

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ 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); LINDSAY, COURTNEY OLIVER (IFD/CTI); DRAKES, LISA (IFD/CTI); FRANKLYN, RUSSELL LEVON (IFD/CTI); KELLY CASTILLO, EMILY LETICIA (IFD/CTI); LEVY, DENISE URIAS (CSD/RND); DOHNERT DE LASCURAIN, SYLVIA EVA (IFD/CTI); NEGRET GARRIDO, CESAR ANDRES (LEG/SGO); WADE, HENRY GILBERT JR.
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	16 Oct 2020
▪ Beneficiary:	Small and Medium Sized Enterprises (SME) operating in the Tourism sector across the Caribbean
▪ Executing Agency:	CARIBBEAN TOURISM ORGANIZATION
▪ IDB funding requested:	US\$1,000,000.00
▪ Local counterpart funding:	US\$100,000.00 (In Kind)
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/CTI - Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	IFD/IFD - Institutions for Development Sector
▪ TC included in Country Strategy (y/n):	No
▪ 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

II. Objective and Justification

- 2.1 The objective of this technical cooperation (TC) is to enhance the capacity of the Caribbean Tourism Organization (CTO) to support Community-Based Tourism (CBT) clusters in the region. This is the third phase of regional capacity building effort launched by Compete Caribbean in 2017 to institutionalize the cluster methodology in the region.
- 2.2 In a Capacity Enhancement Plan (CEP) designed for CTO during the first phase of this capacity building (RG-T3021), three priorities were identified to stimulate and support CBT clusters on the ground. These involved: (1) conducting a consumer research to assess the market demand and visitor willingness-to-pay for products and services that can be offered by CBT enterprises; (2) developing a CBT toolkit to help stakeholders design and implement successful CBT enterprises and clusters; and (3) fostering the adoption of mobile wallet technology to provide CBT entrepreneurs with a digital means

of accepting payment from visitors. These projects have been financed via the second phase of capacity building called “Innovation in Tourism Expansion and Diversification” (RG-T3338). Additionally, as part of this second phase of capacity building, CTO’s staff and consultants also participated in a Compete Caribbean financed, 3-week intensive training program on clustering methodology delivered across six territories (RG-T3330). This current TC embodies the third phase of capacity building: learning by doing approach to support community-based tourism by implementing cluster projects.

- 2.3 Given the importance of tourism for the Caribbean and its potential for becoming a more inclusive source of economic growth, a call for cluster proposals focused on tourism/agro-tourism was launched in January 2020. CTO was instrumental in the evaluation of 55 project concept notes received from across the region. This TC will be used to help CBT enterprises in selected clusters become market-ready. The activities will build on the consumer research and CBT enterprise handbook published in the previous phase to ensure that (i) the products offered are aligned with the willingness-to-pay of Caribbean tourists; (ii) the businesses are generating enough revenues to cover their costs; (iii) the staff, helpers and local guides are properly trained on health and safety measures particularly regarding COVID; and (iv) the diverse 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 Cluster Development Plan (CDP) of each project based on the results of the community diagnostic and tourism asset inventory also provided in the CBT toolkit mentioned above.

III. Description of Activities and Outputs

- 3.1 **Component I: Experiential learning while implementing CBT clusters.** This component will finance the technical assistance to the communities selected to implement the three projects on the ground. This includes training and capacity building activities for innovative product development, adoption of digital technology to support adherence to Covid-19 health and safety standards, coordination, planning and reporting, and digital marketing.
- 3.2 **Component II: Coordination, knowledge dissemination and outreach.** This component will finance a Regional CBT consultant with extensive experience in CBT to (1) ensure effective and timely implementation of the three projects on the ground; (2) Continue the dissemination of the CBT toolkit developed in the previous phase; and (3) report on progress and lessons learnt, and disseminate knowledge.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Experiential learning while implementing CBT clusters	US\$900,000.00	US\$75,000.00	US\$975,000.00
Coordination, knowledge dissemination and outreach	US\$100,000.00	US\$25,000.00	US\$125,000.00
Total	US\$1,000,000.00	US\$100,000.00	US\$1,100,000.00

V. Executing Agency and Execution Structure

- 5.1 This TC will be executed by the Caribbean Tourism Organization (CTO) with direct supervision by the Inter-American Development Bank (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.

- 5.2 The CTO will provide the overall oversight of the TC but will liaise with the team at the IDB when necessary. A Project Coordinator, the 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.
- 5.3 To finalize the institutional capacity-building of the cluster methodology in tourism, Compete Caribbean will transfer the execution of these projects to the CTO. With minimal support from Compete Caribbean, 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. 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.
- 5.4 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 priority 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 also includes private sector groupings and individual SME members.

VI. Project Risks and Issues

- 6.1 The major risk to the project is the limited human resource capacity of the CTO. The organization relies on membership fees from regional governments that make up its membership. This has been affected by the Covid-19 pandemic. Operating on limited financial and human resources, CTO may be unable to devote the required attention needed to execute the project effectively and efficiently, and hence not benefit from the institutional strengthening that is the TC's objective.
- 6.2 This risk will be mitigated through the support of CCPF to install a project manager, the Regional CBT Consultant at the CTO who will manage the day-to-day operations of implementing the CDPs, while management and oversight will be undertaken by CTO

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".