuals, 50% of whom are women. The cluster proposes to further develop its nature-based tourism, providing even greater amounts of employment, especially for youth. If developed, 100 firms would benefit indirectly, creating employment.
Kalinago Territory – Dominica	The Kalinago territory is the poorest and only indigenous community in Dominica. It has a wealth of cultural assets. The cluster proposes to leverage these assets to attract more visitors. These include its indigenous language and cuisine, cultural sites, arts, heritage sites, etc. The Community has 24 businesses, employing over 200 people on average, 60% of whom are women. Sixteen businesses in the territory are women owned firms. If implemented the project would benefit the entire community.
Garifuna Tourism Trail – Belize	The Garifuna culture was declared a “masterpiece of the Oral and Intangible Heritage of Humanity” by the UNESCO in 2001. This is due to the unique and vibrant music, language, dance, food, and way of life of the indigenous Garifuna People who make up the cluster. The cluster proposes to increase indigenous tourism. There are currently 8 businesses directly involved in the cluster, 4 of which are owned by women. These businesses employ 5 people each. If selected for implementation, 345 businesses will benefit indirectly.

2.8 These projects will receive technical assistance to help CBT enterprises in the selected clusters become export ready. The activities will build on the CBT toolkit published in the previous phase to ensure that: (i) the products offered are market-driven; (ii) the businesses are generating enough revenues to cover their costs; (iii) the staff and local guides are properly trained on health and safety measures particularly regarding COVID; and (iv) the diverse Micro, Small and Medium Enterprises (MSMEs) in the community are able to reach the targeted visitors via effective tour packaging, promotion, and online marketing. These activities are prioritized and defined in the CDP of each project.

2.9 To achieve Compete Caribbean’s objective of institutional capacity building to optimize knowledge transfer and sustainability, the projects funded under this TC will be executed by the CTO with support from CCPF. Given the progress already made to enhance CTO’s capacity to promote clusters, the organization will lead, supervise, and monitor the implementation of the selected cluster projects over the next two years.¹¹ This beneficiary-executed TC will therefore build on the knowledge gained through previous initiatives and provide the organization with the practical know-how to achieve its mandate related to promoting niche market tourism linked to CBT, cultural-heritage tourism, and rural tourism at greater scale. During project implementation, the CTO will capture and share lessons learnt across member countries to raise the profile and benefits in terms of inclusive and sustainable tourism development across countries via its council of ministers and ongoing relationships with Ministries of Tourism. Besides the CTO, to a lesser extent Community Tourism Organizations will benefit from institutional strengthening, as well as other entities such as government and private sector organizations, some of which are stakeholders and lead entities in the projects. This effort will also empower the CTO to raise additional support for community tourism development and product diversification, while creating inter-sectoral linkages and increasing market access for communities across the region.

2.10 **Strategic Alignment.** This TC is consistent with the Second Update to the Institutional Strategy (AB-3190-2) as it is strategically aligned with the development challenges of: (i) social inclusion and equality, considering that this TC will help to spread the benefits of tourism to rural areas, and in some cases, to indigenous

¹¹ CTO has prior experience executing IDB project, for example, the Caribbean Hotel Energy Efficiency Action – Advanced Programme (RG-T2015). This three-year programme executed by CTO had a total cost of US 5.142 million. This TC is US 1 million, with US 100,000 in-kind contribution from CTO.

groups thus engendering greater income equality; and (ii) productivity and innovation, specifically addressing the special needs of small and vulnerable countries in fostering development through the private sector. Also, it is aligned with the cross-cutting issues of (i) institutional capacity and the rule of law, specifically through institutional strengthening toward improving the delivery of public service and facilitating a strong business climate; (ii) gender equality and diversity, as it will ensure the participation of women-owned firms throughout project execution; and (iii) climate change and environmental sustainability given that community tourism by its very nature encourages low environmental impact and environmental protection.

- 2.11 Specifically, regarding social inclusion, this TC will help to spread the benefits of tourism to rural areas. Traditionally, tourism has been concentrated in large hotels and restaurants in coastal, urban areas, to the exclusion of micro-small and medium enterprises (MSME) operating in the rural communities. This will even the playing field between urban and rural tourism enterprises, thus engendering greater income equality. Moreover, most of the proposals selected to go before the Investment Panel to be selected for funding feature communities that have been largely marginalized and largely excluded from national development: The Island of Andros in The Bahamas that is quite remote and underdeveloped, and the indigenous communities of the Kalinago in Dominica, and The Garifuna in Belize. Indigenous communities in Caribbean territories are predisposed to facing lower levels of development relative to the remainder of the population.
- 2.12 Finally, this TC is at the core of the priorities stated in the “Proposal for the Establishment of the Compete Caribbean Partnership Facility” (CCPF) (GN-2851) in terms of stimulating innovation in private sector firms and entrepreneurial ecosystems. The TC also undergirds CCPF’s objective to institutionalize improved coordination and to sustain productivity gains post program implementation. It supports CCPF’s theory of change for Support to Clusters and Value Chains. More specifically, the TC will focus on achieving the CCPF’s Outcome 1: Improved capacity and willingness of firms to collectively address specific private sector challenges/opportunities via clustering; and Outcome 3: Improved technical capacity of support institutions to stimulate productivity in firms.
- 2.13 **Alignment with IDB Group Country Strategies** – The Bahamas –This TC is aligned with the strategic objectives of the IDB Group Country Strategy with The Bahamas 2018-2022 (GN-2920-1), by promoting innovation and innovative practices in traditional (e.g., sustainable tourism) and nontraditional (e.g., agroindustry, Blue Economy, and manufacturing) sectors. Regarding Belize, there is also country strategy alignment; the work of this project will build capacity and institutional strengthening of tourism enterprises within the Garifuna Tourism Cluster, as well as develop marketing and communication strategies, including digital marketing mechanisms to increase visit and hence revenues. This is aligned with priority 2 of the 2020-21 Belize Country Strategy. For Dominica, while there is no IDB Country Strategy, the country’s National Resilience Development Strategy 2030 intends to “device and implement policies that promote sustainable tourism that create jobs and promote local culture and products”. This project will assist two tourism clusters in Dominica with product development, certification, and training, and ensuring market readiness of products and services, enabling them to become leading contributors to sustainable economic growth in their host communities by offering a range of world class, unique niche tourism experiences to visitors.

III. Description of activities/components and budget

- 3.1 This technical cooperation will strengthen the capacity of the CTO to support community-based tourism clusters by offering practical experience in implementing three cluster projects selected competitively. Lessons learnt and success stories during the execution of these projects will be disseminated to Ministries of Tourism via CTO's member countries across the region. Most importantly, the involvement of CTO in executing these projects (as opposed to CCPF's facility executing unit) will ensure special attention to the national support and governance mechanisms that should be built and strengthened as part of the project implementation.
- 3.2 **Component 1. Experiential learning while implementing CBT clusters (IDB USD\$860,000; Counterpart US\$75,000).** This component will finance the technical assistance targeted at community entrepreneurs and stakeholders to implement the three projects selected competitively, based on the CDP prepared by professional consultants.¹² This TC will finance consultants and consulting firms to deliver: (i) training and capacity building activities for innovative product development, marketing (including packaging, pricing, partnership agreements along the value chain, etc.), adoption of digital technology to support adherence to COVID-19 health and safety standards and improve bookings, etc. (ii) Local coordination of diverse cluster stakeholders along the value chain, as well as business support organizations (BSOs), academia, and government agencies. To that end, a cluster manager on the ground will be contracted to facilitate planning, communication, meeting management, knowledge sharing, problem solving and reporting. The cluster manager will work with cluster stakeholders to review and establish the governance mechanisms that will ensure growth and sustainability of the project after implementation. (iii) This component will also support MSMEs to establish a digital presence via the integration of online booking, digital payment, and development of digital marketing. The outputs financed under this component include three CDPs implemented,¹³ six workshops delivered to build local capacity of 30 firms involved (half of which are women-owned firms), and which will include training on COVID-19 safety protocols resulting in at least 60 individuals trained (the majority of which will be women). Other outputs include 5 new tourism products developed, 3 destination marketing campaigns designed, and 20 firms digitalized and using online marketing booking and/or mobile payments. The expected outcome of this Component is improved capacity and willingness of collectively address specific private sector challenges/opportunities via clustering.
- 3.3 **Component 2. Coordination, knowledge dissemination and outreach (IDB USD\$140,000; Counterpart US\$25,000).** This component will finance a Regional CBT consultant with extensive experience in CBT to achieve the following objectives: (i) facilitating collection of data and information from the three CBT projects under implementation, and facilitating the identification, contracting, and supervision of consulting expertise needed in collaboration with the CTO. (ii) Continue the dissemination of the CBT toolkit developed in the previous phase. This involves engaging with the Ministries of Tourism as well as hotel and tourism associations across the region to raise awareness and foster knowledge sharing via

¹² Financed by the Compete Caribbean Partnership Facility, the consultants develop the CDPs by working in consultation with diverse stakeholders over a 3-month period. The CDP is a comprehensive strategic and implementation plan with priorities clearly identified, budget defined, and timeline agreed upon. It describes what the project entails, the problem/opportunity it intends to address, how the project will be implemented, when, by who, as well as counterpart contributions agreed upon. The projects follow a mandatory template that requires a market-driven and data-driven approach to facilitate decision making and buy-in from stakeholders. The CDPs also capture baseline data and targets which are monitored quarterly by the cluster manager and the executing agency during implementation.

¹³ There will be no infrastructure or physical investment, equipment etc.

webinars; stimulate the use of the CBT enterprise handbook via business plan competitions organized with other partners (e.g.: national and regional academic institutions including The University of West Indies); facilitate understanding of the consumer research using various communication channels and mediums; (iii) Report on progress and lessons learnt; (iv) Optimize sustainability by providing support to local governance mechanisms of CBT and integrating such aspects in the training and capacity building efforts. The expected outcome of the Component is improved technical capacity of support institutions to stimulate productivity in firms. Outputs will include supervision reports on knowledge dissemination, coordination and outreach conducted under the project.

- 3.4 CTO will provide important in-kind contribution during the execution of this TC. This includes the administration of the funds and communicating with member states and Council of Ministers. CTO's staff will have to work closely with the Regional CBT Consultant to ensure the timely identification, selection and contracting of the 10-12 consultants or consulting firms required to provide the relevant technical assistance needed during the implementation of the three cluster projects. The CTO will also provide online support and office space for the Regional CBT consultant (COVID-19 permitting and as needed) to support related work and relevant meetings. In-kind contribution will also be provided by each cluster, as outlined in Letters of Commitments in each CDPs. These will take the form of training facilities and office spaces, unpaid staff assistance and technical expertise by government agencies, etc.

Indicative Budget (US\$)

- 3.5 For this beneficiary executed TC, IDB funding will be in the amount of USD 1,000,000. An amount of USD 100,000 will be contributed by the CTO in the form of in-kind contribution.

Components	IDB/CCPF funding	CTO counterpart contribution (in Kind)	Total funding
Component 1: Implementation of three cluster projects	\$860,000	\$ 75,000	\$ 935,000
Component 2: Coordination, knowledge dissemination and outreach	\$140,000	\$ 25,000	\$ 165,000
Total	\$1,000,000	\$ 100,000	\$1,100,000

- 3.6 The Bank has requested, and it is waiting for the Non-Objection Letter from the government of The Bahamas. The Bank will not proceed with any activities until the Bank has received the non-objection letter.

IV. Executing Agency and Execution Structure

- 4.1 **Executing Agency (EA).** This TC will be executed by the Caribbean Tourism Organization (CTO) with direct supervision by the IDB through the Competitiveness, Technology, and Innovation Division (IFD/CTI) in coordination with the Facility Coordination Unit (FCU) of the Compete Caribbean Partnership Facility (CCPF), approved under GN-2851. The CTO has the capacity to be the executing agency for this project, and indeed, has previously engaged in an IDB project: ATN/OC-12926-RG, Caribbean Hotel Energy Efficiency Action – Advanced Program. Additionally, in July 2020 a Regional Public Good Grant was approved by the IDB to help the CTO

and the Caribbean Hotel and Tourism Association (CHTA) coordinate efforts with the Caribbean Public Health Agency to develop and disseminate new health and safety protocols across the region to accelerate recovery post-Covid (ATN/OC-18362-RG). This will be CTO led. Established in 1989, CTO is the regional, inter-governmental organization executing tourism related development projects in 24 Countries across the Caribbean. CTO in executing the project will ensure the participation of women owned firms.

- 4.2 **Executing Structure.** The CTO will provide the overall oversight of the TC but will liaise with the team at the IDB when necessary. A Regional CBT Consultant with technical knowledge and project management skills will be hired under Component 2 to oversee all the activities developed under this project. The FCU will assist in the program's execution by liaising with the executing agency when required, providing fiduciary support, and ensuring that disbursement requests are received and processed in a timely manner. The disbursement requests and processing workflow will be led by the Team Leader of the program, with support from the FCU.
- 4.3 The execution and the disbursement period will be 32 months. The Country Office Barbados will take on the role of the Unit of Disbursement Responsibility (CCB/CBA). All administrative, technical supervision, internal and external coordination and quality review of the final products will be the responsibility of the Team Leader.
- 4.4 As a condition prior to first disbursement, the CTO will designate the person or persons authorized to represent the organization in all acts relating to the execution of the project. CTO will also present evidence that there is an effective financial reporting system and internal structure in place. The CTO will also create a designated bank account for the funds of the project. Non-objection letters will be received prior to any activity taking place in the beneficiary countries.
- 4.5 The procurement of goods and non-consulting services will be carried out in accordance with "Policies for the Procurement of Works and Goods financed by the IDB" (GN-2349-15) and the contracting of consulting services will be carried out in accordance with the "Policies for the selection and contracting of consultants financed by the IDB" (GN 2350-15).

V. Major issues

- 5.1 A risk that may occur during project implementation is a resurgence of the COVID-19 pandemic in the beneficiary countries that results in further lockdowns, decreased attention to the project by lead entities, especially government ministries, and a loss of appetite for the project by cluster members, particularly those responsible for providing cash and in-kind contribution and for driving the project on the ground. Another related risk is also diverted attention by the CTO should the pandemic resurface more severely. Both risks are low. The CDP development process entailed significant stakeholder consultation with tourism enterprises showing considerable interest in developing their tourism product, especially during the downtime caused by COVID-19. Indeed, in the investment panel event held online, up to 600 people from all over the Caribbean tuned in to Facebook Live to watch the proceedings. This demonstrates the high level of interest in tourism throughout the region, as well as the consistent levels of enthusiasm. Furthermore, government Ministries across the region continue to display significant interest in improving Community Tourism, especially as a way of building resilience against the loss of, and diversifying away from traditional sun, sand, and sea tourism. However, should the above risks occur,

CTO and the Compete Caribbean Team, through the contracted project managers will work with clusters to maintain project implementation momentum.

- 5.2 Another risk regards the timing of the project and the slow recovery of international travel and tourism. While this risk is contingent on the speed of vaccination of populations and the lifting of traveling restrictions, the CBT clusters can test their newly developed products and capacity acquired by promoting their tours and experiences to their domestic markets. Although smaller, these markets are increasingly interested in embarking on staycations closer to home. Encouragingly, there are signs that the 20-50-year-old demographic are already eager to travel to the Caribbean to stay at CBT type accommodations and engage in experiential, CBT type activities.¹⁴

VI. Environmental and Social Strategy

- 6.1 Based on the Environment and Safeguards Compliance Policy (OP-703), the classification for this operation is "C". See [Safeguards Policy Filter Report](#) and [Safeguards Screening Form](#).

Required Annexes:

[Request from the Client - RG-T3792](#)

[Results Matrix - RG-T3792](#)

[Terms of Reference - RG-T3792](#)

[Procurement Plan - RG-T3792](#)

¹⁴ Magna Global. 2020. Travel Post COVID-19 Survey Results. [Magna-Global-post-COVID-19-travel.pdf \(ilovebonaire.com\)](#)