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MULTILATERAL INVESTMENT FUND

DOMINICAN REPUBLIC

**MODEL FOR SUSTAINABLE TOURISM MANAGEMENT
IN BAYAHIBE**

(DR-M1005)

DONORS MEMORANDUM

This document was prepared by the project team consisting of Santiago Soler (MIF/OPS), Project Team Leader; Armando Chamorro (COF/CDR); Federico de Arteaga (MIF/OPS); Martin Chrisney (RE2/FI2); Sergio Ardila (RE2/EN2); María Elena Nawar (MIF/DEU); and Javier Cayo (LEG).

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ABBREVIATIONS

AECI	Agencia Española de Cooperación Internacional [Spanish Agency for International Cooperation]
AHB	Asociación de Hoteles de La Romana y Bayahibe [Hotel Association of La Romana and Bayahibe]
ASONAHORES	Asociación Nacional de Hoteles y Restaurantes [National Hotel and Restaurant Association]
CESI	Committee on Environment and Social Impact
CRCT	La Romana–Bayahibe regional tourism competitiveness cluster
EU	European Union
GDP	Gross domestic product
MSMEs	Micro, small and medium-sized enterprises
NGO	Nongovernmental organization
PCU	Project coordination unit
SEMARENA	Ministry of Environment and Natural Resources
SET	Ministry of Tourism
TNC	The Nature Conservancy
USAID	United States Agency for International Development

MODEL FOR SUSTAINABLE TOURISM MANAGEMENT IN BAYAHIBE

(DR-M1005)

I. EXECUTIVE SUMMARY

Beneficiary country:	Dominican Republic
Executing agency:	Asociación de Hoteles de La Romana y Bayahibe [Hotel Association of La Romana and Bayahibe] (AHB)
Beneficiaries:	<p>At least 1,000 tourist destination stakeholders (individuals and entities) will be made aware of new sustainable tourism practices; 450 local residents will receive training in environmental conservation; 450 hotel employees will receive training in occupational health and sanitation and environmental conservation; 600 local stakeholders will receive training in product and service design, partnering, and productive linkages; and 180 micro, small and medium-sized enterprises (MSMEs) will participate and implement the joint marketing model for MSME linkages.</p> <p>In terms of indirect benefits, the environmental conservation and local community integration activities under the project are expected to improve quality of life generally for some 3,000 inhabitants of Bayahibe, through their impact on preserving the region's natural and cultural resources and the greater economic opportunity created by the tourism business.</p> <p>Lastly, the project will support development and implementation of a sustainable tourism management model in the La Romana–Bayahibe regional tourism competitiveness cluster, led by the AHB. The outcome will be an increase of at least 6,000 visits a year to the destination with: 15% of excursions sold at hotels being eco-cultural tourism packages; local operators providing at least 15% of the excursions sold, through linkages established under the project; and best practices in social responsibility instituted at 100% of hotels. In addition, replication of the model will be promoted among the seven other clusters of the Dominican Republic's tourism cluster network.</p>

Financing:	Modality:	Nonreimbursable (Facility III-A)
	MIF ¹	US\$1,302,480 (70% ²)
	Executing agency	US\$ 535,940 (30%)
	Total	US\$1,838,420
Objectives:	<p>The project's goal is to help make the Bayahibe region more competitive as an international tourist destination through its natural, ecological, and cultural attractions. The project's purpose is to develop and implement a model for sustainable tourism management of the destination based on best practices in local development, social responsibility and sustainable tourism that integrates the local community's MSMEs generally both in preserving resources and in providing tourism services. The project will accomplish these objectives through the following components: (i) awareness-building, structure of the destination, and dissemination of the model; (ii) environmental conservation and training; (iii) identification of linkages, design of sustainable products and services and training; and (iv) development and positioning of the destination.</p>	
Execution timetable:	Execution period:	42 months
	Disbursement period:	48 months
Special contractual clauses:	<p>Conditions precedent to the first disbursement of Bank resources: (i) selection of the coordinator of the project coordination unit; and (ii) delivery of the Operating Regulations as agreed with the Bank.</p>	
Exceptions to Bank policies:	None.	
Coordination with other official development finance institutions:	At present, no similar projects are being funded by other financial institutions.	
Environmental and social review:	The Committee on Environment and Social Impact (CESI) reviewed the project at its 29 April 2005 meeting. Responses to CESI's observations are reflected in this document (paragraph 8.1).	

¹ The MIF contribution includes US\$30,000 for cluster coordination activities.

² Excludes cluster activities.

II. BACKGROUND

- 2.1 **The tourism sector in the Dominican Republic.** Tourism is a key economic sector in the Dominican Republic, generating about 7% of GDP and 25% of total foreign exchange earnings.³ Together with free-trade zones and communications, it has been one of the most dynamic modern sectors of the Dominican economy over the past 20 years, growing at an average annual rate of 10.6% from 1985 to 2004.
- 2.2 **The supply of tourism products and services.** The most notable feature of tourism products and services in the Dominican Republic is the lack of diversity. Eighty five percent of tourists come for beach vacations on “all-inclusive packages” that include lodging, meals, and beverages at a resort hotel along with air and ground transportation. These packages are marketed mainly outside the country by the leading tourism operators. Tourists can purchase additional services and take excursions to national parks, amusement parks, historic buildings in the heart of Santo Domingo and elsewhere, whale-watching in Samaná Bay, and other places of natural beauty and cultural interest. These are at an additional cost and are also marketed mainly by tour operator agents inside the resort hotels and, to a lesser extent, by the hotels themselves and independent operators in towns nearby.
- 2.3 The principal investors in the Dominican Republic’s tourism sector are the European chains, mainly Spanish concerns specializing in all-inclusive beach vacations. Another type of tourism infrastructure is being developed in parallel in beachfront areas not occupied by resort hotels: residential complexes of villas or apartment buildings with shopping centers, golf courses, marinas, and luxury hotels targeting high-income foreign tourists and residents.⁴
- 2.4 **Environmental degradation.** A major problem created by the growth of tourism infrastructure and services in the Dominican Republic is environmental degradation from the intensive use of natural resources and the demand for public utility services such as electricity, drinking water, and treatment of wastewater and solid waste. The arrival of nearly three million tourists a year, concentrated in small beach and resort hotel areas and residential complexes without proper planning for natural resource conservation and utility services with local community involvement, is taking away from the Dominican Republic’s tourist attractions and making them less competitive as a tourist destination.⁵

³ Central Bank of the Dominican Republic (www.bcrd.com.do/estadisticas/).

⁴ Examples include Casa de Campo in La Romana and Cap Cana in Punta Cana.

⁵ Vicente Zappino, “Caribbean Tourism and Development: An Overview,” European Centre for Development Policy Management, Discussion Paper 65, June 2005.

UNDP “National Human Development Report, Dominican Republic 2005,” chapter II, “El turismo, si no se modifica, se agota [Tourism: If it doesn’t change, it will end].”

- 2.5 Up to an estimated 75% of wastewater treatment plants operated by resort hotels in the Caribbean do not meet basic discharge standards.⁶ This endangers the health of visitors and residents of tourist areas alike, and sullies the Dominican Republic's image abroad as a tourism destination. Insufficient local government planning and capabilities for solid waste treatment and a lack of local civil society involvement have meant that no public services are up to the task of treating the waste generated by tourism activity, which is substantially greater than the per capita needs of the towns.
- 2.6 **No integration with the local economy.** Market studies⁷ show that maintaining the quality of beaches and the environment is essential for tourism development that raises the living standards of indigenous populations. For this to happen, the local community needs to be involved. There must be awareness that natural assets need to be preserved, because they are the basis for tourism products and services. Moreover, all-inclusive packages mean that food, lodging, and recreation services are all provided within the hotel infrastructure, drawing very little on the goods and services provided by the local community.⁸ Many visitors do not settle for all-inclusive packages and look for recreation activities outside the hotels, bringing them more into contact with the community. While this diversification of tourism services is also largely controlled by the hotels and operators, it does draw on services provided by the local population.
- 2.7 **Project rationale and approach.** The La Romana–Bayahibe tourist area is located 120 km from Santo Domingo on a 50-km stretch of coastline from the city of La Romana to the Eastern National Park, taking in the town of Bayahibe and the Minitas, Dominicus, and Bayahibe beaches. The area of influence encompasses the nature reserves of Catalina and Saona Islands and Eastern National Park. Nearly 225,000 nonresident tourists flew into La Romana Airport in the past two years, representing 8% of the national total. The area's 2,800 hotel rooms represent a similar percentage of national capacity.⁹ Punta Cana has one of the area's highest occupancy rates at over 80%.
- 2.8 Like the Dominican Republic's other tourist areas, the La Romana–Bayahibe region faces serious **sustainable development challenges** because of **environmental degradation**, especially in the nature reserves of Eastern National Park and Saona Island, and inadequate treatment of wastewater and solid waste. Tourism activities also **draw little on the local economy** of Bayahibe and its surrounding area.

⁶ World Bank, "Project appraisal document for a wastewater disposal in tourism centres project," report 18987 DO, April 2000.

⁷ Ernst & Young LLP, "Competitive Strategy Report for La Romana Bayahibe Cluster," 2003.

⁸ Marina Ortiz, "Microempresas y turismo en Republica Dominicana [Microenterprises and tourism in the Dominican Republic]," Fondomicro, 2005.

⁹ Source: ASONAHORES, "Estadísticas del sector turismo [Tourism sector statistics]," 2005.

- 2.9 The Hotel Association of La Romana and Bayahibe (AHB) was created in response to these challenges, to promote sustainable development of the tourist areas in the La Romana and Bayahibe region. As part of the 2002 National Competitiveness Plan, the AHB was selected to execute the La Romana–Bayahibe regional tourism competitiveness cluster project with technical assistance from the United States Agency for International Development (USAID). The objective was to develop a competitiveness strategy that would create the conditions for the area to become a leading tourist destination in the Dominican Republic and the Caribbean region through sustainable development, enhanced competitiveness and quality, and added value.¹⁰
- 2.10 The MIF project's **additionality** lies in its support for Bayahibe's key stakeholders, led by the AHB, as they work to make the destination more competitive and improve quality of life in the town of Bayahibe through activities to develop new products and services, environmental conservation, preservation of cultural heritage, and support for the local community.
- 2.11 The Bank's Country Strategy with the Dominican Republic, approved by its Programming Committee, states that the growth of private investment in the tourism sector is constrained by a lack of investment to minimize environmental vulnerability and ensure sustainability, and by the absence of public infrastructure to create the minimum conditions for private investments to yield an economic return. The proposed project is consistent with the Bank's strategy of creating micro, small and medium-sized enterprises (MSMEs) and making them more competitive, and reducing the environmental vulnerability of tourism sector. The project fits into the MIF's Sustainable Tourism as a Development Alternative cluster and promotes the local development of Bayahibe as a way of benefiting MSMEs and better enabling them to form sustainable social, environmental, and economic linkages with resort hotels through better integration of tourism product components and closer cooperation among stakeholders, in order to diversify and more effectively promote tourism products and services. The project approach will also complement the Bank's operations with the public sector to support national competitiveness (1474/OC-DR) and environmental protection (DR-L1004). The Dominican Republic's National Competitiveness Council (CNC) recently approved its national competitiveness strategy, setting guidelines for the tourism sector in line with the objectives of this project.

III. OBJECTIVES AND COMPONENTS

- 3.1 The project's **goal** is to help make the Bayahibe region more competitive as an international tourist destination through its natural, ecological, and cultural attractions. The project's **purpose** is to develop and implement a model for

¹⁰ Competitiveness strategy developed in 2002 by the consulting firm, Ernst & Young LLP.

sustainable tourism management of the destination based on best practices in local development, social responsibility and sustainable tourism, which integrates the local community's micro, small and medium-sized enterprises (MSMEs) generally both in preserving resources and in providing tourism services. Through its four components, the project seeks to develop new products and diversify tourism services with rich ecological, cultural, and social content, integrating the local community both in preserving resources and in diversifying services.

- 3.2 **Component 1. Awareness-building, structure of the destination, and dissemination of the model (MIF US\$42,000; Counterpart US\$35,200).** This component seeks to raise local stakeholder awareness of best practices in the project's three target areas—social responsibility, local development and sustainable tourism—and to provide the La Romana–Bayahibe regional tourism competitiveness cluster with a central management structure based on best practices and sustainable tourism development. At the same time, a strategy for linkages among the destination's key stakeholders will be explored, and an action plan developed. The model¹¹ will be disseminated to the other seven destinations in the tourism cluster network through the National Competitiveness Council (CNC).
- 3.3 The project will finance: (i) events to raise awareness of best practices in the project's three target areas and to disseminate outcomes; and (ii) consultants to advise the destination's key stakeholders on the fundamentals of socially responsible management and on developing a system with the minimum essential features for a socially responsible business relationship, building corporate social responsibility (CSR) into a business so that it can regulate itself, and designing a work methodology for the value chain to be developed under Component 3; (iii) advisory support from a consultant and workshops to design a strategy for the destination with the involvement of all public- and private-sector stakeholders, including development agencies active in the area; and (iv) documentation of processes in a (manual) and their ongoing dissemination within the cluster network at the national level, as well as documentation of project progress in coordination with the CNC.
- 3.4 The following outcomes are expected: (i) an organizational structure that involves all local stakeholders in management of the destination will be designed, including: a roadmap and mission statement, policies for managing the destination by bringing new stakeholders into the La Romana–Bayahibe regional tourism competitiveness cluster's decision-making process to validate the outcomes of each component; (ii) at least 1,000 stakeholders (individuals and entities) will be made aware of new sustainable tourism practices; (iii) an action plan will be developed for building

¹¹ A systematic approach to promoting sustainable development of a tourist destination that involves identification of the target customers (demand), structuring of the services provided by MSMEs, local community participation, the necessary public-private institutional agreements, training, marketing (pricing, distribution, publicity), the preservation of tourist attractions (management of natural, cultural and social resources), and effective service delivery via quality businesses and qualified people.

CSR principles into “anchor businesses” in the value chains; (iv) a communication strategy will be designed for the action plan; and (v) four seminars will be held with the other seven tourism clusters, to present the documented processes and lessons learned and disseminate the model to the seven clusters at the national level.

- 3.5 **Component 2. Environmental conservation and training (MIF US\$207,500; Counterpart US\$288,000).** This component seeks to protect the environment through beach preservation activities, hotel and restaurant operations, reclamation of natural areas, studies, planning, and the introduction of an environmental education program that incorporates best practices in the project’s three target areas.
- 3.6 The funded activities will be consulting assignments for: (i) a land-use plan for the town and marina of Bayahibe; (ii) a preliminary feasibility and cost study for building a regional wastewater treatment plant; (iii) a waste collection system design for Saona Island and the beaches of La Palmilla; (iv) a wetland reclamation plan for the hotel area; (v) an environmental training and education plan targeting local residents and hotel employees; (vi) training in the preservation and sustainable management of tourist attractions, paving the way for adoption of best practices in the design and operation of products and services; (vii) training of 600 of the destination’s local residents and hotel employees on the importance of doing their part for environmental conservation, proper waste collection and disposal, workplace health and sanitation, etc.; and (viii) a program to monitor water quality in the hotel area.
- 3.7 The outcomes will be studies to support the Bayahibe destination in particular, and the La Romana–Bayahibe regional tourism competitiveness cluster in general, in their strategic decision-making for environmentally efficient and harmonized local development. In addition, 450 local residents will receive training in environmental conservation, and 450 hotel employees will receive training in occupational health and sanitation and environmental conservation. The end result will be improvement in visitor satisfaction statistics.
- 3.8 **Component 3. Identification of linkages; design of sustainable products and services and training (MIF US\$538,000; Counterpart US\$113,000).** This component seeks to identify viable linkages and develop products and services that are identified in the project’s three target areas, as well as to provide the local community with training, so that they can be integrated into tourism services with rich ecological and cultural content.
- 3.9 The project will finance consulting assignments to: (i) identify linkage opportunities for local MSMEs; (ii) adapt a technical methodology for the destination to design products and services; (iii) design a range of tourism products and services to be sustainably managed within the destination; (iv) design management plans for the public-use areas of most important sites identified: (a) a botanical garden to be built and added to the circuit of natural springs, (b) archaeological resources to be

- identified, and exhibits developed, (c) an excursion service to points of historical, cultural and natural interest, (d) management of tourist transportation to Saona Island, and (e) signage design for Eastern National Park; (v) provide training on how to identify and manage linkages; (vi) provide partnership and linkage training to stakeholders as technical support for the strategy developed under Component 1; (vii) prepare guidelines for sustainable management of tourist attractions; (viii) prepare a manual on caring for fragile and vulnerable tourist attractions; and (ix) introduce a quality certification system for small restaurants.
- 3.10 The following outcomes are expected: (i) a standardized procedure for introducing new products and services in the future; (ii) 600 local stakeholders trained in product and service design, partnering, and productive linkages; (iii) 10 new products and six new services that can be marketed within the destination; and (iv) four small restaurants ready for certification in food and beverage handling.
- 3.11 **Component 4. Development and positioning of the destination (MIF US\$251,500; Counterpart US\$47,000)** This component seeks to better position the destination for distribution and promotion of the tourist products and packages identified and validated by the La Romana–Bayahibe regional tourism competitiveness cluster in Components 1 and 3, based on best practices in the project’s three target areas.
- 3.12 The project will finance technical assistance for the design of: (i) an integrated communication and promotional strategy for the destination; (ii) promotional materials; (iii) a joint marketing model for MSME linkages; and (iv) tourism products (product design, market analysis, environment and archaeology). After researching the principal tourist attractions, products already on the market, and the existing tour operators and promotional activities, a proposal will be made to the La Romana–Bayahibe regional tourism competitiveness cluster for a revised, technically designed set of products and services for the destination. In addition, (v) a public relations specialist will design an image for the destination, and (vi) publications and promotional materials will be prepared, including a brochure on Eastern National Park, a visitor survey form, guidebooks, flyers and signs.
- 3.13 The following outcomes are expected: (i) an integrated communication and promotional strategy for the destination; (ii) 180 MSMEs participate and implement the joint marketing model for MSME linkages; and (iii) a range of at least 10 products are marketed in eight selected local markets and 12 selected international markets.

IV. COST AND FINANCING

- 4.1 The estimated cost of the project is US\$1,838,420. The MIF will contribute US\$1,302,480 (70%), in nonreimbursable resources under Facility III-A. The

executing agency will contribute the balance of US\$535,940 (30%), with at least 50% of that amount in cash. The MIF will finance the cost of technical assistance and training and a portion of the administrative costs. The Bank will administer US\$30,000 equivalent for monitoring of the MIF cluster, to carry out activities related to the Sustainable Tourism as a Development Alternative cluster in accordance with document MIF/GA-14-1. This amount will be deducted from the amount of the contribution as of the effective date of the technical cooperation letter of agreement for this operation, and no disbursement request from the executing agency will be required. The estimated project budget is given in the following table.

(in US\$)			
Components/budget categories	MIF contribution	Local counterpart	Total
Personnel	86,000	24,000	110,400
Logistics	11,600	28,740	40,340
Component 1	42,000	35,200	77,200
Component 2	207,500	288,000	495,500
Component 3	538,000	113,000	651,000
Component 4	251,500	47,000	251,500
Subtotal	1,137,000	535,940	1,625,940
Contingencies	45,480		45,480
Baseline, monitoring and evaluation system, and evaluations	70,000		70,000
Audits (2)	20,000		20,000
TOTAL	1,272,480	535,940	1,808,420
Cluster coordination activities ¹²	30,000		30,000
GRAND TOTAL	1,302,480	535,940	1,838,420
Percentages (excluding cluster activities)	70%	30%	

- 4.2 **Sustainability.** Sustainability is addressed at two levels. At the participant level, the local community will be integrated into environmentally responsible tourism services. The preference of tourists from developed countries for ecotourism and local cultural attractions means that the market should welcome new services that are rich in ecological and cultural content, thus making this aspect of the project sustainable. Specifically, an expected 5% annual increase in “socially and environmentally responsible tourism” visits to the destination will contribute to a 30% increase in the net earnings of MSMEs, four years after project start with respect to the baseline. At the project level, sustainability will come from the

¹² This amount will be deducted from the total MIF contribution to the beneficiary upon signature of the technical cooperation agreement and used by the Bank for cluster coordination activities.

“model” of the combination of project components, which could subsequently be replicated elsewhere in the Dominican Republic. The Hotel Association of La Romana and Bayahibe (AHB) will present its sustainability strategy at a **sustainability workshop** attended by Bank representatives, one year prior to project completion. The workshop will examine whether the model can continue to be managed autonomously once MIF support has ended.

V. EXECUTING AGENCY AND MECHANISM

- 5.1 The **project executing agency** will be the Hotel Association of La Romana and Bayahibe (AHB), a nonprofit established in 2000 to promote sustainable development of the La Romana–Bayahibe tourism region. The AHB’s members are the international hotel chains operating in the area, some medium-sized local hotels, and the area’s leading real estate company. The AHB has project execution experience, gained through technical-cooperation support from such international organizations as the United States Agency for International Development (USAID), the Spanish Agency for International Cooperation (AECI) and The Nature Conservancy (TNC), as well as local agencies. It also works in conjunction and/or coordination with the municipal government and with the ministries of tourism and the environment. The AHB has received a number of awards and official honors in recognition of its work.¹³ The AHB had income of approximately US\$240,000 in 2005, mainly in the form of regular and special contributions from the member hotels (90% of total revenues). The institutional assessment and member commitment to making special contributions indicate that the AHB has sufficient capacity to meet the project’s financial needs.
- 5.2 The **project coordination unit** (PCU) will have a full-time general coordinator hired with project resources, reporting directly to the executive director of the AHB, along with the necessary administrative/financial and logistical support for its efficient operation. The AHB will lease new office space, sufficiently large and well equipped to house the PCU’s operations. The Bank’s Country Office in the Dominican Republic will install a special system at the PCU to support project management and oversight, which can be used to automate such functions as transaction logging, report generation, reconciliation of account statements, and opening of the revolving fund.
- 5.3 The **La Romana–Bayahibe regional tourism competitiveness cluster committee**, made up of key cluster stakeholders, will meet once every three months

¹³ The AHB won the American Express and Caribbean Hotel Association (CHA) Green Region of the Caribbean Award in 2001, and was first runner-up for the 2003 Islands/Caribbean Tourism Organization (CTO) Sustainable Tourism Award. Its executive director received the 2004 “Environmental Ambassador and International Partner” distinction from the Environmental Audits for Sustainable Tourism (EAST) Project. The Ministry of the Environment recognized the AHB in 2005 for its contributions to environmental conservation.

- to: (i) monitor the project outcomes; (ii) suggest enhancements to make the participation of key local stakeholders as effective as possible; (iii) support the project activities; and (iv) coordinate public/private participation, so that the project runs smoothly. The **tourism cluster network**, made up of the Dominican Republic's eight tourism clusters, will meet annually during a two-day seminar to: (i) disseminate information on lessons learned and best practices in the La Romana-Bayahibe cluster, which will be documented in a manual; (ii) exchange experiences and know-how on how to effectively institute best practices; (iii) ensure that activities are complementary with those of other donors, such as USAID and the competitiveness support program (1474/OC-DR) financed by the Bank with the National Competitiveness Council (CNC); (iv) facilitate the transfer of lessons learned and best practices to the other seven destinations in the tourism cluster network; and (v) strengthen ties between the tourist clusters and the CNC.
- 5.4 **Execution period.** The planned project execution period is three and a half years (42 months). A revolving fund of up to 10% of the MIF contribution will be established, to ensure that sufficient funding is available for project execution.
- 5.5 **Project readiness.** The project objectives, components, and activities have been set. The executing agency has provided letter of commitment to contribute the counterpart funds. The main eligibility requirements for the various components and activities, job descriptions for PCU staff, and terms of reference for key consulting assignments have also been prepared.
- 5.6 **Procurement.** The PCU will procure consulting services in accordance with applicable Bank procedures as described in the policies for selection and contracting of consultants financed by the IDB (document GN-2350-4). This project calls for the hiring of several individual consultants to provide consulting services. Their selection will be based on quality and cost, and any of the competitive methods established in the above-mentioned policy can be used. For contracts valued at less than US\$50,000, the Bank will review the selection and contracting process on an ex post basis, with the exception of the first three such procurements, which will be reviewed ex ante. The procedures used must guarantee transparency and competitiveness, and ensure that the lowest costs are obtained.¹⁴ Goods will be procured in accordance with the policies for the procurement of works and goods financed by the IDB (document GN-2349-4). The procurement plan will be updated annually, and is available for consultation in the project technical files.

¹⁴ The selection and contracting procedures for consulting firms, when the contract is valued at less than US\$50,000, will be analogous to those for individual consultants.

VI. MONITORING AND EVALUATION

- 6.1 The Bank's Country Office in the Dominican Republic will be responsible for project supervision and oversight, monitoring compliance with contractual clauses, processing disbursement requests, and receiving audited financial statements. The project coordination unit (PCU) will deliver semiannual progress reports to the Banks Country Office on behalf of the AHB, in accordance with the Bank's standard reporting requirements.¹⁵ A **closing workshop** will be held at project end, to assess outcomes and any actions needed to enhance project impact.
- 6.2 An audit will be done in project year two, and another upon project completion. The Bank, in conjunction with the executing agency, will commission a consultant at project start to conduct the evaluations and develop the baseline indicators and system for monitoring outcomes. This consultant will also participate in the closing workshop. Two evaluations will be done: the first once 50% of the resources have been disbursed, and the second and final evaluation three months prior to project completion. Based on the logical framework indicators and the project reports, the evaluations will determine whether there was a significant disparity in the execution of activities and recommend corrective measures. They will highlight lessons learned and how they can be shared among projects in the Sustainable Tourism as a Development Alternative cluster.

VII. PROJECT BENEFITS AND RISKS

- 7.1 **Benefits.** The project will support development and implementation of a sustainable tourism management model in the La Romana–Bayahibe regional tourism competitiveness cluster, led by the Hotel Association of La Romana and Bayahibe (AHB). The outcome will be an increase of at least 6,000 visits a year to the destination with: 15% of excursions sold at hotels being eco-cultural tourism packages; local operators providing at least 15% of the excursions sold, through linkages established under the project; and best practices in social responsibility instituted at 100% of hotels. In addition, replication of the model will be promoted among the seven other clusters of the Dominican Republic's tourism cluster network.
- 7.2 **Beneficiaries.** At least 1,000 stakeholders (individuals and entities) will be made aware of new sustainable tourism practices; 450 local residents will receive training in environmental conservation; 450 hotel employees will receive training in occupational health and sanitation and environmental conservation; 600 local stakeholders will receive training in product and service design, partnering, and productive linkages; and 180 MSMEs will participate and implement the joint marketing model for MSME linkages.

¹⁵ Progress reports as of 30 May and 30 November.

- 7.3 In terms of indirect benefits, the environmental conservation and local community integration activities under the project are expected to improve quality of life for some 3,000 inhabitants of Bayahibe, through their impact on preserving the region's natural and cultural resources and the greater economic opportunity created by the tourism business.
- 7.4 **Risks.** One of the main risks that could thwart the project objectives is that local residents would resist participating in environmental conservation and service activities, either because they do not understand the benefits or because of special interests with a short-term outlook. However, the project has local government support, and the team believes that public awareness of the benefits of environmental conservation is high. This will be further reinforced by an intense campaign of environmental education. Another potential risk is that the government, especially the national government, would fail to grasp the importance or work to protect the intangibles of the region's nature reserves. The AHB has experience with mobilizing public support for the environment against legislative initiatives, and enjoys the support of the local government and the Ministry of the Environment. A third risk is that the resort hotels and tourism operators would try to vertically integrate the new services with ecological and cultural content, seeking only unskilled and low-paying manual labor from the community. Special care will be taken in designing the new services, to ensure that they are provided by community MSMEs with the requisite level of service quality. In addition, the resort hotels are mainly in the business of providing all-inclusive packages. These do not compete, and are to some extent complementary, with the new services to be developed under the project.

VIII. ENVIRONMENTAL AND SOCIAL IMPACT

- 8.1 The Committee on Environment and Social Impact (CESI) reviewed the project at its 29 April 2005 meeting, calling for clarification as to the direct and indirect environmental impact and mitigating measures under the component to provide technical assistance for solid waste and wastewater management. That component has been eliminated, and three of its activities incorporated into Component 2 on environmental conservation. Two activities have been redesigned and transferred to Components 1 and 3 on local community integration. Also eliminated was the activity to develop a solid waste collection and sorting system, inasmuch as it was already included, at least at the study level, in the work plan for project ATN/JF-9291-DR, "Design of a solid waste disposal solution for the Eastern region." An environmental specialist was added to the project team, and the terms of reference for midterm and final evaluations were amended to include an environmental audit of how efficiently the project environmental strategy has been implemented.

- 8.2 The project will indirectly operate to preserve the natural and social environment, and mitigate against the harmful effects of intensive overexploitation of natural resources for commercial ends. The project activities will have a positive impact on the natural and social environment.

LOGICAL FRAMEWORK
MODEL FOR SUSTAINABLE TOURISM MANAGEMENT IN BAYAHIBE
(DR-M1005)

Objectives	Indicators	Means of verification	Assumptions
Goal			
To help make the Bayahibe region more competitive as an international tourist destination through its natural, ecological, and cultural attractions.	<p>Within 3 years after project completion:</p> <ul style="list-style-type: none"> 5% annual increase in “socially and environmentally responsible tourism” visits to the destination with respect to the baseline; 10% average annual increase above the national hotel occupancy rate, contributing to a 30% increase in the net earnings of MSMEs with respect to the baseline. <p><i>Indicators and projections to be developed and adjusted by the consultant hired for evaluations and baseline preparation at project start.</i></p>	<p>Ongoing and ex post evaluations of the project by the Hotel Association of La Romana and Bayahibe (AHB).</p> <p>Statistics of the National Hotel and Restaurant Association (ASONAHORES).</p>	<p>The hurricane season does not affect the hotel infrastructure.</p> <p>The macroeconomic environment remains stable.</p> <p>Public policies do not work against competitiveness of the tourism sector.</p>
Purpose			
To develop and implement a model for sustainable tourism management based on best practices in local development, social responsibility and sustainable tourism that integrates the local community’s micro, small and medium-sized enterprises (MSMEs) generally both in preserving resources and in providing tourism services.	<ul style="list-style-type: none"> By project end, the model for sustainable tourism management* developed by the cluster led by the AHB has been promoted among the 7 other clusters of the tourism cluster network. By the time the project is 50% complete, the model for sustainable tourism management* developed by the cluster led by the AHB has been promoted among 3 other clusters of the tourism cluster network. By project end, tourism to the destination has increased by at least 6,000 visits a year. By the time the project is 50% complete, tourism to the destination has increased by at least 1,000 visits a year. 	<p>Census of business activities.</p> <p>Baseline.¹</p> <p>Midterm and final evaluations by external consultant.</p> <p>Project completion report (PCR).</p> <p>Inspection visits by sector specialist.</p> <p>Project Performance Monitoring Report (PPMR).</p> <p>Semiannual and final progress reports by executing agency.</p>	<p>Business and government gain familiarity with the conditions for sustainable tourism development.</p> <p>The local community participates actively in project execution.</p>

¹ To be developed under the terms of reference of the consultant/firm hired for baseline preparation, fine-tuning of indicators, intermediate indicators (benchmarks), and the midterm and final evaluations.

Objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> ▪ By project end, at least 15% of excursions sold at hotels are eco-cultural tourism packages. ▪ By the time the project is 50% complete, at least 15% of excursions sold at hotels are eco-cultural tourism packages. ▪ Local operators provide at least 15% of the excursions sold, through linkages established under the project. ▪ Best practices in social responsibility are instituted at 100% of hotels. ▪ By the time the project is 50% complete, best practices in social responsibility are instituted at 30% of hotels. ▪ The model is replicated in 2 out of the 7 tourism clusters. <p>* <i>A systematic approach to promoting sustainable development of a tourist destination that involves identification of the target customers (demand), structuring of the services provided by MSMEs, local community participation, the necessary public-private institutional agreements, training, marketing (pricing, distribution, publicity), the preservation of tourist attractions (management of natural, cultural and social resources), and effective service delivery via quality businesses and qualified people.</i></p> <p><i>Indicators and projections to be developed and adjusted by the consultant hired for evaluations and baseline preparation at project start.</i></p>		

Objectives	Indicators	Means of verification	Assumptions
Components			
Component 1. Awareness-building, structure of the destination, and dissemination of the model.	<p>(ii) By project end, 1,000 people and MSMEs have been made aware of best practices in the project's three target areas.</p> <p>(iii) A strategy for the destination has been developed by the end of year 1.</p> <p>(iv) By the time the project is 50% complete, at least 1 cluster in the tourism clustered network has adopted the model.</p>	<p>Midterm and final evaluations by external consultant.</p> <p>PCR.</p> <p>Inspection visits by sector specialist.</p> <p>PPMR.</p> <p>Semiannual and final reports by executing agency.</p> <p>Database lists of companies participating in the awareness and dissemination activities (events, workshops, seminars, workshops, etc.).</p>	The cluster's key stakeholders participate actively in the project.
Component 2. Environmental conservation and training.	<p>(i) By the time the project is 50% complete, a consensus-based land-use plan has been developed with the local community, businesspeople, and local and national government authorities: (a) real estate development planning complete, and a regulatory proposal submitted to the relevant authorities by the La Romana – Bayahibe cluster; (b) maintenance of protected areas (rational soil use by real estate developers); (c) water salinity levels are within the parameters for human consumption.</p> <p>(ii) Water quality testing results improve by the time the project is 50% complete.</p> <p>(iii) Visitor satisfaction statistics improve by year 3.</p> <p>(iv) Bird sightings in the hotel area increase by the time the project is 50% complete.</p> <p>(v, vi, vii) By the time the project is 50% complete, 150 local residents have received training in environmental conservation, and 150 hotel employees have received training in occupational health and sanitation and environmental conservation; and by project end, 300 local residents have received training in environmental conservation, and 300 hotel employees have received training in occupational health and sanitation and environmental conservation.</p>	<p>Midterm and final evaluations by external consultant.</p> <p>PCR.</p> <p>Inspection visits by sector specialist.</p> <p>PPMR.</p> <p>Semiannual and final reports by executing agency.</p>	The cluster's key stakeholders participate actively in the project.

Objectives	Indicators	Means of verification	Assumptions
<p>Component 3. Identification of linkages; design of sustainable products and services and training.</p>	<p>(i) and (ii) at least 10 new providers and 10 new products that could be provided locally have been identified by year 3.</p> <p>(iii), (iv), (v), (vi) By year 3, visitor satisfaction statistics improve, and at least 2 archaeological exhibits have been prepared. By year 4, 2 new excursions with natural and cultural components are available, and signs have been posted in Eastern National Park.</p> <p>By the time the project is 50% complete, at least 6 business opportunities for MSMEs have been identified and exploited, including the creation of 4 new tourism services.</p> <p>By project end, at least 12 business opportunities for MSMEs have been identified and exploited, including the creation of 6 new tourism services.</p> <p>(vii) and (viii) By the time the project is 50% complete, the management of tourist attractions has been regulated, and the training standardized in a manual.</p> <p>(viii) The quality of service at restaurants in Bayahibe improves (4 small restaurants are ready for certification and food and beverage handling).</p>	<p>Census of business activities.</p>	<p>Hotel chains, small restaurant owners, hotel employees, and local residents remain interested in participating in component activities.</p>
<p>Component 4. Development and positioning of the destination.</p>	<p>At least 30 local residents are providing services as part of the products developed under the project (10 in year 3, and 20 in year 4).</p> <p>By the time the project is 50% complete, national and international tour operators are marketing at least 6 business opportunities for MSMEs, including 4 newly created eco-cultural tourism services.</p> <p>By project end, national and international tour operators are marketing at least 12 business opportunities for MSMEs, including 6 newly created eco-cultural tourism services.</p> <p>By project end, at least 180 local residents are participating in new activities made possible by the linkages established under the project.</p>	<p>Midterm and final evaluations by outside consultant.</p> <p>PCR.</p> <p>Inspection visits by sector specialist.</p> <p>PPMR.</p> <p>Semiannual and final reports by executing agency.</p>	

Objectives	Indicators	Means of verification	Assumptions
Activities			
<p>Activities in Component 1 (\$42,000)</p> <p>(i) Events to raise awareness of best practices in the project's three target areas and to disseminate outcomes.</p> <p>(ii) Consultants to advise the destination's key stakeholders on the fundamentals of socially responsible management and on developing a system with the minimum essential features for a socially responsible business relationship, building corporate social responsibility (CSR) into a business so that it can regulate itself; and designing a work methodology for the value chain to be developed under Component 3.</p> <p>(iii) Workshops to design a strategy for the destination with the involvement of all public- and private-sector stakeholders, including development agencies active in the area.</p> <p>(iv) Documentation of processes and their ongoing dissemination within the cluster network, as well as documentation of project progress in coordination with the National Competitiveness Council (CNC).</p>	<p>(i) (a) 2 general awareness-building seminars are held each year, to describe the different target customer groups and disseminate best practices in the project's 3 target areas; (b) 6 workshops each year with at least 6 key segments within the destination (small hotels, restaurants, marina superintendents, excursion companies, diving centers, and businesses); (c) 1 seminar each year (4) with the coordinators of the country's other 7 tourism clusters.</p> <p>(ii) Best practices are developed in the first six month-period; and a work methodology developed for the value chain in the second half of year 1.</p> <p>(iii) 8 semiannual workshops are held between the first and eighth six-month periods of project execution.</p> <p>(iv) Ongoing documentation of processes in an operating manual to be published at project and. 8 semiannual coordination meetings with the tourism cluster network are held between the first and eighth six-month periods of project execution.</p>	<p>Report on events and records of attendance by beneficiaries in each region.</p> <p>Consultant contracts.</p> <p>Inspection visits by sector specialist.</p> <p>Semiannual and final reports by executing agency.</p> <p>Midterm and final evaluations by external consultant.</p> <p>PPMR.</p> <p>PCR.</p>	<p>Destination stakeholders are interested in participating in the project.</p>

Objectives	Indicators	Means of verification	Assumptions
<p>Activities in Component 2 (\$207,500)</p> <p>(i) Land-use plan for the town and marina of Bayahibe.</p> <p>(ii) Preliminary feasibility and cost study for building a regional wastewater treatment plant.</p> <p>(iii) Waste collection system design for Saona Island and the beaches of La Palmilla.</p> <p>(iv) Wetland reclamation plan for the hotel area.</p> <p>(v) Environmental training and education plan targeting local residents and hotel employees.</p> <p>(vi) Training in the preservation and sustainable management of tourist attractions, paving the way for adoption of best practices in the design and operation of products and services.</p> <p>(vii) Training of the destination's local residents and hotel employees environmental conservation and their importance to it, proper waste collection and disposal, workplace health and sanitation, etc.</p> <p>(viii) Program to monitor water quality in the hotel area.</p>	<p>(i) Plan developed in year 1, consensus reached by the time the project is 50% complete, and in ongoing implementation in years 2, 3, and 4.</p> <p>(ii) Study done by the time the project is 50% complete.</p> <p>(iii) System designed in year 1 and implemented in years 2 and 3.</p> <p>(iv) Plan developed in year 1.</p> <p>(v), (vi), (vii) 4 courses on environmental conservation given to 25 LOCAL RESIDENTS in each of years 1, 2, and 3. 4 courses on occupational health and sanitation and environmental conservation given to 25 HOTEL EMPLOYEES in each of years 1, 2, and 3.</p> <p>(viii) 36 tests done each year.</p>	<p>Consultant contracts.</p> <p>Inspection visits by sector specialist.</p> <p>Semiannual and final reports by executing agency.</p> <p>Midterm and final evaluations by external consultant.</p> <p>PPMR.</p> <p>PCR.</p>	<p>Sufficient technical and consulting services are available.</p> <p>There is demand for the new services.</p> <p>Microenterprises and small businesses take advantage of occupational training and business opportunities.</p>

Objectives	Indicators	Means of verification	Assumptions
<p>Activities in Component 3 (\$538,000)</p> <p>(i) Consulting assignment to identify linkage opportunities for local MSMEs and adapt a technical methodology for the destination to design products and services.</p> <p>(ii) Design a range of tourism products and services to be sustainably managed within the destination.</p> <p>(iii) Design management plans for the public-use areas of most important sites identified: (a) a botanical garden to be built and added to the circuit of natural springs, (b) archaeological resources to be identified, and exhibits developed, (c) an excursion service to points of historical, cultural and natural interest, (d) management of tourist transportation to Saona Island, and (e) signage design for Eastern National Park.</p> <p>(iv) Provide training and support to MSMEs in product design and the sale and operation of tourist packages.</p> <p>(v) Provide training on how to identify and manage linkages.</p> <p>(vi) Provide partnership and linkage training to stakeholders as technical support for the strategy developed under Component 1.</p> <p>(vii) Prepare guidelines for sustainable management of tourist attractions.</p> <p>(viii) Prepare a manual on caring for fragile and vulnerable tourist attractions.</p> <p>(ix) Introduce a quality certification system for small restaurants.</p>	<p>(i) Consulting assignment completed in year 3</p> <p>(ii) Consulting assignment completed in year 3.</p> <p>(iii), (iv), (v), (vi) Management plans designed in years 1 and 2. 600 people trained in years 1 and 2.</p> <p>(vii) Guidelines completed by the end of year 2.</p> <p>(viii) Manual completed by the end of year 2.</p> <p>(ix) System implemented in year 1.</p>	<p>Consultant contracts.</p> <p>Inspection visits by sector specialist.</p> <p>Semiannual and final reports by executing agency.</p> <p>Midterm and final evaluations by external consultant</p> <p>PPMR.</p> <p>PCR.</p>	<p>Destination stakeholders are interested in participating in the project.</p> <p>Hotel chains facilitate training courses.</p> <p>Hotel employees and local residents attend training courses.</p>

Objectives	Indicators	Means of verification	Assumptions
<p>Activities in Component 4 (\$251,500)</p> <p>(i) An integrated communication and promotional strategy for the destination.</p> <p>(i.b) Prepare publications and promotional materials, including a brochure on Eastern National Park, a visitor survey form, guidebooks, flyers and signs.</p> <p>(i.c) Develop a joint marketing model for MSME linkages.</p> <p>(i.d) Promote sustainable tourism products (product design, market analysis, environment and archaeology). After researching at least the principal eco-cultural tourist attractions, products already on the market, the existing tour operators and promotional activities, and other relevant factors, a proposal will be made to the La Romana – Bayahibe regional tourism competitiveness cluster for a revised, technically designed set of products and services for the destination.</p> <p>(i.e) A public relations specialist to design an image for the destination as an eco-cultural tourist destination.</p>	<p>(i) The integrated communication and promotional strategy is completed by year 4.</p> <p>(i.b) 100,000 copies of promotional materials are produced on a rolling basis.</p> <p>(i.c) Consulting assignment completed in year 3.</p> <p>(i.d) Consulting assignment completed in years 3 and 4.</p> <p>(i.e) Consulting assignment completed in year 4.</p>	<p>Consultant contracts.</p> <p>Inspection visits by sector specialist.</p> <p>Semiannual and final reports by executing agency.</p> <p>Midterm and final evaluations by external consultant</p> <p>PPMR.</p> <p>PCR.</p>	<p>Sufficient technical and consulting services are available.</p> <p>Government authorities cooperate on activities.</p> <p>Hotel chains facilitate training courses.</p> <p>Hotel employees and local residents attend training courses.</p> <p>Sufficient technical and consulting services are available.</p>

BUDGET SUMMARY
MODEL FOR SUSTAINABLE TOURISM MANAGEMENT IN BAYAHIBE
(DR-M1005)

Components/budget categories	MIF contribution	Local counterpart	TOTAL
Coordination and logistics	\$98,000	\$52,740	\$150,740
Coordination			
Personnel	\$86,400	\$24,000	\$110,400
Project coordinator	\$86,400		\$86,400
Accountant (part-time)		\$18,000	\$18,000
Administrative assistant (part-time)		\$6,000	\$6,000
Logistics	\$11,600	\$28,740	\$40,340
Office space (US\$330/month)		\$15,840	\$15,840
Furnishings (US\$250 x 42 months)		\$10,500	\$10,500
Communications (US\$50/month)		\$2,400	\$2,400
Domestic travel	\$9,600		\$9,600
Component 1. Awareness-building, structure of the destination, dissemination of model	\$42,000	\$35,200	\$77,200
1.1 Events to build awareness and disseminate outcomes	\$6,000	\$27,200	\$33,200
1.2 Technical assistance for CSR best practices and linkage methodology	\$27,000		\$27,000
1.3 Strategy development workshops			
1.4 Technical assistance: Operating manual design	\$9,000		\$9,000
Component 2: Environmental conservation and training	\$207,500	\$288,000	\$495,500
2.1 Technical assistance: Land-use plan	\$100,000	\$100,000	\$200,000
2.2 Technical assistance: Feasibility study for building wastewater treatment plant	\$20,000		\$20,000
2.3 Technical assistance: Design of waste collection system for Saona Island	\$70,000	\$10,000	\$80,000
2.4 Technical assistance: Wetland reclamation plan	\$7,500	\$7,500	\$15,000
2.5 Technical assistance: Environmental training and education plan		\$4,500	\$4,500
2.6 Technical assistance: Environmental conservation courses for local residents	\$10,000	\$12,000	\$22,000
2.7 Technical assistance: Environmental conservation and occupational health and sanitation courses for employees		\$12,000	\$12,000
2.8 Program to monitor water quality in the hotel area		\$142,000	\$142,000

Components/budget categories	MIF contribution	Local counterpart	TOTAL
Component 3. Joint marketing	\$538,000	\$113,000	\$651,000
3.1 Technical assistance: Identification of linkage opportunities	\$20,000		\$20,000
3.2 Technical assistance: Design of sustainable tourism products and services	\$96,000		\$96,000
3.3 Technical assistance: Design of management plans for public-use areas of most important sites	\$384,000	\$75,000	\$489,000
3.4 Training	\$38,000	\$8,000	\$46,000
Component 4. Development and positioning of the destination	\$251,500	\$47,000	\$251,500
4.1 Communication strategy	\$20,000		\$20,000
4.1.a Promotional materials	\$104,500	\$20,000	\$124,500
4.1.b Joint marketing model	\$40,000	\$27,000	\$20,000
SUBTOTAL	\$1,137,000	\$535,940	\$1,625,940
Contingencies 4%	\$45,480		\$45,480
Baseline, M&E system, and evaluations (2)	\$70,000		\$70,000
Audits (2)	\$20,000		\$20,000
TOTAL	\$1,272,480	\$535,940	\$1,808,420
Cluster oversight activities	\$30,000		\$30,000
GRAND TOTAL	\$1,302,480	\$535,940	\$1,838,420

**RELATED PROJECTS
DOMINICAN REPUBLIC
MODEL FOR SUSTAINABLE TOURISM MANAGEMENT IN BAYAHIBE
(DR-M1005)**

A. Similar or related MIF projects

None.

B. Similar or related Bank projects

Project number / date of approval	Title of project, executing agency and amount	Date of signing and disbursement period in months	Percentage disbursed	Comments
1098/SF-BO 9 January 2002	Support for sustainable tourism development Ministry of Foreign Trade and Investment Loan US\$10 million	25 January 2002 60 months	7%	Red flag. Subprogram to approve 6-8 demonstration projects, US\$6 million, administered by FONDESIF. Five projects approved to date, with only one in the Andean region for nearly US\$1 million.
ATN/SF-8170-EC 18 December 2002	Preliminary studies for the Southern Border of Ecuador sustainable development program Ministry of the Environment and Tourism Technical cooperation US\$146,000	16 June 2003	23%	The objective is to conduct preliminary pre- investment studies for a sustainable development program for Ecuador's four southern border provinces—Morona Santiago, Zamora Chinchipe, Loja and El Oro—with emphasis on: community-based nature and ethnocultural tourism, environmental conservation and sustainable use of natural resources, and sustainable production.
1465/OC-AR 18 June 2003	Support for integrated development of the tourism sector in the Province of Salta Provincial Department of International Financing Loan US\$34,100,000	4 December 2003 54 months	2%	Classified satisfactory. Execution has begun on most components. Component 1 on the tourism sector includes a subcomponent with a number of activities to preserve historical and cultural heritage (US\$4.9 million).

Project number / date of approval	Title of project, executing agency and amount	Date of signing and disbursement period in months	Percentage disbursed	Comments
1464/OC-AR 18 June 2003	Support for modernization of production in the Province of Rio Negro Provincial Unit for Coordination and Execution of External Financing Loan US\$51,900,000	4 December 2003 60 months	1%	Classified satisfactory. Component 1 includes strengthening of the Tourism Department, so that it can better regulate, supervise, and administer tourism services.
ATN/SF-8575-RG 17 December 2003	Action Plan: Development Qhapac Ñan (Inca Trail) UNESCO Office in Lima Technical cooperation US\$250,000	25 June 2004	10%	This technical cooperation operation seeks to design a regional action plan to develop the Inca Trail with the involvement of AR, BO, CH, CO and EC.

C. MIF projects related to the same sector or beneficiaries

Project number / date of approval	Title of project, executing agency and amount	Date of signing and disbursement period in months	Percentage disbursed	Comments
ATN/ME-8456-DR 1 October 2003	Increasing the competitiveness of micro, small, and medium-sized enterprises in Santiago de los Caballeros Manufacturers Association of Northern Region (AIREN) MIF contribution US\$566,000	23 October 2003 42 months	30%	The project is making satisfactory progress.
ATN/MH-9080-DR 2 February 2005	Promoting youth entrepreneurship in Santo Domingo International Advisory Council on Rural Youth (CAJIR) MIF contribution US\$660,000	7 March 2005 54 months	10%	Classified satisfactory.

D. Projects in the sustainable tourism cluster

Project number / date of approval	Title of project, executing agency and amount	Date of signing and disbursement period in months	Percentage disbursed	Comments
ATN/ME-8382-RG 30 July 2003	International accreditation system and consolidation of national systems for sustainable tourism certification to facilitate SME competitiveness and market access Rainforest Alliance US\$3,020,000	27 October 2003 49 months	32.5%	The project assumptions are holding, and activities proceeding without incident, exceeding the original targets in some cases. The first audit report was not delivered on time due to a misunderstanding about dates and the fact that the financial consultant left for another job. The executing agency has been voluntarily covering the project costs temporarily out of its own funds. A recommendation has been made that the executing agency institute a system for reporting on revolving fund status at the subexecuting agency level, using form RE1-733.
ATN/ME-8867-PE 22 September 2004	Promoting the development of the Northeast Tourist Circuit to enhance MSME competitiveness CARETUR Cajamarca and ALAC US\$798,431	18 March 2005 54 months	1%	Yellow flag. Classified unsatisfactory in general, due to executing agency delays in fulfilling the conditions precedent. This is due partly to institutional weaknesses of a legal nature that have not been effectively overcome.
ATN/ME-8977-SU 1 December 2004	Sustainable tourism development Conservation International Suriname (CIS) US\$845,000	10 March 2005 36 months	0%	Satisfactory classification in general. Project implementation started on 10 March 2005. Project coordinator contracted and project goods procured. First consultation process with communities started.
ATN/ME-8987-RG 8 December 2004	Competitive development of rural tourism in the Andes Fundación CODESPA US\$2,028,190	11 March 2005 54 months	2%	Classified satisfactory in general, based on the fact that the project was recently signed and is in the process of filling the conditions precedent. Execution of progress to date is therefore considered satisfactory.
ATN/ME-9211-BR 25 May 2005	Estrada Real network of tourism SMEs State of Minas Gerais US\$1,701,740	Contract pending signature 42 months	0%	Contract pending signature

Project number / date of approval	Title of project, executing agency and amount	Date of signing and disbursement period in months	Percentage disbursed	Comments
ATN/ME-9273-BL 30 June 2005	Improving small business competitiveness in the tourism industry Belize Tourism Industry Association US\$580,000	Contract pending signature 42 months	0%	Contract pending signature
ATN/ME-9410-EC 21 September 2005	Sustainable productive sector development in Galapagos Galapagos Provincial Tourism Board (CAPTURGAL) US\$1,863,616	Contract pending signature 48 months	0%	Contract pending signature

E. MIF Portfolio in the Dominican Republic

MULTILATERAL INVESTMENT FUND										
DOMINICAN REPUBLIC MIF PORTFOLIO										
No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
1	MIF/AT-531	TC9506116	ATN/MT-5065-DR	Strengthening Agricultural Commercialization	JAD	I	15-Nov-95	Completed	294,790	100.00
2	MIF/AT-639-1	TC9504467	ATN/MT-5075-DR	Strengthening of Rural Financial Intermediaries	AIRAC	I	29-Nov-95	Completed	109,231	100.00
3	MIF/AT-634	TC9504491	ATN/ME-5076-DR	Strengthening of Rural Financial Intermediaries	AIRAC	IIIa	29-Nov-95	Completed	1,034,865	100.00
4	MIF/AT-634	TC9505308	ATN/ME-5129-DR	Program to Raise Agricultural Competitiveness	JAD	IIIa	23-Jan-96	Completed	1,920,000	100.00
5	MIF/AT-117	TC9504417	ATN/ME-5237-DR	Capitalization of Banco de la Pequena Empresa, S.A.	BPE	IIIa	29-May-96	Completed	75,000	100.00
6	MIF/AT-85	TC9410507	ATN/MT-5522-DR	Energy Sector Reform	STP	I	9-Apr-97	Completed	1,218,003	100.00
7	MIF/AT-63	TC9509285	ATN/MH-5521-DR	Labor Mediation Training	SET	II	9-Apr-97	Completed	663,000	100.00
8	MIF/AT-63	TC9701097	ATN/MT-5910-DR	Program to Reform Public Enterprises	CREP	I	1-Apr-98	Completed	1,809,248	100.00
9	MIF/AT-70	TC9901005	ATN/MT-6661-DR	Regulatory Framework for Potable Water and Sewerage	STP	I	22-Sep-99	Completed	185,617	100.00

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
10	MIF/AT-62	TC9912023	ATN/ME-6947-DR	Institutional Strengthening ADOPEM	ADDM	IIIa	25-Apr-00	Completed	300,000	100.00
11	MIF/AT-119	TC9912024	ATN/ME-6948-DR	Institutional Strengthening Fondesa	FONDESA	IIIa	25-Apr-00	In execution	300,000	99.56
12	MIF/AT-162	TC9901019	ATN/MT-7252-DR	Program of Support for Banking Regulation and Supervision	BCRD	I	6-Dec-00	Completed	1,300,000	100.00
13	MIF/AT-279	DR0158	64/MS-DR	Improving Remittances Distribution Channels in Microenterprise		IIIb	30-Apr-03	In execution	2,500,000	60.00
14	MIF/AT-379	TC0303015	ATN/ME-8456-DR	Support to Small Industries Linkages in Santiago	AIREN	IIIa	1-Oct-03	In execution	546,000	30.42
15	MIF/AT-324	TC0304042	ATN/ME-8455-DR	Development of Financial and Business Services for Remittance Recipients	AIRAC	IIIa	1-Oct-03	In execution	840,000	18.87
16	MIF/AT-325	TC0201105	ATN/MT-8590-DR	Airport Security Improvements	DA	I	19-Dec-03	In execution	500,000	45.05
17	MIF/AT-574	DR-M1004	ATN/ME-8994-DR	Women's World Banking	ADOPEM	IIIa	8-Dec-04	Approved	70,000	0.00
18	MIF/AT-550	DR-M1004	ATN/ME-8994-DR	Women's World Banking	ADOPEM	IIIb	8-Dec-04	Approved	70,000	0.00
19	MIF/AT-549	DR-M1003	ATN/MH-9080-DR	Youth Entrepreneurs In Action	CAJIR	II	2-Feb-05	In execution	660,000	10.00
							Total MIF Amount		14,395,754	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-___/05

Dominican Republic. Nonreimbursable Technical Cooperation ATN/MT____-DR
Model for Sustainable Tourism Management in Bayahibe

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Asociación de Hoteles de la Romana y Bayahibe (AHB), and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-___ with respect to a technical cooperation supporting a model for sustainable tourism management in Bayahibe.
2. That up to the amount of US\$1,302,480, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of Small Enterprise Development Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

(Adopted on __ _____ 200-)

LEG/OPR/RGII/IDBDOCS#614427
DR-M1005