

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**BELIZE**

**BELIZE TOURISM INNOVATION LAB**

**(BL-T1138)**

**DONORS MEMORANDUM**

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## CONTENTS

### PROJECT INFORMATION

I.	THE PROBLEM .....	1
A.	Problem Description .....	1
II.	THE INNOVATION PROPOSAL .....	4
A.	Project Description.....	4
B.	Project Results, Measurement, Monitoring and Evaluation .....	7
III.	ALIGNMENT WITH IDB GROUP, SCALABILITY, AND RISKS .....	7
A.	Alignment with IDB Group .....	7
B.	Scalability.....	8
C.	Project and Institutional Risks.....	8
IV.	INSTRUMENT AND BUDGET PROPOSAL .....	10
V.	EXECUTING AGENCY (EA) AND IMPLEMENTATION STRUCTURE .....	10
A.	Executing Agency(s) Description .....	10
B.	Implementation Structure and Mechanism .....	11
VI.	COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS .....	12
VII.	INFORMATION DISCLOSURE AND INTELLECTUAL PROPERTY.....	12

**PROJECT SUMMARY  
BELIZE TOURISM INNOVATION LAB  
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Belize is considered to be one of the most tourism-dependent economies in Latin America and the Caribbean, as up to 40% of Belize's economy is dependent on the tourism industry. In the wake of the global pandemic, Belize saw a staggering decline of economic activity up to 98% in the hotel and restaurant sectors local and the local unemployment rate is expected to increase to 20.9% in 2021. As such, small and medium-sized enterprises (SMEs) are operating at minimum capacity as a significant portion of the tourism workforce have been displaced and face uncertainties as international travel slowly reopens. The Government of Belize has proposed a bold new mandate for the tourist industry with a strong focus on digital marketing and technological innovation. Therefore, technology integration and innovation will therefore become an important pillar for rebuilding the Belizean tourism industry and build capacity in the labor force both within the tourism industry and beyond tourism.

However, SMEs in the tourism industry do not have easy and affordable access to training for digital skills and soft skills that are necessary to attract customers on the international market, provide services at international standards, and utilize technology to optimize the delivery of the tourism product. This creates an environment that could exacerbate the digital divide and adversely affect a vulnerable subsection of stakeholders without the financial resources, skills, and knowledge to adapt to the new way of doing business and competing in the digital post-COVID era. SMEs now have a greater need and urgency to modernize and adopt new digital technologies and build capacities as there is a renewed focus on utilizing technology to enhance services, train and engage the local tourism workforce, implement, and adapt to new biosafety and biosecurity measures within the tourism industry, gain competitive advantage, and compete globally in the international travel market.

The project seeks to improve the adoption of digital technology and enhance digital skills among SMEs and their employees in Belize tourism sector. The project will leverage a virtual tourism marketplace to empower SMEs to build on strong digital presence, develop and market products and service, and connect with customers. The project will utilize an artificial intelligence-driven recommendation engine to extract insights across different sub-sectors including the hotel, tours, entertainments and transportation sector on what tourism products are most demanded, by whom, when, at what prices, and provide concrete recommendations on how SMEs can prioritize the use of digital technology in all areas of service delivery and offer clear learning paths for the workforce to adopt technology based on the business model transformation.

The beneficiaries of this project will be 1,500 workers in the tourism sector trained in digital and soft skills relevant to the sector and 100 SMEs with customized tourism products and services supported by technology. The Executing Agency is the LetsGoBelizing Limited, and the total project budget is US\$900,000, of which US\$400,000 will be provided by IDB Lab through a non-reimbursable technical co-operation.

This project is one of the eight applications selected through the Beyond Tourism Challenge, launched by IDB Lab in partnership with the United Nations World Tourism Organization in June 2020 to support the revitalization of the tourism sector in C&D and S&I countries.

**ANNEXES**

ANNEX I	Results Matrix
ANNEX II	Budget Summary
ANNEX III	iDELTA

**APPENDICES**

Draft Resolution

**AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF PROJECT INFORMATION SYSTEM**

ANNEX IV	Detailed Budget
ANNEX V	Diagnostic of Needs of the Executing Agency (DNA)
ANNEX VI	Reporting Requirements and Compliance with Milestones and Fiduciary Arrangements
ANNEX VII	Procurement Plan
ANNEX VIII	Operative Regulations for Innovation

## **ACRONYMS AND ABBREVIATIONS**

<b>AI</b>	Artificial Intelligence
<b>BHA</b>	Belize Hotel Association
<b>BTB</b>	Belize Tourism Board
<b>DICI</b>	Diagnostic of Integrity and Institutional Capacity
<b>GDPR</b>	General Data Protection Regulation
<b>HTS</b>	Hospitality Training Services
<b>IDB Invest</b>	Inter-American Investment Corporation
<b>IDB Lab</b>	Innovation laboratory of the IDB Group, formerly Multilateral Investment Fund
<b>IMF</b>	International Monetary Fund
<b>NSTMP</b>	National Sustainable Tourism Master Plan
<b>SME</b>	Small and medium-sized enterprise
<b>SIB</b>	Statistical Institute of Belize
<b>WTTC</b>	World Travel and Tourism Council

**PROJECT INFORMATION**  
**BELIZE**  
**BELIZE TOURISM INNOVATION LAB**  
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<b>Country and Geographic Location:</b>	Belize		
<b>Executing Agency:</b>	LetsGoBelizing Limited		
<b>Focus Area:</b>	Knowledge Economy and the subarea of The Future of Work		
<b>Coordination with Other Donors/Bank Operations:</b>			
<b>Project Beneficiaries:</b>	The direct beneficiaries of the project are 1,500 workers in the tourism sector trained in digital and soft skills relevant to the sector and 100 SMEs with customized products and services supported by technology.		
<b>Financing:</b>	Technical Cooperation:	US\$ 400,000	44%
	Equity:	-	
	Loan:	-	
	Other:	-	
	<b>TOTAL IDB Lab FUNDING:</b>	US\$ 400,000	
	Counterpart:	US\$ 500,000	56%
	Co-financing:	-	
	<b>TOTAL PROJECT BUDGET:</b>	US\$ 900,000	100%
<b>Execution and Disbursement Period:</b>	30 months of execution and 36 months of disbursement.		
<b>Special Contractual Conditions:</b>	Conditions prior to first disbursement will be, to the IDB Lab's satisfaction: (i) selection of the Project Coordinator; and (ii) establishment of the Project Steering Committee.		
<b>Environmental and Social Impact Review</b>	This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on February 22, 2021. Given the moderate impacts and risks, the proposed category for the project is C.		
<b>Unit responsible for disbursements</b>	CID/CBL		

## I. The Problem

### A. Problem Description

- 1.1. **Belize Macroeconomic Context.** According to the World Travel and Tourism Council (WTTC), up to 40% of Belize's economy is dependent on tourism<sup>1</sup>, thereby classifying the country as the most tourism-dependent economy in continental Latin America.<sup>2</sup> In 2018, the international tourism revenue in the country amounted to 487 million U.S. dollars, the largest revenue generated from this sector since 2008. During that same ten-year-period, the number of international tourist arrivals in Belize showed a general uptrend, reaching 1.7 million arrivals in 2018, around 4.5 times more than its total population that same year. However, the global economic impact of COVID-19 has particularly devastated this important industry. In the wake of the pandemic, Belize saw a staggering decline of economic activity up to 98% in the hotel and restaurant sectors, according to the Statistical Institute of Belize (SIB).<sup>3</sup> In addition, the September 2020 Belize Labour Force Survey indicates a significant loss of tourism jobs in excess of 50% - an estimated one-fourth of all job losses from March to August 2020 were in the tourism industry. Furthermore, according to the International Monetary Fund (IMF), the local unemployment rate is expected to increase to 20.9% in 2021 due to the negative economic impact the pandemic.<sup>4</sup>
- 1.2. **Strategic Direction or Government.** The Government of Belize has proposed a bold new mandate with a strong focus on digital marketing and technological innovation.<sup>5</sup> The new rules of engagement in tourism dictate that technology and digital skills will take on increased importance. Technology integration and innovation will therefore become an important pillar for rebuilding the Belizean tourism industry and build capacity in the labor force both within the tourism industry and beyond tourism. There are calls for the National Sustainable Tourism Master Plan (NSTMP)<sup>6</sup> to be revised to include digital integration across the industry to fit the context of post-COVID tourism. While the government continues to provide support for tourism, especially in the form of marketing initiatives, many of the programs of capacity building have been set aside either due to lack of funding or shifting priorities. Nevertheless, the recovery of Belize's tourism industry and the larger economy will require a massive effort in capacity building and workforce development. Macro-economic impact assessments and sector assessments have been commissioned by the government to provide a baseline for targeted response and relief actions, as well as to inform longer term policies and actions to minimize social and economic impacts and stimulate economic recovery. In response to the economic downturn (losses in employment and livelihoods), the Government has set in place temporary measures to protect the most affected populations and the national safety net programs are being expanded<sup>7</sup>.

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<sup>1</sup> Belize: The Tourism Context. <https://unctad.org/system/files/non-official-document/ditc-ted-Belize-28112018-Factsheet-1V-tourism.pdf>

<sup>2</sup> Latin America: Share of Contribution of Tourism to GDP 2019. <https://www.statista.com/statistics/1133909/percentage-tourism-contribution-gdp-latin-america-country/>

<sup>3</sup> Belize Labour Force Survey 2020. [http://sib.org.bz/wp-content/uploads/LabourForce\\_2020-09.pdf](http://sib.org.bz/wp-content/uploads/LabourForce_2020-09.pdf)

<sup>4</sup> International Monetary Fund World Economic Outlook (2020) <https://www.imf.org/en/Publications/WEO/weo-database/2020/October>

<sup>5</sup> Health and Safety Protocols in Response to COVID-19. <https://www.belize-tourism-board.org/tourism-resources/belize-national-guidelines-for-reopening-accommodations-guidelines/>

<sup>6</sup> Belize National Sustainable Tourism Master Plan. <https://tourism.gov.bz/resources/nstmp/>

<sup>7</sup> MSME Support Program. <https://www.covid19.bz/belizemsp/>

- 1.3. **SMEs and the Labor Market.** SMEs are operating at minimum capacity as a significant portion of the tourism workforce have been displaced and face uncertainties as international travel slowly reopens. SMEs are the most vulnerable to the digital divide, yet they provide an important source of employment in the tourism sector. Of the approximately 145,000 persons currently employed in Belize, over 92,000 are within the services sector (approximately 63.5%), highlighting its economic significance.<sup>8</sup> During the period March to August 2020, there were approximately 39,000 persons unemployed or considered out of the labour force, who lost their previous jobs or businesses due to the impacts of COVID-19. One out of every three of these persons previously worked in the tourism industry. The largest proportion or 28.2% of these persons are between 25 to 34 years old.<sup>9</sup> Furthermore, SMEs within the tourism industry do not currently have easy and affordable access to training for digital<sup>10</sup> and soft skills that are necessary to attract customers on the international market, provide services at international standards, and utilize technology to optimize the delivery of the tourism product. These conditions create an environment that could exacerbate the digital divide and adversely affect a vulnerable subsection of stakeholders without the financial resources, skills, and knowledge necessary to adapt to the new way of doing business and compete in the digital post-COVID era. While the travel industry has progressively implemented technology, the impact of the pandemic requires quick adaptation, real-time data insights, and updated knowledge resources for both digital skills, soft skills, and biosafety and biosecurity approaches to restrain and contain the impacts of COVID-19.
- 1.4. **Gender Challenges.** It should also be noted that women entrepreneurs have tremendous potential to contribute to job creation, growth, and competitiveness. Belize's tourism industry is considered an important source of gender-equal employment, as it employs more women than any other sectors (46% vs. 37% of the workforce).<sup>11</sup> Currently, the unemployment rate for Belize is 13.7%, with women unemployment contributing 17%, compared to approximately 12% for men. Of the approximately 146,000 persons employed, only 55,512 are women versus 89,943 men<sup>12</sup>. When looking at the Nascent Entrepreneurship rate in Belize, there is a marginal difference of less than 1% between genders in new business start-ups overall, however there are variations depending on age, education and locations across the country. For example, Orange Walk has the highest level of women-led businesses of approximately 22% compared to 17% male-led businesses, while Stann Creek had about 12% women-led business compared to 21% male-led businesses.<sup>13</sup>
- 1.5. **Problems to be addressed.** A shortage of digital skills, and limited adoption and use of digital technology among SMEs in the tourism sector present the largest issues that not only increases the digital divide among stakeholders, but

<sup>8</sup> SIB: Labour Force Statistics 2020. <http://sib.org.bz/statistics/labour-force/>

<sup>9</sup> Belize Labour Force Survey 2020. [http://sib.org.bz/wp-content/uploads/LabourForce\\_2020-09.pdf](http://sib.org.bz/wp-content/uploads/LabourForce_2020-09.pdf)

<sup>10</sup> Skills to Shape the Future: Employability in Belize.

[https://publications.iadb.org/publications/english/document/Skills\\_to\\_Shape\\_the\\_Future\\_Employability\\_in\\_Belize\\_en.pdf](https://publications.iadb.org/publications/english/document/Skills_to_Shape_the_Future_Employability_in_Belize_en.pdf)

<sup>11</sup> UNCTAD: Maritime and Coastal Tourism in Belize. <https://unctad.org/system/files/non-official-document/ditc-ted-Belize-28112018-UNCTAD-2.pdf>

<sup>12</sup> SIB: Labour Force Statistics 2020. <http://sib.org.bz/statistics/labour-force/>

<sup>13</sup> Global Entrepreneurship Monitor: Belize 2016



compounds the various impacts being realized by the COVID-19 pandemic. As a result of a lack of digitization within the sector, smaller firms are not as capable to compete with larger providers due to: (i) low levels of digital skills within the workforce; (ii) lack of awareness of the digital tools needed within the sector; and (iii) limited financial resources necessary to make investments in digital transformation. The economic consequences due to these market inefficiencies are loss in profitability and reduced resiliency to combat economic shocks, due to these market inefficiencies. However, SMEs now have a greater need and urgency to modernize and adopt new digital technologies and build capacities. For Belize, there is a renewed focus on utilizing technology to enhance services, train and engage the local tourism workforce, implement, and adapt to new biosafety and biosecurity measures within the tourism industry, gain competitive advantage, and compete globally in the international travel market. Through existing relationships with SMEs and other tourism stakeholders in Belize, the Executing Agency will identify and engage the significant base of local SMEs that have achieved or are working toward achieving the Belize Gold Standard certification for health and safety. These entities have shown motivation to engage in capacity building towards their digital transformation and workforce development and would summarily benefit from the successful implementation of this project to maximize their growth potential, thereby positively impacting their post-COVID recovery.

- 1.6. **Beneficiaries.** The project will target SMEs in the tourism sector who are seeking support towards digital transformation of their business and the upskilling of their workforce. For example, a small hotelier in the remote areas of Punta Gorda, she has eight rooms available and hires five persons who have since been laid off due to the COVID-19 pandemic. Further, she is unable to meet the new requirements of the government that promotes digital marketing and the use of technology and innovation for a contactless tourism product. The hotel has no website or online presence to attract visitors to the hotel, and the business only accepts cash payments. She is intent on preparing for the resumption of tourism activities, but she is uncertain of how to achieve this digital transformation of the business and the new skillset that her employees will require to use the technology. She needs capacity building and training to reimagine and digitize her business, as well as, market intelligence to tailor her services to meet the demands of the market post COVID-19.
- 1.7. Building on this example, the direct beneficiaries of the project are: (i) 1,500 skilled and non-skilled workers in the tourism sector, trained in relevant digital and soft skills that will enhance their customer service, marketing skills, increase their revenue potential and enhance their job security. As the tourism sector female workers, at least 50% of the beneficiaries will be female; and (ii) 100 local SMEs in the tourism sector, with a focus on at least 50% female-led businesses, who are developing customized technology tools to maximize their productivity and operations, thereby increasing efficiency, providing value to their customers, reducing costs and risks, and discovering new opportunities to generate revenue and enhance access to larger markets.

## II. The Innovation Proposal

### A. Project Description

- 2.1. The objective of this project is to improve the adoption of digital technology and enhance digital skills among SMEs and their employees in Belize tourism sector with a gender lens.
- 2.2. **The model.** The core of the model is a virtual tourism marketplace that empowers SMEs to build a strong digital presence, develop and market their skills, connect with customers, and accept online bookings. The project will focus on the development and integration of a Digital Skills Training Module for SMEs and their employees in the tourism industry through the LetsGoBelizing Tourism Marketplace, a virtual travel marketplace that connects tourism service providers throughout Belize with international travelers. The solution consists of a workforce development component and a fully integrated digital marketplace component that will work in unison to strengthen the other. The key input into the framework is derived from an AI-driven recommendation engine that integrates a multitude of data points from different sectors to design training courses hosted in a virtual tourism marketplace and optimize capacity building. The engine will retrieve valuable information about what tourism products are most demanded, by whom, when, at what prices, and provide concrete recommendations on how SMEs can prioritize the use of digital technology in all areas of service delivery and offer clear learning paths for the workforce to adopt technology. The Executing Agency will build on existing partnerships with the Belize Tourism Board (BTB), Belize Hotel Association (BHA), and Hospitality Training Services (HTS) in Belize to extract data and market insights to build an integrated tourism workforce barometer using AI and machine learning techniques. This e-learning library and knowledge management system will offer a full suite of learning paths to stakeholders. The project will focus on the piloting of the digital skills training module to SMEs and their workforce in the tourism sector through the customization of training programs to increasing their digital presence and building the capacity of their workforce.
- 2.3. Finally, during the development of the technology tools, the Executing Agency and all other entities involved in project execution will respect the digital privacy and security principles<sup>14</sup> to which the IDB adheres. This includes responsible practices in collecting and using individual data, due consideration to sensitivities around the data they have collected, being transparent about how data will be collected and used, minimizing the amount of personal identifiable and sensitive information collected, creating, and implementing security policies that protect data and uphold individuals' privacy. The project will use ethical AI approach to develop internal policy ensure high standard for data governance to provide assurance for security and privacy of partner data, and fairness and non-discrimination for all stakeholders. The policy will incorporate strong GDPR compliance. In addition, the guidelines and challenges outlined in the **fAIr LAC**<sup>15</sup> initiative will serve to ensure the ethical AI approach as it relates to the AI innovation of this project and lessons

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<sup>14</sup> <https://digitalprinciples.org/principle/address-privacy-security/>

<sup>15</sup> <https://fairlac.iadb.org/>

will be taken from IDB Group's previous work and findings on using Artificial Intelligence for job seeking and enhanced labor intermediation<sup>16</sup>.

- 2.4. **Innovation.** This initiative will implement a circular economic feedback model that integrates workforce development with a full suite of technology resources to empower Belize tourism industry stakeholders at all levels. The project will provide a holistic approach for enhanced workforce development, creation of jobs, generation of revenue, and continued support using online delivery of skills and knowledge using multiple media formats. The AI-driven recommendation engine will integrate open public data and private partner data with the virtual marketplace data to extract workforce insights across different industry sectors including the hotel sector, tour and activities sector, transportation sector, and labor market. An AI-powered dashboard will provide real time qualitative and quantitative insights into current and future tourism demands and enable matching of job skills and SME's with future demands. The resulting AI models will be tested to achieve high precision and accuracy with continued improvements through continued data input. The proposed framework will empower the workforce to compete in the new digital era through affordable technology and continued technical support. This will be a first of its kind training and technology ecosystem for supporting and empowering the Belize tourism workforce.
  
- 2.5. **Component I: Develop Digital Training Tools for the Tourism Industry (IDB Lab: US\$130,000; Counterpart US\$308,500).** The objective of this component is to enhance the LetsGoBelizing Tourism Marketplace to include an e-learning library and knowledge management system that offers a full suite of learning paths to stakeholders. First, the project will develop a skills map together with SMEs and industry associations that creates a predictive model of the skills and services needed in the tourism sector through demand forecasting. The predictive model will then be correlated with additional labor force data and SMEs market profiles to provide matching and recommendations of specific SMEs that can be most impacted by digital skills training to meet future demands. Data will be sourced from public and private tourism stakeholders through Data Sharing Agreements to develop the AI barometer tool. The tool will monitor and leverage real-time data insights from the virtual marketplace to detect tourism trends, and measure metrics for the continued improvement of the model by improved predictions of upcoming travel trends to empower all stakeholders with actionable data. The tool will aim for low false negatives and false positives and will measure for precision, accuracy, sensitivity, and specificity. A confusion matrix<sup>17</sup> report will be provided where applicable to demonstrate that the model is ready for deployment. Improvement of the model will be inherent as additional data is fed into the system and additional technical optimizations are applied.
  
- 2.6. Further, the Executing Agency's software development team will develop an online web training component and mobile application that connects with the LetsGoBelizing Tourism Marketplace. The Executing Agency will assign a

<sup>16</sup> <https://publications.iadb.org/publications/english/document/Artificial-Intelligence-for-Job-Seeking--How-to-Enhance-Labor-Intermediation-in-Public-Employment-Services.pdf>

<sup>17</sup> A confusion matrix is a series of metrics computed as part of the implementation of a machine learning algorithm that provides an indication of its performance (e.g. the accuracy of its predictions or the margin of error associated with its outputs). For further details, click [here](#).

Technical Manager to oversee the specification and development of the training component and oversee the development of the Data Management Policy and any other compliance policies for data governance and data sharing such as cookies, data protection policy, privacy.

- 2.7. The expected outputs of this component are: (i) AI tool developed for demand forecasting and informing digital strategy for SMEs; (ii) training components included on the LetsGoBelize Tourism Marketplace; (iii) mobile app developed for the training components on the marketplace platform; (iv) 5 Data Sharing Agreements in place with public and private sector stakeholders.
- 2.8. **Component II: Customize Digital Skills Training for SMEs (IDB Lab: US\$110,000; Counterpart US\$37,500).** The objective of this component is to create and pilot a digital skills training program supported by the tourism virtual marketplace to improve the digital skills among SMEs in the tourism sector. This component seeks to engage SMEs in a series of workshops and focus group sessions to identify digitization opportunities and determine the digital tools and technologies needed to transform businesses and skills needed by the workforce. Specific considerations of gender equality will be incorporated into the engagements to ensure equal access to training for all stakeholders. All workshops and focus groups will be designed, scheduled and coordinated to secure equal participation across genders. A customized digital integration plan for SMEs and digital skills training curricula will be developed based on the needs identified. The curricula will be delivered virtually on the training component of the tourism marketplace. SMEs will be provided with onboarding support to the marketplace for both training and listing of their business products and services. Finally, under this component, a co-pay model will be developed and tested for SMEs workforce to ensure the sustainability of the intervention.
- 2.9. The expected outputs of this component are: (i) 150 SMEs engaged to determine digitization opportunities, of which 50% will be female-led businesses; (ii) a customized digital integration plan developed; (iii) 3 curricula on use of digital technology in the tourism industry developed/adopted; (iv) 30 SMEs using the customized digital integration plans; (v) 300 individuals trained in the use of digital technology; and (vi) a co-pay model developed and tested.
- 2.10. **Component III: Stakeholder Engagement and Communication (IDB Lab: US\$52,000; Counterpart US\$60,000).** The objective of this component is to improve engagement with public and private stakeholders in the tourism sector. This component will develop and implement a targeted communication plan geared towards existing SMEs and their employees, as well as new SMEs who may potentially use the virtual marketplace for bookings. The communication plan will include the launch of the training portal and the dissemination of the Case Study on digital technology in the tourism sector in Belize. The knowledge products created under the project will be shared with both public and private sector stakeholders, specifically with public entities in charge of SME digitization for the adoption and/or replication of the model. A final evaluation of the project will include a survey of SMEs and employees on their satisfaction with the training tools and the stakeholder engagement campaigns developed and launched and will support the creation of a knowledge product.

- 2.11. The expected outputs of this component are: (i) communication plan developed and launched; (ii) 50% increase in marketplace traffic post communication plan implementation; (iii) SME Case Study developed; and (iv) at least 80% satisfaction score from trainees obtained with the assessment (disaggregated by gender).

## **B. Project Results, Measurement, Monitoring and Evaluation**

- 2.12. The project is expected to achieve the following results during the implementation period: (i) 100% increase in bookings for SMEs on the travel marketplace from local and international travelers; (ii) 20% average annual increase in sales for SMEs registered on the travel marketplace; (iii) 1,500 users of the marketplace who have adopted digital skill provided by the platform; and (iv) 100 SMEs with customized product offering supported by digital technologies. All indicators will be gender disaggregated to capture 50% female-led SMEs and employees benefitting from the model.
- 2.13. The long-term overall impact is an environment of unified collaboration fostered across the industry and beyond tourism that will result in more jobs, more revenue, and a revitalized and thriving economy in Belize. Further, the project will empower the workforce with updated skills, knowledge, and know-how to compete in the labour market or develop marketable services for the tourism marketplace. The primary results of the AI component will consist of quantitative forecasts for tourism arrivals, and qualitative assessments of stakeholder sentiments and SME's human capital needs. The AI barometer tool will monitor and measure metrics for the continued improvement of the model which will primarily consist of visitor numbers by week/month, online trends, SME market profiles, and other parameters deemed critical in the model training phase of AI development.
- 2.14. The project will be subject to a final evaluation to be conducted by an independent consultant at project completion, financed by IDB Lab. The objectives of this evaluation will be to assess (i) the efficacy of the training model and curriculum in developing digital skills of participating SMEs and their employees; (ii) the level of satisfaction of SMEs and their employees with the marketing tools, the engagement methods, and the curricula; (iii) the extent to which the marketplace is allowing increased bookings, sales and revenues to participating SMEs; and, (iv) the extent that female-led SMEs and female employees found equal opportunities to learn and capture business opportunities through the digital tools. In addition, the evaluation will be the basis to produce a case study on SMEs and their uptake on the technology and the benefits drawn from their participation in the model. Likewise, the case study will examine to what extent SMEs and other key stakeholders have benefitted from the digital skills adopted, and what specific actions must be put in place to ensure the sustainability of the model moving forward.

## **III. Alignment with IDB Group, Scalability, and Risks**

### **A. Alignment with IDB Group**

- 3.1. The project is aligned with the IDB's Tourism Sectoral Framework (document consistent with the Second Update to the Institutional Strategy 2020-2023) and its dimension of success number two, specifically with the line of action to reinforce the competitive position of local firms and human resources throughout the tourism

- value chain. The operational activity addressed by the project is in line with “providing technical assistance and training for local SMEs and human resources in the tourism sector, with a view to adjusting the quality of service to the expectations and requirements of the target demand”.<sup>18</sup>
- 3.2. The project is also framed within the IDB Group (IDBG) Country Strategy Update for Belize (2020-2021) which maintains the current strategy’s four priority areas: (i) education, (ii) tourism, (iii) transport and (iv) trade and tax policy. In addition, the IDBG and the Government of Belize have identified climate change and disaster risk management, and citizen security, as two further areas of focus during the expanded CS period. The Country Strategy Update contemplates 6 priority areas, one of which is tourism, Belize’s biggest export and foreign exchange earner and major employer. The strategy also highlights that competitiveness is critical to deliver quality and diverse products, and qualified tourism human resources are expected to enhance customer experience and growth of the local tourism economy. In the same line, Belize’s National Sustainable Tourism Master Plan and its vision for 2030 highlights four main components, one of which is competitiveness. The proposed strategy mentions that quality enhancement can be undertaken by improving the standards of the facilities and offered services, human resources and, in general, the quality of the portfolio of tourism products. Belize has a large portfolio of tourism operations geared to support biodiversity, ecosystem services, coastal resilience, disaster risk management and climate change adaptation, among other similar initiatives. Furthermore, digital transformation of the tourism sector is a key component included in the new administration’s Plan Belize Manifesto. These initiatives including forging strategic partnerships with key online tourism distributors, along with access to specialized training.<sup>19</sup> Although this project is a first for the country for its innovative digital component, it will certainly complement the Bank’s efforts to improve tourism sector stakeholder coordination and quality management. Knowledge products and data derived from this project could allow for enhanced decision-making by key government ministries and departments to support digital transformation efforts within the tourism sector and SMEs.
  - 3.3. The project is aligned with the Knowledge Economy thematic focus of IDB Lab, particularly with the subarea of The Future of Work, which emphasizes the need to accelerate the adoption of transversal skills which are valuable across jobs or industries, such as digital and socio-emotional skills, to respond to the rapid rate of change in the nature of work imparted by the speed of technological adoptions.
  - 3.4. The project is also aligned with SDG 5 (Achieve gender equality and empower all women), SGD 8 (Decent work and economic growth), and 9.B Industry, Innovation and Infrastructure.

## **B. Scalability**

- 3.5. The project has multiple opportunities to scale. The primary opportunity is for continued expansion of the marketplace in terms of participants and across

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<sup>18</sup> Tourism Sector Framework Document, July 17

<sup>19</sup> #planBELIZE Manifesto. <https://planbelize.bz/wp-content/uploads/2020/10/BLU-manifesto-eBOOK.pdf>

different stakeholder sectors. The project can scale to specific stakeholder groups such as tour guides, artisans, and other non-traditional groups in the value chain that have equal importance but minimal exposure and access through existing capacity-building frameworks. The new Belize Gold Standard protocols specifically require the integration of technology for tour operators and hotels, including contactless payments, online communication, and the use of technology to reduce physical contact. The industry has therefore been explicitly incentivized to adopt technology tools through these new policies. This innovation can be replicated to scale regionally in similarly affected and volatile regions. This project will develop a blueprint and knowledge resources that can then be replicated through strategic alliances and partnerships to help rebuild other similarly affected economies. The business model will derive revenue through booking fees and selective advertisements to sustain the platform and technical support. At its peak, the virtual marketplace has attracted up to 200,000 visits per month by an in-market travel audience, which is highly valuable to tourism stakeholders in Belize and international stakeholders such as the Expedia group.

- 3.6. The path to scalability lies in engagement of new partners. In addition to the core partnerships mentioned, the project can scale by engaging additional private sector partners including multi-national entities such as Expedia group which already has a presence in Belize and other nations in the region. Through affiliation and working relationships with the Belize Hotel Association, the Belize Tourism Board, and various private hotels and tour operators in Belize, the project will engage a multitude of private partners for data sharing. Sustainability will be derived through advertising partnerships, booking fees, and affiliate revenue where possible. It is expected that the cost of the initial workforce development exercise will be offset by the eventual revenue growth and improved value of the virtual marketplace.

### **C. Project and Institutional Risks**

- 3.7. The immediate primary risk is a resurgence of COVID-19 in Belize and further travel restrictions. Furthermore, the recovery of tourism could be slower than expected, which could negatively impact the sustainability, stability and demand for tourism related services. To mitigate this potential risk, it could be possible to place some emphasis on domestic tourism while international arrivals fully resume. This creates an opportunity to further strengthen the workforce and the SMEs by offering selected core learning opportunities to sensitize and strengthen the workforce on safety measures and standards.
- 3.8. Lack of stakeholder motivation and willingness to engage in data sharing is an additional risk factor that could reduce the quality of the AI-inspired efforts of the project. AI requires sufficient volume and quality of data, which is dependent on a willingness from stakeholders to participate. While Belize does have an open data effort through the Statistical Institute of Belize, the country does not yet have a national AI strategy, or a legal framework in place to facilitate engagement with stakeholders. Therefore, a critical component of this project will be to develop such a policy framework which could serve as the foundation for a larger country strategy for data sharing and AI. The design of this project will also consider the ethical guidelines and challenges as outlined in the fAIr LAC initiative.
- 3.9. Additional risks include the amplified impact of climate change, especially the risk of hurricanes. Economic instability, exposure to external volatility, high public debt,

and the lack of skilled technology workforce to support the ecosystem will also be primary risks. The empowerment of the workforce through quality training content will build resiliency among the workforce to create new economic opportunities beyond tourism.

- 3.10. The Assessment of Integrity and Institutional Capacity (DICI) conducted for this project rated institutional risk as medium.

## IV. Instrument and Budget Proposal

- 4.1. The project has a total cost of US\$900,000, of which US\$400,000 (44.0%) will be provided by the IDB Lab, and US\$500,000 (56.0%) by the counterpart financing.

Project Categories	IDB Lab	Counterpart	Total
	US\$	US\$	US\$
Component 1: Develop Digital Training tools for the tourism industry	130,000	308,500	438,500
Component 2: Customize Digital Skills Training for SMEs	110,000	37,500	147,500
Component 3: Stakeholder Engagement and Communication	52,000	60,000	112,000
Project Administration (Executing Unit costs)	108,000	94,000	202,000
<b>Grand Total</b>	<b>400,000</b>	<b>500,000</b>	<b>900,000</b>
<b>% of Financing</b>	<b>44.0%</b>	<b>56.0%</b>	<b>100%</b>

## V. Executing Agency (EA) and Implementation Structure

### A. Executing Agency(s) Description

- 5.1. LetsGoBelize Ltd. the Executing Agency of this project was established in Belize as a digital media company in 2017 and provides a full suite of technology products and services to the Belize tourism industry. The company's primary product, belizing.com is an online virtual travel marketplace that connects tourism service providers throughout Belize with international travelers. The marketplace was the first-to-market in Belize and provides affordable access to digital marketing resources. Belizing.com provides open access and technical support to every stakeholder in the Belize tourism industry, especially for SMEs and their workforce in the digital landscape. Belizing.com provides access to a worldwide audience and facilitates income generation through a previously inaccessible digital channel for many SME's in Belize.
- 5.2. The Executing Agency team includes several highly skilled personnel with expertise in the technology and marketing fields. The principals include Abner Mendoza, Ph.D. in Computer Science, and Sandino Mendoza, B.Sc. in Computer Engineering. The team brings broad technical and business expertise through a proven suite of products that complements Belizing.com's service offerings. These include (i) Belizing Payments mobile services, which is a critical part of the



Belizing infrastructure and serves to facilitate online contactless payments for their partners who sell their services on the marketplace. The payment service and mobile app is currently in use by over 400 stakeholders in the tourism industry; (ii) Belize Digital Media travel marketing and training services, provides support to tourism stakeholders in adapting and implementing innovative digital marketing strategies. and (iii) The Belize Travelcast which was developed as the first destination-focused travel podcast for the country. This new digital communication channel continues to bring together industry stakeholders to provide relevant updates on the Belize tourism industry and important information on issues affecting the environment, culture, and economy of Belize. The podcast provides yet another unique opportunity and equal access for all industry stakeholders to access a worldwide audience.

- 5.3. The Executing Agency has collaborated with several leading industry partners, including Belize Hospitality Training Services, Belize Hotel Association, and the Belize Tourism Board in the effort to prepare all industry stakeholders for a post-COVID career in the tourism and hospitality industry. One such partnership was with the Belize Tourism Board 2020 to launch a virtual marketplace (BelizeBooking.com) that powered the reopening of domestic travel. This marketplace allowed all tourism stakeholders and industry partners in Belize to promote their services online and engage with online users and accept payment for their services. The Executing Agency continues to work with over 300 local tourism stakeholders through a digital marketing webinar series offered through a partnership with the Belize Hotel Association to build capacity in the areas of digital marketing and hospitality services.

## **B. Implementation Structure and Mechanism**

- 5.4. The Executing Agency will establish an executing unit and the necessary structure to execute project activities and manage project resources effectively and efficiently. The Executing Agency will also be responsible for providing progress reports, the Project Status Report (PSR) on project implementation.
- 5.5. To support implementation, the Executing Agency will contract a full-time local Project Coordinator to support the monitoring of results, technical reporting and effective implementation of the project and a part time Accounting Officer will be assigned to the project and financed by the Executing Agency to support the fiduciary management of the project. Additionally, the Executing Agency will contract a Technical Manager to oversee the software development and a software development team will be assigned to the project and financed by the Executing Agency.
- 5.6. The Executing Agency will create a project Steering Committee that will include representatives from Belize Tourism Board, Ministry of Tourism and Diaspora Relations, and the Belize Hotel Association to govern the project implementation, manage risks and address challenges. The Steering Committee will also include a representative from IDB Lab to provide input and advice on changes that may be necessary to strengthen impact and achievement of project results as well as to foster connections with IDB Lab's technical partners in the region supporting

knowledge sharing and regional scaling. The project Steering Committee will convene on a semiannual basis or more often as necessary, to assess project progress, risks and take strategic decisions required to support achievement of results.

## VI. Compliance with Milestones and Special Fiduciary Arrangements

- 6.1. **Disbursement by Results, Fiduciary Arrangements.** The Executing Agency will adhere to the standard IDB Lab disbursement by results, IDB procurement policy<sup>20</sup> and financial management<sup>21</sup> arrangements as specified in Annex V and VI.
- 6.2. **Results-based disbursement.** The Project will be monitored by the Country Office of Belize. Monitoring will be undertaken in accordance with the performance and risk management policies (fulfilment of milestones) established by the IDB Lab. Project disbursements will be contingent upon verification of the achievement of milestones (pre-determined outputs critical to achievement of the development objectives). Achievement of milestones does not exempt the Executing Agency from the responsibility of reaching the results matrix indicators and project's objectives.
- 6.3. **Financial Management and Supervision.** The Executing Agency will establish and be responsible for maintaining adequate accounts of its finances, internal controls, and project files according to the financial management policy of the IDB Lab. For the procurement of other goods and contracting of consulting services, the Executing Agency will adopt the principles of IDB Policies (GN-2349-9 and GN-2350-9), however, the Executing Agency, which is a private entity, will use their private sector procurement policy for the execution of the project.

## VII. Information Disclosure and Intellectual Property

- 7.1. **Information Disclosure.** This document contains confidential information related to one or more of the ten exceptions to Access to Information Policy and will be initially treated as confidential and made available only to Bank employees. This document will be disclosed and made available to the public upon approval.<sup>22</sup>
- 7.2. **Intellectual Property.** The Executing Agency shall own the intellectual property rights to all works produced or results obtained under the Project and will grant the IDB Group an irrevocable, worldwide, perpetual, royalty-free, and non-exclusive license to use, copy, distribute, reproduce, publicly display and perform any and all Executing Agency intellectual property derived from execution of the Project, as well as to create derivative works.

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<sup>20</sup> Link to the Policy: [Procurement of Works and Goods Policy](#)

<sup>21</sup> Link to the document [Financial Management Operational Guidelines](#)

<sup>22</sup> [Link to the Access to Information Policy](#) and to the [MIF Document Classification](#)