

MEMORANDUM

File Classification: BL-T1011

DATE: August 7th, 2007

TO: Daniel M. Zelikow
Executive Vice-President
Vice President of the Private Sector and Non Sovereign Guaranteed Operations, a.i.

FROM: Roberto Vellutini
Manager, INE



SUBJECT: Studies for the preparation of the Belize Sustainable Tourism Program (BL-T1011) – Approval of InfraFund Technical Cooperation

Attached for your consideration and approval, please find the TC Plan of Operations for the above-referred operation. This document has been finalized by the project team taking into account the procedures and guidelines for the preparation and processing of Technical Cooperation financed by the Infrastructure Project Preparation Fund – InfraFund (GN-2404-4, CC-6078-1).

Pursuit to the delegation of authority conferred upon the President of the Bank by Resolution DE-29/06 approved by the Board of Executive Directors on March 22, 2006 and as per memorandum of the President dated July 9, 2007 (Transitional Procedures for Processing and Administration of Operations. Delegation of Authority), the Vice President of the Private Sector and Non Sovereign Guaranteed Operations is authorized to approve this operation.

Taking into account that this operation is eligible for support by InfraFund, we recommend its approval.

Mrs. Michel Lemay at extension # 1838 is available for any additional questions or concerns you may have.

Approved:




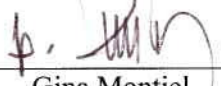


Daniel M. Zelikow
Executive Vice-President
Vicepresident of the Private Sector
and Non Sovereign Gauranteed operations, a.i.

AUG - 9 2007

Date

Concurrence:

	8/7/07
Carlos Federico Basaños InfraFund Coordinator	Date
	Aug 7/07
María Eugenia Nepote-Cit Counsel, LEG/SGO	Date
	08/07/07
Héctor Malarín Chief, INE/RND	Date
	08/07/07
Gina Montiel Manager, CID	Date

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BELIZE

STUDIES FOR THE PREPARATION OF THE BELIZE SUSTAINABLE TOURISM PROGRAM

BL-T1011

PLAN OF OPERATIONS

This document was prepared by the project team consisting of: Michele Lemay (INE/RND) Project Team Leader; members: Ekaterina Krivonos (CID/CID); Harold Arzu (RND/CBL); Trond Norheim (INE/RND); Diego Belmonte (OMJ/OMJ), Lori Kerr (SCF/CFI); María C. Landázuri (LEG/SGO) and Cinthya Sibay (INE/RND) who was in charge of document production.

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ABBREVIATIONS

BTB	Belize Tourism Board
BTIA	Belize Tourism Industry Association
CESI	Committee on Environment and Social Impact
GDP	Gross Domestic Product
MIF	Multilateral Investment Fund
VEMS	Visitor Expenditure and Motivation Survey

ANNEXES

ANNEX I	Detailed Program Budget
ANNEX II	Procurement Plan
ANNEX III	Terms of Reference

**PLAN OF OPERATIONS
(BL-T1011)**

Studies for the preparation of the Belize Sustainable Tourism Program

EXECUTIVE SUMMARY

Beneficiary:	Belize Tourism Board		
Executing agency:	Inter-American Development Bank		
Target Beneficiaries:	Residents of towns and villages with a tourism-based economy, including small and medium-sized enterprises		
Financing:	IDB:(InfraFund non-reimbursable)	US\$	368,000
	Local:	US\$	92,000
	Total:	US\$	460,000
Objectives:	The general objective of the operation is to support the pre-feasibility and feasibility studies required for the preparation of the Belize Sustainable Tourism Program (BL-L1003) currently scheduled for presentation to the Board in late 2007. The specific objectives are to: (i) support the selection of competitive geographic areas (i.e., destinations) for sustainable tourism investment with a view of promoting local economic development; (ii) identify the priority infrastructure investments required to contribute to the competitiveness and sustainability of the tourism sector in these geographic areas; (iii) determine mechanisms for public/private partnerships in financing priority investments in each geographic area; and (iv) design and analyze the overall feasibility of the investment packages for financing.		
Execution timetable:	Execution period: 6 months		
	Disbursement period: 8 months		
Special contractual conditions:	None		
Exceptions to Bank Policies and Procedures:	None		
Environmental and social review:	The Bank's Committee on Environment and Social Impact (CESI) reviewed the TC Profile for its meeting of June 21, 2007. The operation was approved with no additional assessment required.		
Coordination with Other Donors:	This TC will complement initiatives and programs of other agencies and donors, including the Caribbean Development Bank, The Oak foundation, Conservation International, the World Wildlife Fund, and the Rainforest Alliance.		

I. BACKGROUND AND JUSTIFICATION

- 1.1 Belize experienced significant growth in its tourism sector over the past decade. Total annual number of tourists increased from 190,200 visitors in 1998 to 903,000 visitors in 2006.¹ The cruise ship segment accounted for an increasing proportion of the total over that time period and currently represents approximately 73% of all arrivals.
- 1.2 Tourism plays a key role in the country's economy. The sector generated an estimated US\$199.4 million in direct visitor expenditures in 2006. As such, tourism is reported to represent about 16% of GDP or 66% of receipts from all services. Despite their relative smaller numbers, stay-over visitors contributed 81% of direct expenditures compared to 19% for cruise visitors.
- 1.3 Visitation statistics indicate that a high proportion of visitors are interested in the protected areas and Mayan sites of Belize. In addition to its many archaeological sites now recognized internationally through the *Mundo Maya* initiative, the country encompasses diverse natural areas offering a range of opportunities for diving, wildlife observation, bird-watching, hiking and other recreational activities. These attractions are dispersed across the country and have served to distribute the benefits of tourism countrywide
- 1.4 A sector diagnostic conducted in 2004² highlighted the main features of the stay-over and cruise ship tourism segments. The stay-over segment is served by approximately 500 facilities offering a total of 5,600 rooms. With an average size of 10 rooms per operation, the sector is characterized by smaller properties, many Belizean-owned (60%). Occupancy rates are reported to be in the order of 40%, indicating that the segment faces important challenges in offering an 'export ready' product. The U.S. market tends to dominate the sector, comprising over 60% of all stay-over arrivals while Europeans represent approximately 12% of stay-over visitors.
- 1.5 Three major companies service the Belizean cruise ship segment -- Carnival, Royal Caribbean and Norwegian cruise lines. Belize's main attraction as a cruise destination resides in the diversity of tours. Demand for the most popular destinations such as the archaeological site at Altun Ha has created congestion during peak periods, transforming the experience offered by some of the sites from ecotourism/geotourism to 'mass tourism'. After marked peaks in growth during 2003 and 2004, the cruise ship segment is showing signs of leveling off with a total of 295 ship calls in 2006, a 20.3% decline in calls relative to 2005. There is a growing recognition of the need to manage the destination for the cruise sector while ensuring that the cruise business does not compromise the stay-over segment, particularly in areas where Belize has a comparative advantage internationally.

¹ Belize Tourism Board. Tourism and Travel Statistics. 1998-2006.

² Belize Tourism Sector Diagnostic 1998-2004. Belize Tourism Board. January 2004.

- 1.6 The 2004 diagnostic study highlights several other challenges faced by the tourism sector in Belize. The tendency for visitors to be concentrated in a few popular sites combined with projected increases in stay-over tourists raise concerns about the capacity of existing destinations for accommodating demand without damaging the quality of the visitor experience. In addition, some sites such as Placencia, San Pedro and Caye Caulker face severe limitations in the provision of basic services to the communities that function as staging areas for tourism. Coastal areas and the offshore cayes are particularly vulnerable to problems of insufficient potable water during peak periods, untreated wastewater and a lack of alternatives for the disposal of solid wastes. Despite improvements in recent years, including some supported by the IDB-financed Tourism Development Program (1250/OC-BL), road access and signage in several zones with high potential are still limited. This is viewed as a key constraint to the sector given that the country's tourism product depends on exploration, adventure and experiencing the country. These problems also reinforce the need for more integrated approaches to destination planning and management, where immediate needs for physical infrastructure can be assessed within the context of a coherent, locally-endorsed plan for zones or regions selected as priorities for tourism development.
- 1.7 This technical cooperation is aimed at preparing the Sustainable Tourism Program (BL-L1003), a loan formally requested by the Government of Belize in May 2007. Currently estimated at US\$15 million, the Program will be aimed at: (i) the promotion of local economic development and the equitable distribution of the benefits of sustainable tourism growth; (ii) improvements in infrastructure and the quality and consistency of basic public services in order to attract private sector investments in sustainable tourism; and (iii) strengthening national and local capacity for tourism planning and management.
- 1.8 Based on discussions conducted to date, the Program will finance investments and activities considered priorities given the sector's existing situation and planned activities, promising markets being targeted (i.e., experiential tourism, including cultural/heritage tourism and geotourism) and overall sustainability (financial, economic, institutional, environmental). The Program will focus on 2 to 3 geographic areas to be selected during the studies to be financed by the technical cooperation, based on demand to ensure measurable economic impacts and coherence of the investments
- 1.9 According to a preliminary list provided by the Belize Tourism Board, infrastructure investments could include: (i) improvements in roads, including access to visitor sites and signage; (ii) maritime and air access (docks, piers, airstrips) to tourism destinations; (iii) basic public services for water, sanitation, solid waste disposal and power in towns and villages that function as staging areas for tourism; (iv) urban center redevelopment; and (v) on-site infrastructure for visitor services (kiosks, centers, trails) in protected areas and other popular visitor sites. The investments would fit within an integrated approach to destination management for the geographic areas selected. The Program will seek

to promote public/private partnerships in the achievement of these objectives, thereby ensuring an effective allocation of public resources. The results of the studies to be financed through the proposed technical cooperation will also help determine the structure of the investment packages (public, private or public/private partnership).

- 1.10 The operation is in line with the Bank's Country Strategy in that it contributes to Strategic Area I: Improvement of the Public Sector's Capacity to Foster Private Sector Development. The Country Strategy emphasizes the need to consolidate the tourism sector as the driving force for long-term economic growth and development, given the strategic importance of tourism for the economy in terms of income, employment and foreign exchange. The operation is also highly complementary to several on-going or planned projects financed by the Bank, including the MIF project for 'Improving small business competitiveness in the tourism industry' (ATN/ME-9273-BL) and the regional MIF project for 'International Alliance for marketing sustainable tourism services (ATN/ME-10429-RG).
- 1.11 The activities of the operation will be closely coordinated with those financed by other donors investing in the tourism sector including the Caribbean Development Bank (Placencia Road), The Oak foundation, Conservation International (Action Plan for the Sustainable Management of Cruise Tourism), the World Wildlife Fund, and the Rainforest Alliance. Most of the current programs are focusing on the conservation aspect of the tourism industry sustainability.

II. PROGRAM DESCRIPTION

A. Program objective

- 2.1 The general objective of the operation is to support the pre-feasibility and feasibility studies required for the preparation of the Belize Sustainable Tourism Program (BL-L1003) currently scheduled for presentation to the Board in late 2007. The specific objectives are to: (i) support the selection of competitive geographic areas (i.e., destinations) for sustainable tourism investment with a view of promoting local economic development; (ii) identify the priority infrastructure investments required to contribute to the competitiveness and sustainability of the tourism sector in these geographic areas; (iii) determine mechanisms for public/private partnerships in financing priority investments and execution in each geographic area; and (iv) design and analyze the overall feasibility of the investment packages for financing.
- 2.2 The tourism investments selected for financing through the Sustainable Tourism Program will fit within an integrated, locally endorsed approach to destination management. As such, the operation will contribute to identifying and meeting

infrastructure needs using a methodology that could eventually be replicated for the formulation of a National Tourism Master Plan.³

B. Components

- 2.3 The operation will finance the conduct of assessments, the preparation of designs and other supporting documentation required for the preparation of the infrastructure component of the Sustainable Tourism Program (BL-L1003). This will include the following components:

1. Pre-feasibility assessments

- 2.4 This component is aimed at the identification, selection and validation of specific infrastructure projects that can contribute to the competitiveness and sustainability of priority tourism destinations. Specific activities to be conducted consist of: (i) the consolidation and mapping of readily available data on tourism projects (hotels, resorts, condominiums) under development or planned, as a means of identifying geographic areas and corridors where future growth in visitation is expected in the near-term; (ii) selection and validation of priority destinations for the Program and their associated attractions based on readily available market data, the 2006 Visitor Expenditure and Motivation Survey (VEMS) and other technical criteria. In addition to established or mature destinations, the selection will take into consideration new or emerging destinations with a high potential for the promotion of private sector investment and local economic development. The validation will be undertaken in consultation with the private sector, local governments and other stakeholders (see below); (iii) on-site preliminary assessments of the needs of each priority destination and their associated attractions (e.g., nearby archaeological sites, protected areas) in terms of their competitiveness and sustainability, including access, basic services, pollution control and other indicators of carrying capacity, crowd control, scenic quality, vulnerability to natural disasters, and visitor services. The needs assessment should take into consideration the consolidation of existing tourism circuits and the promotion of new ones; and (iv) the preparation of integrated tourism destination management plans. Each plan will include a clear statement of the destination's tourism mission as justified by demand and product, an actual and proposed land use map, the short to medium-term action plan for enhancing sustainability and competitiveness, a portfolio of specific infrastructure investment projects and a preliminary identification of the opportunities for promoting private sector participation both in the provision of tourism-related services (i.e., concessions) and direct investment in tourist accommodation facilities.

³ The Bank has a pending request for financing the formulation of the National Tourism Master Plan. It was agreed during a mission conducted in May 2007 that the Sustainable Tourism Program (BL-L1003) would focus on investments in a few geographic areas of high priority, demonstrating an approach for integrated planning and management of destination infrastructure that could be replicated through the National Tourism Master Plan.

2. Feasibility studies

- 2.5 This component will produce the preliminary designs and feasibility analyses required for structuring the Sustainable Tourism Program (BL-L1003) in accordance with the integrated tourism destination plans for the selected destinations. The work will consist of: (i) in-depth diagnostics of existing infrastructure, its operation and maintenance, and quality of services; (ii) an identification of engineering alternatives and accompanying complementary activities aimed at ensuring the sustainability of the works; (iii) the selection of a preferred alternative, the preparation of preliminary engineering designs of a representative sample of works and cost estimates taking into consideration factors such as vulnerability to natural disasters; (iv) analysis of environmental and social viability, including a strategic analysis of investment packages by destination, analyses of the potential direct and indirect impacts of the specific works proposed where required by national legislation and the Bank, as well as the selection and costing of preventive and mitigation measures; (v) socioeconomic and financial analyses including tariff schemes and other cost recovery mechanisms; and (vi) institutional analysis, including mechanisms for execution, operation and maintenance of the works and services, proposals for institutional strengthening of the BTB and the creation of a one-stop window for processing tourism development applications; inputs for the inter-institutional agreements with participating agencies (e.g., Ministry of Public Works, Ministry of Natural Resources), a proposal for the Project Coordination Unit as well as the preparation of the Program's Operating Regulations. The analysis will examine the various options for structuring the financing for the investments (public, private, or public/private partnerships) and engage the Government and potential investors in a dialogue on moving forward on some options.

3. Consultations

- 2.6 Past experience with national tourism development initiatives has demonstrated that effective participation of key stakeholders in the definition of the program and the creation of partnerships is a key factor of success. To this end, the technical cooperation will encompass a set of consultations that will take place concurrent to the pre-feasibility and feasibility phases of the studies. These will be moderated consultations that will provide opportunities to canvas opinions from communities, local governments, NGOs, private sector associations and potential investors on priorities for investments and to present proposals for review in each of the priority destinations selected. The consultations are to be hosted jointly by the Belize Tourism Board and the Belize Tourism Industry Association.

4. Preparation of engineering designs and bidding documents

- 2.7 This component will help prepare the documentation necessary for timely start up of execution of the Belize Sustainable Tourism Program (BL-L1003). It will consist of the preparation and updating of a small sample of engineering designs and bidding documents for the first 18 months of execution as applicable for

public sector infrastructure investments to be financed by BL-L1003 in accordance with Bank procurement policy. For proposed private sector investments, the MIF line of activity for this purpose would be used.

III. COST AND FINANCING

A. Summary cost table

- 3.1 The total estimated cost of the operation is US\$460,000, of which US\$368,000 is being requested from InfraFund for financing with the balance (US\$92,000) to be financed through the local counterpart contribution. The summary budget appears below with a detailed breakdown provided in Annex I.

Item	InfraFund	Counterpart	Total
1. Prefeasibility assessment	89,260	26,000	115,260
2. Feasibility studies	202,200	34,000	236,200
3. Consultations	12,060	32,000	44,060
4. Designs/bidding package	29,680		29,680
5. Other			
Audit	5,000		5,000
Contingency	29,800		29,800
Total	368,000	92,000	460,000

- 3.2 The InfraFund contribution will be non-reimbursable given that the studies to be financed will be used to prepare the Sustainable Tourism Program (BL-L1003). The counterpart funds will consist of: (i) US\$40,000 cash contribution that will finance the updating and analysis of the market data for the selection of the priority destinations and data collection; and (ii) US\$52,000 for the stakeholder consultations and logistical support. It is expected that the funds will finance an estimated 29 months of consulting services specialized in tourism infrastructure planning, socioeconomic and financial analysis, environmental engineering, environmental and social impact analysis and related fields.

IV. EXECUTING AGENCY AND MECHANISM

A. Executing Agency and Mechanism

- 4.1 At the request of the Belize Tourism Board (BTB - the 'beneficiary'), the Inter-American Development Bank will execute the operation and be responsible for the selection, contracting and supervision of the consulting services, in accordance with Bank policies and in full consultation with the BTB. The BTB has requested that the Bank be responsible for the contracting of the services of the consulting firm in order to ensure timely results for the preparation and analysis of the loan program (BL-L1003) and to maximize the visibility of the procurement process among international consulting firms with experience working with public/private partnerships in the tourism sector as those being sought for this operation.
- 4.2 Established by law in 2000, the BTB is a statutory body within the Ministry of Tourism that represents a strategic partnership between the government and the

private sector to develop, market and implement tourism programs that are aimed to fulfill the emerging needs of local industries and the international tourism market for the benefit of Belize. Its responsibilities include, among others, planning, developing and promoting the tourism industry, promoting private investment in tourism, and vetting the standards of facilities offered by the industry. The Government has proposed the BTB as the executing agency for the Sustainable Tourism Program (BL-L1003).

B. Program implementation readiness

- 4.3 The operation has been discussed and agreed with the BTB who has committed to provide the counterpart contribution. The operation has also been discussed with the Belize Tourism Industry Association (BTIA), the main private sector representative, who has expressed interest in participating in the process. The draft terms of reference for the studies are available and presented in Annex III.

C. Execution period and disbursement schedule

- 4.4 The period of execution for the technical cooperation will be 6 months and the disbursement period will be 8 months. There are no conditions prior to first disbursement.

D. Procurement

- 4.5 The Bank will contract the consulting services according to applicable Bank procedures ("Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank" GN-2350-7). The procurement plan is presented in Annex II. The BTB will be responsible for contracting the services to be financed by their resources.

V. MONITORING AND EVALUATION

A. Monitoring

- 5.1 The Project Team responsible for preparing the Sustainable Tourism Program (BL-L1003) will monitor the execution of this technical cooperation in cooperation with the BTB. Technical reports and presentations to be submitted by the consulting firm at key stages of execution will provide the basis for monitoring progress.

B. Technical and basic responsibility

- 5.2 INE (Team Leader Michele H. Lemay, email: michelel@iadb.org) will have the technical and basic responsibility for the execution of the operation. Disbursements will be based upon acceptance by the Bank of the expected products. The IDB Country Office in Belize (Harold Arzu, email harolda@iadb.org) will be responsible for the field supervision of the consulting services to be contracted, in coordination with the BTB as beneficiary.

VI. PROGRAM BENEFITS AND RISKS

- 6.1 The main benefits of the technical cooperation will be viable infrastructure investment packages that have been fully vetted with the local population and the private sector for 2 to 3 priority geographic areas, accompanied by completed feasibility analyses as well as engineering designs and bidding documents for works to be executed in the first 18 months. The investment packages will be consolidated into a program, part of which will be submitted for financing through the Belize Sustainable Tourism Program (BL-L1003). It is expected that portions of the investment packages will be eligible for consideration for financing through the Bank's private sector windows. The operation is also expected to provide practical experience in using an integrated approach to destination management that can be replicated through the new National Tourism Master Plan currently under consideration.
- 6.2 The main issue to be faced with execution of the studies will be the need to ensure close coordination and to secure genuine endorsement among a broad range of public and private sector stakeholders in the selection of the priority destinations, the formulation of the investment plans and structuring of the financing. The risk of delays because of lack of consensus is significantly mitigated by the participative methodology that has been incorporated as part of the operation and will ensure that key representatives are involved in the consultation process.

VII. ENVIRONMENTAL AND SOCIAL REVIEW

- 7.1 This technical operation is not likely to result in environmental or social impacts given the nature, time frame and scale of the activities to be conducted. However, the operation will finance the preparation of designs and the conduct of feasibility analyses for tourism and related infrastructure investments (basic services, roads) that will require both an analysis at a strategic level for the selected geographic areas and specific environmental impact assessments for individual works pursuant to national legislation and IDB requirements, in order to avoid or mitigate adverse impacts of the proposed investments. Both the strategic level and specific analyses are included as part of the operation.
- 7.2 To avoid adverse social impacts and strengthen the local benefits of the proposed investments, the present operation also includes evaluation of social impacts and broad local consultations with stakeholders, including indigenous and afro-descendant communities, local governments and the private sector. The Profile was reviewed and approved for the Bank's Committee on Environment and Social Impact (CESI) for its meeting of June 21, 2007.

BELIZE

STUDIES FOR THE PREPARATION OF THE BELIZE SUSTAINABLE TOURISM PROGRAM

BL-T1011

CERTIFICATION

I hereby certify that this operation was approved for financing under the Infrastructure Project Preparation Fund - InfraFund (IFN) through profile signed by Federico Basaños, Infrafund Coordinator dated June 26, 2007. Also, I certify that resources from the Infrastructure Project Preparation Fund - InfraFund (IFN) are available for up to US\$368,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of eleven (11) calendar months counted from the date of signature below. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US Dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this Plan of Operations. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.



Carmen San Miguel
Acting Chief

Grants and Co-financing Management Unit
VPC/GCM

Date: 7/25/07

DETAILED BUDGET - BL-T1011

CATEGORIES			INFRAFUND	LOCAL
1. Pre-feasibility assessment				
1.1 Tourism investment mapping				
Tourism specialist	1 month X US\$12,000		12,000.00	
Travel	1 trip X US\$800		800.00	
Per diem	15 days X \$204		3,060.00	
Sub-total			\$ 15,860.00	
1.2 Market data analysis				20,000.00
1.3 Needs assessments and integrated destination plans				
Tourism specialist	2 months X US\$12,000		24,000.00	
Environ. Specialist	1 month X US\$12,000		12,000.00	
Engineer	1 month X US\$12,000		12,000.00	
Local Tourism specialist	2 months X US\$6,000		12,000.00	
Travel	4 trips X US\$800		3,200.00	
Per diem	50 days X US\$204		10,200.00	
Sub-total			\$73,400.00	
1.4 Logistics and administrative support				6,000.00
2. Feasibility studies				
2.1 Feasibility analyses (3 destinations)				
Engineer	4 months X US\$12,000		48,000.00	
Environ. Specialist	1.5 months X US\$12,000		18,000.00	
Economist	1.5 months X US\$12,000		18,000.00	
Survey assistants	8 months X US\$6,000		24,000.00	24,000.00
Financial/insti. Specialist	1 month X US\$12,000		12,000.00	
Private sector specialist	2 months X US\$12,000		24,000.00	
Community/social specialist	3 months X US\$6,000		18,000.00	
Travel	12 trips X US\$800		9,600.00	
Per diem	150 days X US\$204		30,600.00	
Sub-total			\$202,200.00	
2.1 Logistics and administrative support				10,000.00
3. Consultations				
3.1 Workshop facilitation				
Local tourism specialist	0.5 month X US\$6,000		3,000.00	
Community/social specialist	1 month X US\$6,000		6,000.00	
Travel				
Local Facilitators				9,000.00
Per diem	15 days X US\$204		3,060.00	
Sub-total			\$12,060.00	
3.2 Logistics and administrative support				23,000.00
4. Bidding documents				
4.1 Preparation of designs and bidding documents (1 destination)				
Engineer	2 months X US\$12,000		24,000.00	
Travel	2 trips X US\$800		1,600.00	
Per diem	20 days X US\$204		4,080.00	
Sub-total			29,680.00	
5. Other				
5.1 Audit				
			5,000.00	
5.2 Contingency				
			29,800.00	
Sub-total			34,800.00	
TOTAL			\$368,000.00	92,000.00

**Annex II
PROCUREMENT PLAN**

Project main acquisitions	Resource	Quantity	Method of Selection	Prequalification	Tentative Date
Preparation of the Belize Sustainable Tourism Program	Consulting Firm	1	QBS	NO	2nd Semester 2007

QBS: Quality based selection.

**STUDIES FOR THE PREPARATION OF THE BELIZE SUSTAINABLE TOURISM PROGRAM
(BL-T1011)
ANNEX III
TERMS OF REFERENCE**

VIII. BACKGROUND AND JUSTIFICATION

- 8.1 This consultancy is aimed at preparing the Sustainable Tourism Program (BL-L1003), a loan formally requested by the Government of Belize in May 2007. Currently estimated at US\$15 million, the Program will be aimed at: (i) the promotion of local economic development and the equitable distribution of the benefits of sustainable tourism growth; (ii) improvements in infrastructure and the quality and consistency of basic public services in order to attract private sector investments in sustainable tourism; and (iii) strengthening local capacity for destination management. The loan is scheduled for approval in late 2007.
- 8.2 Belize has experienced significant growth in its tourism sector over the past decade. Total annual number of tourists increased from 190,200 visitors in 1998 to 903,000 visitors in 2006.⁴ The cruise ship segment accounted for an increasing proportion of the total over that time period and currently represents approximately 73% of all tourist arrivals.
- 8.3 Tourism plays a key role in the country's economy. The sector generated an estimated US\$199.4 million in direct visitor expenditures in 2006. As such, tourism is reported to represent about 16% of GDP or 66% of receipts from all services. Despite their relative smaller numbers, stay-over visitors contributed 81% of direct expenditures compared to 19% for cruise visitors.
- 8.4 Visitation statistics indicate that a high proportion of visitors are interested in the protected areas and Mayan sites of Belize. In addition to its many archaeological sites now recognized internationally through the Mundo Maya initiative, the country encompasses diverse natural areas offering a range of opportunities for diving, wildlife observation and bird watching, hiking and other recreational activities. Many of these areas offer opportunities to experience the traditions and heritage of the Maya, the Garifuna and other living cultures. If these assets are properly managed, Belize is in a good position to continue to offer a competitive product in several segments, including adventure tourism, ecotourism, 'geotourism', cultural tourism and community tourism, as well as continuing to serve the cruise ship segment.
- 8.5 A sector diagnostic conducted in 2004⁵ highlights several of the challenges faced by the tourism sector in Belize. The tendency for visitors to be concentrated in a few popular sites combined with projected increases in stay-over tourists raise concerns about the capacity of existing destinations for accommodating demand

⁴ Belize Tourism Board. Tourism and Travel Statistics. 1998-2006.

⁵ Belize Tourism Sector Diagnostic 1998-2004. Belize Tourism Board. January 2004.

without damaging the quality of the visitor experience. In addition, some sites such as Placencia, San Pedro and Caye Caulker face severe limitations in the provision of basic services to the communities that function as staging areas for tourism. Coastal areas and the offshore cayes are particularly vulnerable to problems of insufficient potable water during peak periods, untreated wastewater and a lack of alternatives for the disposal of solid wastes. Despite improvements in recent years, including some supported by the IDB-financed Tourism Development Program (1250/OC-BL), road access and signage in several zones with high potential are still limited. This is viewed as a key constraint to the sector given that the country's tourism product depends on exploration, adventure and experiencing the country. These problems also reinforce the need for more integrated approaches to destination planning and management, where immediate needs for physical infrastructure can be assessed within the context of a coherent, locally-endorsed plan for zones or regions selected as priorities for tourism development.

- 8.6 Recognizing these challenges, the proposed Belize Sustainable Tourism Program (BI-L1003) will finance investments and activities considered priorities given the sector's existing situation and planned activities, promising markets being targeted (i.e., experiential tourism, including cultural/heritage tourism and geotourism) and overall sustainability (financial, economic, institutional, environmental). The Program will focus on 2 to 3 geographic areas to be selected during the studies to be financed by the technical cooperation based on demand to ensure measurable economic impacts and coherence of the investments. Potential geographic areas include the Southern Corridor (South Stann Creek to Punta Gorda), the Northern Cayes (San Pedro and Caye Caulker), the Mayan Corridor (Belize and Cayo Districts) and Belize City.
- 8.7 Based on a preliminary list provided by the Belize Tourism Board, infrastructure investments could include: (i) improvements in roads, including access to visitor sites and signage; (ii) maritime and air access (docks, piers, airstrips) to tourism destinations; (iii) basic public services for water, sanitation, solid waste disposal and power in towns and villages that function as staging areas for tourism; (iv) urban center redevelopment; and (v) on-site infrastructure for visitor services (kiosks, centers, trails) in protected areas and other popular visitor sites. The investments would fit within an integrated approach to destination management for the geographic areas selected. The Program will seek to promote public/private partnerships in the achievement of these objectives, thereby ensuring an effective allocation of public resources. The results of the consultancy will also help determine the structure of the investment packages (public, private or public/private partnership).
- 8.8 The Inter-American Development Bank (IDB) and the Government of Belize are seeking a consulting firm with demonstrated experience in the design and analysis of tourism development programs using an integrated approach to destination management. The results of the consultancy are expected to provide the basis for a loan program to be submitted to consideration for financing by the Bank.

IX. OBJECTIVES OF THE CONSULTANCY

- 9.1 The general objective of the consultancy is to conduct the pre-feasibility and feasibility studies required for the preparation of the Belize Sustainable Tourism Program (BL-L1003) scheduled for presentation to the Board in late 2007.
- 9.2 The specific objectives are to:
- i. support the selection of competitive geographic areas (i.e., destinations) for sustainable tourism investment with a view of promoting local economic development;
 - ii. identify the priority infrastructure investments required to contribute to the competitiveness and sustainability of the tourism sector in these geographic areas;
 - iii. determine mechanisms for public/private partnerships in financing priority investments in each geographic area; and
 - iv. design and analyze the overall feasibility of the investment packages for financing.

X. TASKS

- 10.1 The consulting team will carry out the following main tasks:

1. Pre-feasibility assessments

- 10.2** This task is aimed at the identification, selection and validation of specific infrastructure projects that can contribute to the competitiveness and sustainability of priority tourism destinations. Specific activities to be conducted consist of:
- i. Review of available information on the sector, including trends in visitation, demand and expenditures, legal, institutional and private sector context, activities being financed by the Government and other donor agencies.
 - ii. Consolidation and mapping of readily available data on tourism projects (hotels, resorts, condominiums, time share, expansions of existing facilities) under development or planned as a means of identifying geographic areas and corridors where future growth in visitation is expected in the near-term. The data will be compiled from records available at the BTB, as well as EIA documents available from the Department of Environment and other official sources. The basic information to be consolidated for each planned development includes: size (# of rooms), ownership, typology, access and services. In addition to summary tables, the consultant will compile a georeferenced map showing the precise locations of the proposed tourism projects.

- iii. Selection and validation of priority destinations for the Program based on readily available market data, the 2006 Visitor Expenditure and Motivation Survey (VEMS) and other technical criteria. In addition to established or mature destinations, the selection will take into consideration new or emerging destinations with a high potential for the promotion of private sector investment and local economic development. A minimum of three destinations with associated visitor attractions (protected areas, archaeological sites) will be selected with a view to promoting integrated approaches to tourism development. One destination will be selected as the pilot case to demonstrate the methodology that will be used to develop the destination management plans. The validation of priority destinations will be undertaken in consultation with the private sector, local governments and other stakeholders (see below);
- iv. On-site preliminary assessments of the needs of each priority destination and associated visitor attractions in terms of its competitiveness and sustainability, including access, basic services, pollution control and other indicators of carrying capacity, crowd control, vulnerability to natural disasters, scenic quality, and visitor services. The needs assessment should take into consideration the consolidation of existing tourism circuits and the promotion of new ones. In assessing needs, the consulting team will review available diagnostics and conduct on-site visits and interviews with local officials, community representatives, and local businesses.
- v. Preparation of integrated tourism destination management plans. Each plan will include a clear statement of the destination's tourism mission as justified by demand and product, a land use map, the short to medium-term action plan for enhancing sustainability and competitiveness, a portfolio of specific infrastructure investment projects and a preliminary identification of the opportunities for participation of the private sector both in the provision of tourism-related services (i.e., concessions) and direct investment in tourist accommodation facilities. Both the needs assessments and the tourism destination management plans will be presented and discussed at consultation workshops to be coordinated by the BTB.

2. Feasibility studies

- 10.3 This component will produce the pre-feasibility designs and feasibility analyses required for structuring the Sustainable Tourism Program (BL-L1003) in accordance with the integrated tourism destination management plans developed for each selected destination. To this end, the consulting firm will carry out the following tasks:

- i. in-depth diagnostics of existing infrastructure, its operation and maintenance, and quality of the services, including visitor services at associated attractions (archaeological sites and protected areas. The types of infrastructure to be assessed include: access and urban roads, marked trails, signs, bridges, gates, docks and other maritime infrastructure, airstrips, canopy cable systems, towers, visitor centers, kiosks, lodges, restrooms, potable water and sewer systems, etc.
- ii. identification of engineering alternatives and accompanying complementary activities aimed at ensuring the sustainability of the works;
- iii. selection of preferred alternative, preliminary designs of a representative sample of works and cost estimates. The recommended designs will include mitigation measures to reduce vulnerability to natural disasters. Where preliminary designs already exist, the consulting firm will be responsible for updating specifications and costs.
- iv. analysis of environmental and social viability, including a strategic analysis of investment packages by destination and associated attractions, analyses of the potential direct and indirect impacts of the specific works proposed where required by national legislation and the Bank, as well as the selection and costing of preventive and mitigation measures. Particular attention will be directed at the analysis and prevention of potential impacts on archaeological sites and protected areas, where a complete EIA of the proposed investments will be required.
- v. Socioeconomic and financial analyses. These studies would be concentrated on performing cost-benefit analyses for the identified tourism investments. This will require quantifying all costs, as well as financial and economic benefits, of the proposed works. The costs will take into account both the capital investment and the recurrent costs of operating and maintaining facilities or providing services. The benefits will cover future flow of revenues generated from increased tourism activity. For public sector investments, the main benefits would be enhancements of local incomes and tax revenues. The first step in the analysis would require making projections about increases in tourist arrivals and expenditures per tourist. This could be achieved by conducting surveys that capture attributes that affect tourism experience at selected destinations, such as length and perceived quality of travel to the destination and availability of facilities and services. The expected increase in tax revenues can be derived from the total projected expenditure based on existing regulation. Second, possible tariff schemes for services and facilities and other cost recovery mechanisms, depending on the nature of the investment, will be analyzed and recommendations will be made on the appropriate design. Finally,

potential impact on local employment and income will be assessed. For that, information on employment and earnings in the tourism sector from the annual Labor Force Surveys and other statistical sources will be used to establish the link between sector incomes and tourist arrivals. The final methodology will be subject to approval by the Bank.

- vi. Institutional analysis, including the assessment of the existing capacity of the BTB to administer the program based on a methodology to be provided by the Bank (SECI), the selection of specific institutional arrangements for the execution, operation and maintenance of the works and services, inputs for the inter-institutional agreements with participating agencies (e.g., Ministry of Public Works, Ministry of Natural Resources), proposal for institutional strengthening of the BTB and partners in areas such as policy formulation, planning and management and monitoring emerging sub-sectors such as time share development, a proposal for the Project Coordination Unit as well as the preparation of the Program's Operating Regulations and Procurement Plan for the first 18 months of execution. The institutional specialist will also be responsible for developing a proposal for a one-stop window for processing tourism development applications.
- vii. The analysis will examine the various options for structuring the financing for the investments (public, private, or public/private partnerships) and engage the Government and potential investors in a dialogue on moving forward on some options both for the operation and provision of services (i.e., concessions) and direct investments in tourist accommodation facilities.

3. Consultations with public/private sector and civil society

- 10.4 Past experience with national tourism development initiatives has demonstrated that effective participation of key stakeholders in the definition of the program and the creation of partnerships is a key factor of success. To this end, the BTB intends to conduct a set of consultations that will take place concurrent to the pre-feasibility and feasibility phases of the consultancy. These will be moderated consultations that will provide opportunities to canvas opinions from communities (including indigenous and afro-descendant communities), local governments, NGOs, private sector associations and potential investors on priorities for investments and to present proposals for review in each of the priority destinations selected. The consultations are to be hosted jointly by the Belize Tourism Board and the Belize Tourism Industry Association. The consulting firm will assist in the organization of these consultations, with specialists from its team to be called upon to present the work being undertaken at strategic stages of the preparation.

4. Preparation of engineering designs and bidding documents

- 10.5 This component will help prepare the documentation necessary for timely start up of execution of the Belize Sustainable Tourism Program (BL-L1003). It will consist of the preparation of final engineering designs and bidding documents for the first 18 months of execution (one geographic area) as applicable for public sector infrastructure investments to be financed by BL-L1003 in accordance with Bank procurement policy.

XI. CHARACTERISTICS OF THE CONSULTANCY

- 11.1 Qualifications: International consulting firm or consortium with demonstrated experience in the design and feasibility analysis of tourism development programs, preferably in destinations focused on nature-based, cultural and adventure tourism located in developing countries. Previous experience working in projects financed by multi-lateral organizations in the Caribbean and Central America is desirable.
- 11.2 Expertise required on team: Tourism planning, civil and environmental engineering, socio-economics, community development, environmental and social impact assessment, institutional and financial analysis, private sector and public/private partnership financing.
- 11.3 Duration: 6 months.
- 11.4 Place of work: Various locations in Belize City
- 11.5 Coordination: The work of the consulting firm will be closely coordinated with the Belize Tourism Board who will appoint a liaison and a Technical Advisory Committee for the project. The work will also be monitored by the IDB Country Office in Belize and the IDB Project Team assigned to the preparation of the Sustainable Tourism Program (BL-L1003).

XII. DELIVERABLES

- 12.1 The consultancy will be responsible for submitted the following interim and final deliverables:

- (i) Work plan
- (ii) First interim report: containing justification for the selection of priority destinations, needs assessments and one sample integrated destination management plan
- (iii) Second interim report: containing all destination management plans, infrastructure diagnostics, pre-engineering designs and feasibility analysis for one sample destination and results of consultations.
- (iv) Draft final report: containing all results of the consultancy including complete feasibility analysis for all destinations and bidding documents.
- (v) Final report: incorporating BTB and Bank comments.