

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

HONDURAS

LOCAL ETHNOTOURISM BUSINESS NETWORKS

(HO-M1011)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Santiago Soler (MIF/OPS), Project Team Leader; Gladis Morena Gómez (COF/CHO); María Elena Nawar (MIF/DEU); Javier Jiménez (LEG); and Gustavo Segura (consultant). Olga Patricia Falck (Social Specialist, COF/CHO) and Antonio José Paz (Sector Specialist, COF/CHO) were involved in reviewing the project.

CONTENTS

EXECUTIVE SUMMARY

I.	BACKGROUND AND RATIONALE	1
A.	Recent performance of tourism in Honduras	1
B.	The National Sustainable Tourism Strategy (ENTS)	1
C.	Overview of programs that support ethnic groups in Honduras	2
D.	Sector limitations and project response	3
II.	OBJECTIVES AND DESCRIPTION	4
A.	Objectives	4
B.	Components and activities	4
III.	COST AND FINANCING	7
A.	Cost and financing	7
B.	Project sustainability	7
IV.	PROJECT EXECUTION	8
A.	Executing agency and implementing mechanism	8
B.	Procurement of goods and services	10
V.	MONITORING AND EVALUATION	10
VI.	BENEFICIARIES AND RISKS	11
A.	Beneficiaries	11
B.	Risks	12
VII.	SOCIAL AND ENVIRONMENTAL CONSIDERATIONS	12

ANNEXES

Annex I	Logical framework
Annex II	Summary budget
Annex III	List of related projects and projects in the MIF sustainable tourism cluster

Proposed resolution

INFORMATION AVAILABLE IN THE FILES

Document I	Operating Regulations
Document II	Terms of reference for the PEU and the principal consulting services
Document III	Situation in the tourism sector
Document IV	Table of complementary projects in Honduras
Document V	GANTT and PERT charts, including triggers
Document VI	General MIF guidelines for design and administration of nonreimbursable technical cooperation projects
Document VII	Procurement plan

ABBREVIATIONS

AWP	Annual work plan
CABEI	Central American Bank for Economic Integration
CANATURH	Cámara Nacional de Turismo de Honduras [Honduran Chamber of Tourism]
FHIS	Fondo Hondureño de Inversión Social [Honduran Social Investment Fund]
ICT	Information and communications technology
IHT	Instituto Hondureño de Turismo [Honduran Tourism Institute]
MIF	Multilateral Investment Fund
MSMEs	Micro, small, and medium-sized enterprises
NSTS	National Sustainable Tourism Strategy
PCR	Project completion report
PEU	Project executing unit
PPMR	Project performance monitoring report

EXECUTIVE SUMMARY

HONDURAS LOCAL ETHNOTOURISM BUSINESS NETWORKS (HO-M1011)

Executing agency:	CARE International	
Beneficiaries:	Direct project beneficiaries will be: (a) 500 enterprises (450 individual and 50 community) in the Garifuna, Chorti Maya, and English-speaking Black ethnic groups of Honduras, at least 150 of which will receive technical assistance and 400 will receive microcredits; (b) 45 people trained as tourism instructors; and (c) nine communities will receive investments in basic and tourism-related services.	
Amount and source:	MIF (Facility IIIa): ¹	US\$1,373,386 (70%) ²
	Local contribution:	US\$ 568,599 (30%)
	Total:	US\$1,941,985 (100%)
Objectives and description:	<p>The goal of the project is to help improve the quality of life of Garifuna, Chorti Maya, and English-speaking Blacks in Honduras by involving them in the country's rapidly expanding tourism sector.</p> <p>The purpose is to design and put into operation three ethnotourism networks, made up primarily of members of the Chorti Maya, Garifuna, and English-speaking Black ethnic groups of Honduras, that will foster the development of businesses offering tourism products and services, through production linkages.</p>	
Terms:	<p>Execution period: 48 months</p> <p>Disbursement period: 54 months</p>	
Special contractual conditions:	<p>Conditions precedent to the first disbursement of Bank resources: (1) selection of the coordinator of the project executing unit; and (2) approval of the Operating Regulations in keeping with the terms previously agreed to with the Bank.</p> <p>The following conditions for execution must be met within four months after the technical cooperation agreement has been signed:</p>	

¹ The MIF contribution includes US\$15,000 for tourism cluster coordination activities.

² The percentage excludes cluster activities.

(1) signature of the interagency cooperation agreements between CARE and each of the following: the Honduran Chamber of Tourism (CANATURH), Honduran Tourism Institute (IHT), and Honduran Social Investment Fund (FHIS); (2) creation of the project's directing council; and (3) directing council approval of the annual work plan for the first six-month period, including the respective performance matrix; and presentation of the baseline indicators, particularly the triggers.

**Exceptions to
Bank policies:**

None.

**Social and
environmental
impact:**

The Committee on Environment and Social Impact reviewed the project at its 21 July 2006 meeting. Its recommendations, and the actions taken in response, are summarized in paragraph 7.1.

**Coordination with
other development
finance
institutions:**

The project will be coordinated with the FHIS's *Nuestras Raíces* (Our Roots) project, which receives World Bank funding and is described in paragraph 1.8.

I. BACKGROUND AND RATIONALE

A. Recent performance of tourism in Honduras

- 1.1 According to official information from the Instituto Hondureño de Turismo [Honduran Tourism Institute] (IHT), a total of 1,194,100 foreigners entered the country in 2005, 67% of whom stayed at least one night, while the remaining 33% were day visitors, mostly cruise ship passengers.³ Over the past four years, tourist arrivals have grown at an average rate of 13% annually, evidence of buoyant growth in Honduras's tourism sector. The number of visiting cruise passengers is growing at a faster pace than tourist arrivals.
- 1.2 The tourism industry is the third largest generator of foreign exchange in Honduras, surpassed only by in-bond assembly and family remittances, and followed by traditional exports such as coffee and bananas, and other exports that have stagnated in recent years, such as shrimp and lobster. In 2004, tourism accounted for 13% of the total foreign exchange generated in the country. In 2005, it generated US\$431 million in revenues. This figure has been growing at an average annual rate of 8% during the last four years.
- 1.3 Other figures for the last four years illustrate the vigor of Honduras' tourism sector: 12% average annual growth of direct and indirect employment in the sector, 4% average annual growth in the number of hotel beds, and the average length of stay has held steady at 11 days. Promising growth has also been observed in the number of restaurants (6% per annum) and, to a lesser extent, handcraft stores (2.3% per annum).⁴

B. The National Sustainable Tourism Strategy

- 1.4 In late 2005, the Honduran Tourism Institute (IHT) officially presented the National Sustainable Tourism Strategy (NSTS) at the National Tourism Congress. It was formulated primarily with funds from operation ATN/SI-8702-HO, National Strategy and Plan for Investment in Sustainable Tourism, supplemented by funds from the National Competitiveness Program, which is financed by the Inter-American Development Bank under the Program to Promote Business Competitiveness and Strengthen Foreign Trade Management.
- 1.5 Although it is the only country in the region with six tourism products/attractions, tourism development in Honduras currently centers on scuba diving and archeology—the main drivers of tourism in that country. Since both these products have a limited carrying capacity, there is an urgent need to develop alternate products to disperse tourism activity and diversify primary products to complement the new products, without sacrificing the quality of the main attractions. The new NSTS seeks to: (i) convert the current “main drivers” (archaeology/diving) into complementary products and diversify their supply; and (ii) to jumpstart the sun,

³ Source: www.letsghonduras.com.

⁴ Document III in the technical files includes a detailed analysis of the situation in the tourism sector in Honduras.

beach, nature, and archaeology products as distribution centers and the principal drivers of tourism in Honduras. The aim is to create two new **distribution centers**, one in Bahia de Tela and the other at Copán Ruins, both of which are population centers for the Garifuna and Chorti Maya ethnic groups. Moreover, the current drivers of tourism also occur—in addition to at Copán Ruins—in Roatán, home to the English-speaking Blacks. Thus, the ethnic groups targeted by this project live precisely where tourism activity is expanding, or where it is expected to grow in the future.

- 1.6 Construction of the new airport close to Copán Ruins and the basic services infrastructure project of the Integrally Planned Tourism Center in Bahia de Tela (both of which receive Bank support), combined with the interest shown by international investment groups and Garifuna residents of the project areas, are included as important elements of the NSTS. Another important element of the national strategy is to strengthen regional tourism organizations. Honduras participates actively in two such organizations: the Mundo Maya Organization and the Central American Tourism Agency (CATA).

C. Overview of programs that support ethnic groups in Honduras

- 1.7 Recently, a US\$3 million World Bank-financed project, known as the “Prosperity Fund” (Sustainable Coastal Tourism Project), was implemented in Honduras to create an environment for sustainable tourism development along the Northern Coast and on the Bay Islands. Under that project, nonreimbursable seed capital was provided for numerous micro- and small business entrepreneurs, though not necessarily of ethnic origin. Although many small businesses are operating today thanks to this project, many of the projects are poorly managed, since little post-project support was provided, and are therefore at a standstill or incomplete.
- 1.8 There is another project under way that specifically targets ethnic groups: the Honduran Social Investment Fund’s “*Nuestras Raíces*” (Our Roots) project. This World Bank-financed project supports development initiatives among the country’s nine ethnic groups, promoting the productive, cultural, and social capital of their communities. Currently in stage four, the project finances community-proposed microprojects for basic social infrastructure, as well as technical assistance to community federations and individuals with respect to the project cycle, to ensure better monitoring and evaluation. By 2003, the project had benefited more than 125,000 families and financed almost 3,000 projects (17% in Garifuna communities, 3% in Chorti Maya communities, and less than 2% in the English-speaking Black community).
- 1.9 In short, no specific project in the country supports ethnic business ventures, be they community or individual. Current indicators of economic growth in tourism in Honduras show that there is already robust activity around the Copán Ruins and the Bay Islands (particularly cruise ship passengers), but no sign that this is directly benefiting these communities. Indicators of future tourism growth in the country forecast greater activity surrounding Bahia de Tela, Copán Ruins, and Roatán (the

first two as distribution centers, the latter as a cruise destination). Honduras is at a crossroads and needs a project to equip its ethnic communities to take part in this growth through small and medium-sized businesses, and not merely as the providers of marginal employment and services.

D. Sector limitations and project response

- 1.10 Although they are a vital part of the attraction of the country's tourist destinations, Honduras' ethnic groups play a minor role in the expanding tourism industry. This is the result of a combination of the following adverse conditions: (i) incipient and incomplete business development training for the communities; (ii) lack of willingness among microfinance institutions to design programs adapted to the cultural characteristics of ethnic groups and to the particular nature of tourism (i.e., seasonal variation of business volumes, which requires adjustment of loan repayments to the business cycle); (iii) infrequent use of family remittances from ethnic emigrants for investment activities (mostly used for basic and luxury consumption); (iv) businesses are not usually organized to create synergies and to pursue joint solutions to shared problems (i.e., marketing, supply, training, and access to credit, among others); (v) inability to participate in the IHT's international promotion efforts; (vi) poor quality and inconsistent delivery of tourism services/products; (vii) limited willingness on the part of dominant business groups (cruise lines, large hotels, large tour operators) to relinquish some control of the tourism experience and the generation of indirect revenues (other than their principal business) to ethnic businesses; and (viii) matters related to tourist safety including possible crimes against visitors, unsuitable food handling, and inadequate drinking water, wastewater, and sewage disposal systems at tourist attractions.
- 1.11 The **value added** of this MIF project is that it will offer a comprehensive solution to many of the aforementioned constraints, so that ethnic groups can create companies that provide tourism services and products, provide satisfactory services, and participate successfully in the present and future benefits of the tourism boom in Honduras. The project will use a practical approach, providing the businesses with training and support, and then helping them create networks that will enable them to capitalize all joint efforts in marketing, financing (from the country's financial sector and the remittances from family members living abroad), and to maintain quality standards.
- 1.12 The project aims to supplement the MIF-financed technical assistance, in a coordinated fashion, with microcredits arranged by CARE International, investment funds and basic infrastructure managed by the FHIS, Bank loans in the target areas of this project, and the promotional activities of the IHT and the National Tourism Chamber of Honduras (CANATURH).⁵

⁵ Document IV in the technical files contains the objectives and beneficiaries of projects related to the one described herein.

- 1.13 This project is **justified** because the MIF's participation, with its experience and resources, will constitute a differentiating and enabling factor in support of entrepreneurship among the three ethnic groups. The project is consistent with the mandate of the Operational Policy on Indigenous Peoples (OP-765), and is part of the MIF sustainable tourism cluster because: (i) it shares the approach to sustainable tourism, which is consistent with the worldview of indigenous peoples; (ii) it will channel support to small businesses that will enable them to upgrade their management capabilities and be competitive; and (iii) it provides MIF additionality in identifying and promoting ethnotourism products to be offered by indigenous people themselves ("living heritage").

II. OBJECTIVES AND DESCRIPTION

A. Objectives

- 2.1 The **goal** of the project is to help improve the quality of life of Garifuna, Chorti Maya, and English-speaking Black ethnic groups in Honduras, by involving them in the rapidly expanding tourism sector. The **purpose** is to design and put into operation three ethnotourism networks, made up primarily of members of the Chorti Maya, Garifuna, and English-speaking Black ethnic groups of Honduras, that will foster the development of businesses offering tourism products and services, through production linkages. To that end, the project is divided into five components:

B. Components and activities

- 2.2 **Component 1: Development and implementation of the organizational model for participation by the three ethnic groups. (MIF US\$99,240; counterpart US\$30,250).** The purpose of the first component is to determine the organizational approach, at all levels (including criteria for participation, corporate image, regulations and standards, delimitation), and provide it with a specific and participatory structure, making the different stakeholders aware of its strategic importance. To this end, the following activities are planned: (i) technical assistance to map out the three networks and their business plans, organizational model, and operating manual; (ii) a launch seminar to present successful international case studies; (iii) 15 local awareness-raising workshops for potential participants in each network, as well as private and public stakeholders; (iv) three training workshops to help the members of each network increase their knowledge of their rich historical, natural, and cultural heritage; (v) three seminars in home-town associations in the United States to encourage emigrants to make productive investments in their communities of origin (through the trust to be developed under Component 2, activity 2.6); and (vi) dialogue with the Florida Cruise Association in the United States.
- 2.3 By project end, the operational and financial sustainability of the three ethnic networks are expected to be set forth in a strategy and action plan for their

implementation. The networks are expected to be designed, equipped with an operating structure, and engaged in developing businesses in the project area.

- 2.4 **Component 2: Design of products and services inspired by the knowledge and worldview of the indigenous and black peoples (MIF US\$197,000; counterpart US\$63,400).** The purpose of this component is to transform, in the short and medium terms, the many natural, cultural, and historical attractions of the three ethnic networks, which form the basis of potential tourist attractions, into truly marketable products (includes pricing, design, and sales and promotional mechanisms). The following activities will be carried out: (i) consulting service to select tourist attractions (includes inventory of supply), compile historical content (using existing inputs), and make recommendations for developing them; (ii) design of the tourism products that can be marketed by domestic and international wholesale operators (different target groups, costs, schedules, etc.); (iii) technical assistance to evaluate new businesses' basic infrastructure and tourist installation needs, and to formulate the preinvestment plan (through municipal development plans and/or the ethnic PEPDIM) and for microcredits; (iv) technical assistance to support the execution of investments in infrastructure, waste management; tourism signposting; and the investment of counterpart funds (FHIS, IHT); (v) technical assistance to support execution of the microcredit program (construction and furnishing the enterprises) and equipment (treatment plants, procurement of information and communications technologies (ICTs) for management and marketing, among others); and awarding of microcredits by finance agencies and cooperatives with own funds and funds from the Central American Bank for Economic Integration (CABEI); (vi) consulting service to analyze and structure a trust fund to be fed by the contributions (remittances) from emigrants of the three ethnic groups, and by other sponsorship arrangements; and (vii) consulting service to define a unified calendar of events for each network.
- 2.5 The outcomes of this component will be at least 10 types of tourist attractions selected for the three ethnotourism networks, and recommendations for developing them (i.e., craft workshops, festivals and rituals, private natural reserves, gastronomy, adventure sports, academic/scientific tourism, among others). Another outcome will be tools to ensure that these attractions are developed based on suitable criteria compatible with the ethnic, historical, and cultural considerations of the networks. There will also be a line of at least six integrated, marketable products/services per network.
- 2.6 **Component 3: Training for micro-, small-, and medium-sized enterprises (MSMEs) and individuals in the lodging, gastronomy, management, and tour operation sectors (MIF US\$405,000; counterpart US\$150,300).** The purpose of this component is to prepare educational materials and training courses for instructors through the country's universities/institutes, to validate them, and then to train individuals and staff at participating businesses in each network. This component includes the following activities: (i) consulting service to prepare educational materials and training courses on **basic aspects** of tourism operations;

- (ii) consulting service to prepare educational materials and training courses on **technical aspects** of tourism operations; (iii) training of instructors/evaluators in the basic and technical aspects of tourism operations; and (iv) technical assistance, courses, and workshops to train microbusinesses in the management of their products and services, building the value chain.
- 2.7 The outcomes of this component are expected to be at least 500 MSMEs and individuals trained in basic aspects of tourism operations, and at least 200 trained in technical aspects of tourism operations, during years two, three, and four.
- 2.8 **Component 4. Marketing and promotion of ethnic products (MIF US\$195,200; counterpart US\$156,000).** The purpose of this component is to ensure that the products offered through the networks generate effective demand, using modern marketing and commercialization strategies. For this strategy to be successful, the previous project components must have been carried out. The following technical assistance activities are planned for this component: (i) design and registration of the brand, ethnic corporate identity, and users' manual, all consistent with the country image; (ii) development of a marketing and communications plan (promotion, commercialization, and public relations); (iii) assistance for MSMEs to attend international events; (iv) local and international familiarization trips ("fam trips") (tour operators and specialized travel agencies); (v) press trips for national and international journalists; (vi) design of promotional, advertising, and marketing materials (one guide and one promotional pamphlet); (vii) design and maintenance of a network website; and (viii) design of business-of-the-year awards (gastronomy, lodging, tour guides) for tourism enterprises.
- 2.9 Outcomes of this component will include the design and validation, for each network, of a brand consistent with the country image, including the users' manual and commercialization tools; a marketing plan being implemented; and at least 20 tour operators (10 domestic inbound operators and 10 international outbound operators) offering the ethnic products as part of their packages.
- 2.10 **Component 5. Implementation of a system to monitor and evaluate comparative social impact (benchmark system) in each ethnic network (MIF US\$33,000; counterpart US\$15,200).** The purpose of this component is to systematize and monitor the project's social impact in each network, and to document the work model to ensure that it continues over the long term and is replicable in other countries. This component includes the following technical assistance activities: (i) consulting service to define the system to monitor the social impact of the project in each network; and (ii) consulting service to systematize the project.
- 2.11 The outcomes of this component include the capacity to measure whether the project improved the quality of life of the participating ethnic groups. In addition, a work model will exist that ensures continuity after the project comes to an end, and the feasibility of replicating the model in other settings, either in Honduras or abroad.

III. COST AND FINANCING

A. Cost and financing

- 3.1 The cost of the project is estimated at US\$1,941,985 equivalent, of which US\$1,373,386 will be provided by the MIF and US\$568,599 by the counterpart, at least half of the latter in cash. The MIF contribution includes US\$15,000 for tourism cluster activities. A summary budget follows (the detailed budget is presented in Annex II).

(in U.S. dollars)

Category	MIF (US\$)	Local (US\$)	Total (US\$)
Administration	243,000	60,000	303,000
Logistics	78,420	43,449	121,869
Component 1	99,240	30,250	129,490
Component 2	197,000	63,400	260,400
Component 3	405,000	150,300	555,300
Component 4	195,200	156,000	351,200
Component 5	33,000	15,200	48,200
Subtotal	1,250,860	518,599	1,769,459
Contingencies 3%	37,526	50,000	87,526
Baseline and evaluations	50,000	0	50,000
Audits (4)	20,000	0	20,000
Total	1,358,386	568,599	1,926,985
Cluster activities	15,000		15,000
Grand total	1,373,386	568,599	1,941,985
	70%	30%	

B. Project sustainability

- 3.2 Once the project has ended, there will be four important spending categories: (i) network administration; (ii) ongoing marketing programs; (iii) website maintenance; and (iv) support for the businesses to help them continue providing satisfactory tourism services. It is hoped that, after the project has been completed, there will be strong motivation to participate in the networks among businesses involved from the beginning and others that joined later. The principal funding sources for the project will be: (i) membership fees of participants in the networks; (ii) sale of advertising space on the networks' website; (iii) contributions from the trust fund to be developed by the project (using family remittances); and (iv) public sector contributions to ensure local development of the priority areas of the NSTS.

In addition, the networks are expected to become an important part of the IHT's international promotional tours to represent Honduras as a tourism destination.

- 3.3 A year before the project ends, CARE will present its sustainability strategy at a **sustainability workshop** attended by Bank representatives. The purpose of this workshop will be to examine the possibilities of the model continuing autonomously after MIF support comes to an end.

IV. EXECUTION

A. Executing agency and execution mechanism

- 4.1 **Executing agency.** The project's principal executing agency will be CARE International, which, through its representative in Honduras, will sign cooperation agreements with the Honduran Chamber of Tourism (CANATURH), the Honduran Tourism Institute (IHT), and the Honduran Social Investment Fund (FHIS). The Bank's prior institutional analysis concluded that CARE had the capacity to manage the project, had access to the project's target beneficiaries, and could meet the need for counterpart funds for the project's technical assistance and microcredit activities.⁶ CARE does, however, have limited experience with tourism projects, so its efforts will need to be supplemented by other institutions with sector know-how (for example CANATURH and the IHT). This will enable the project to provide comprehensive assistance and meet the needs for investments in basic infrastructure, in accordance with the FHIS' work plan and priorities for its work with ethnic groups, and to procure equipment.⁷
- 4.2 CARE International is a nonprofit agency with operations worldwide. Its mission is to serve individuals and families in the poorest communities of the world. It was founded in 1945 and has been authorized by the Government of Honduras to work in that country. CARE currently has programs in 12 of the country's 18 departments, with more than 250,000 beneficiaries.
- 4.3 **Execution mechanism.** The project executing unit (PEU) will be in La Ceiba, at CARE regional headquarters, which will provide the necessary space and equipment. The PEU will comprise a full-time project coordinator and a full-time administrative/financial officer contracted with project funds; a part-time accountant will be hired with counterpart funds.
- 4.4 The PEU's work will be based on an annual work plan and a performance matrix.⁸ It will be responsible for technical coordination, overall project implementation, and channeling no objection requests for procuring project goods and services. In

⁶ The microcredit is a CARE contribution.

⁷ With IHT resources through the Tourism Development Fund.

⁸ Document IV in the technical files details the arrangement and the verification of triggers.

addition, a tourism specialist will be contracted on a limited basis to support the PEU, to address the specific objectives of the components.⁹

- 4.5 The Honduran Chamber of Tourism (CANATURH) is a nonprofit agency whose mission is to promote business development as a basis for social and economic development in the country. It was founded in 1976 to bring together associations, individuals, and/or legal entities devoted to tourism, to represent their interests before society, other organizations, and the government.
- 4.6 The Honduran Tourism Institute (IHT) is an autonomous state agency founded in 1993 to oversee the planning and promotion of tourism activity in Honduras, at both the local and international levels. Its mission is to lead tourism development in the country through planning, support for developing and diversifying tourism supply, support for operating tourism services and promotion, all the while coordinating the actions of different bodies and levels of government.
- 4.7 The Honduran Social Investment Fund (FHIS) is an autonomous state body responsible for improving the quality of life of Honduran inhabitants through investments in basic services infrastructure, especially in rural communities. Its mission is to promote local development through social and production-related infrastructure projects in rural areas and in mid-sized and small cities, serving the poorest and most vulnerable segments of the population.
- 4.8 The PEU will prepare an annual work plan (AWP) to plan project activities for a 12-month period, the corresponding costs, and the expected disbursement schedule. The AWP will be prepared in the format established by the Bank.
- 4.9 A program **directing council** will be created for the purposes of coordination and consultation. It will be made up, in equitable proportion, of one representative and one alternate from each of the following national-level entities: CARE, CANATURH, IHT, and FHIS. The specific duties of the directing council will include taking cognizance of the AWP, guiding and orienting program implementation, and approving amendments to the Operating Regulations. It will function as a collegiate body, with a single voice exercised by the CARE representative, who will chair the council.¹⁰
- 4.10 An **Advisory and Consensus-building Panel** will also be established. Invitations to participate will be extended to one representative each of the regional/local institutions of recognized prestige, that are knowledgeable in the area of tourism, and that operate in the project area; local authorities of La Ceiba, Tela, Roatán, Santos Guardiola, and Copán Ruins will also be invited to participate. The principal duties of this panel will be to: (i) contribute local experience with tourism, ethnic culture, and local development, which will serve as inputs for the different initiatives being promoted; (ii) provide guidance on matters specific to the topic;

⁹ The duties of CARE and the PEU are spelled out in the Operating Regulations.

¹⁰ The Operating Regulations specify the duties of the chair.

(iii) establish working groups or special technical committees to support its efforts, bringing in specialists and technical personnel if necessary; and (iv) help identify and enter into agreements with private and public institutions that enhance project sustainability.

- 4.11 **Execution period.** The project is scheduled to be implemented over a 48-month period, and will have a disbursement period of 54 months.
- 4.12 **Project readiness.** Project objectives, components, and activities have been agreed upon; the executing agency has delivered a letter pledging to contribute the counterpart funds; the Operating Regulations have been written; and the terms of reference of the principal consulting services have been agreed upon.

B. Procurement

- 4.13 CARE International, through the PEU, will procure the goods and services that are needed for the project and have been approved previously by the Bank in the semiannual procurement plan. Procurements will be made at market prices and using competitive methods, pursuant to the procedures established in the Policies for selection and contracting of consultants financed by the IDB (document GN-2350-7), the Policies for the procurement of works and goods financed by the IDB (document GN-2349-7), and the MIF guidelines of 8 August 2006.

V. MONITORING AND EVALUATION

- 5.1 **Supervision and monitoring.** The Bank's Country Office in Honduras will be responsible for project supervision and monitoring. A **closing workshop** will be scheduled at the end of the execution period, to evaluate the outcomes and determine what actions are needed to increase project impact.
- 5.2 **Management reports.** The PEU will prepare semiannual progress reports that should cover, for the period under review: (i) the progress made vis-à-vis the expected midterm and final outcomes called for in the work plan; (ii) budget execution; (iii) administrative matters; (iv) monitoring of agreements; (v) principal achievements and problems; and (vi) the actions stemming from the above. The semiannual progress reports will also include the work plan and procurement plan for the following six-month period, and will be sent to the Bank within 30 days after the end of each six-month period. The last semiannual report will be submitted as the final project report.
- 5.3 **Evaluation.** In a period not to exceed three months after the operation enters into effect, the Bank will hire, with the agreement of the executing agency, a consultant to design the monitoring and evaluation system, and to develop the baseline. The evaluation system will be based on the logical framework and will have a criterion for overall quality. It should provide for the analysis of the following: (i) relevance, currency, and degree of compliance with project objectives; (ii) quality of services provided; (iii) project sustainability once the MIF contribution has come to an end

(in technical, economic-financial, social, and institutional terms); (iv) possibilities for expansion or replication; and (v) impacts.

- 5.4 Two project evaluations will be conducted by a specialized individual consultant, to be selected and contracted directly by the Bank. The first evaluation will be commissioned once 50% of the total contribution has been disbursed, or 24 months after the first disbursement, whichever occurs first. The final evaluation will be conducted once 90% of the contribution has been disbursed, or three months before the last disbursement, whichever occurs first. Should the MIF be interested, an impact assessment may be carried out—with MIF funds—three years after the conclusion of the operation. To this end, the executing agency should maintain the monitoring and evaluation system on an ongoing basis.
- 5.5 **Accounting and audit:** The executing agency is to present audited financial statements on an annual basis.

VI. BENEFICIARIES AND RISKS

A. Beneficiaries

- 6.1 Direct project beneficiaries are: (i) 500 enterprises (450 individual and 50 community) in the Garifuna, Chorti Maya, and English-speaking Black ethnic groups of Honduras, which will be organized into ethnotourism networks, sensitized and trained to develop and manage tourism products as part of the networks. Of these, at least 150 will receive practical technical assistance throughout the life of the project, and at least 400 will receive microcredits; (ii) 45 people will be trained as instructors of basic and technical aspects of tourism operations in Honduras; and (iii) at least nine communities (3 per ethnic group) will receive investments in basic and tourism-related services (roads, electrification, water supply and sanitation, tourist signposting, and health centers, among others).
- 6.2 As far as indirect benefits are concerned, the establishment of systematized ethnotourism networks is expected to bring about an overall improvement in the quality of life of the ethnic groups living in the municipios of Tela, La Ceiba, Copán Ruins, Roatán, and Santos Guardiola, due to the economic opportunities opened up by increased tourism activity. Other indirect project beneficiaries will be: (i) CANATURH which, with this project, will extend the reach of its current program to strengthen the tourism sector, especially vis-à-vis the impact of its member regional chambers; (ii) the IHT which, in executing the National Tourism Strategy and spearheading a process to expand the tourism industry in the country, has not undertaken specific programs to ensure that the country's ethnic groups benefit effectively from that growth; and (iii) the FHIS, which will be more easily able to channel specific investments to ethnic communities, as called for in its *Nuestras Raíces* program.

B. Risks

- 6.3 The MIF has begun to more accurately identify the possible risks, of both an institutional or socioeconomic nature, that could arise during project execution. In this connection, a consultant was hired as part of the project analysis process to apply a risk analysis tool in the field, which revealed the risks described below. There is a risk that businesses in the ethnic communities will not respond to the invitation to join the networks, or, if they do join, that they will not remain sufficiently interested to ensure project success. This risk will be mitigated by: (i) activities 2, 3 and 4 under Component 1, which will sensitize and promote the project among the beneficiaries in their communities; and (ii) in order to reap the benefits of the promotion and marketing of the networks, which will become evident toward project end, participating businesses must maintain an interest and ensure the quality of their service or product throughout the life of the project.
- 6.4 There is the risk that it will be impossible to coordinate the many stakeholders and initiatives. This will be mitigated through the proposed cooperation agreements between CARE and the IHT, CANATURH, and FHIS, which will specify how the coordination agreed to during project preparation will take place.

VII. SOCIAL AND ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Committee on Environment and Social Impact reviewed this operation at its 21 July 2006 meeting. It recommended that consideration be given to including in project preparation a consultation to obtain inputs from organizations in the target communities. Accordingly, during the mission, and taking into account the results of the risk analysis, meetings were held with community leaders and members in their settlements, in the project's three target regions. In addition, a Garifuna expert in ethnic matters participated as a consultant during project conceptualization and design. Thus, the project will offer the opportunity of involving minority communities in decision-making, which is consistent with the Bank's action plan to promote social inclusion of ethnic groups with a gender approach.

LOCAL ETHNOTOURISM BUSINESS NETWORKS (HO-M1011)
LOGICAL FRAMEWORK

Objectives	Indicators	Means of verification	Assumptions
Goal			
To help improve the quality of life of Garifuna, Chorti Maya, and English-speaking Blacks in Honduras by involving them in the country's rapidly expanding tourism sector.	<p>Five years after the project has ended, the following is expected:</p> <ul style="list-style-type: none"> A 10% increase in the revenues of at least 90% of directly involved businesses (individual and community) in the three ethnic groups (Garifuna, Chorti Maya, and English-speaking Blacks) 1,000 new direct/indirect jobs in MSMEs in the tourist sector (500 among Garifunas, 300 among Chorti Maya, 200 among English-speaking Blacks) 	<ul style="list-style-type: none"> Baseline study and monitoring of indicators Ex post surveys conducted by executing agency Ex post evaluation conducted by executing agency 	<ul style="list-style-type: none"> Tourism authorities and other relevant institutions have the political will and are committed to implementing the National Sustainable Tourism Strategy.
Purpose			
Three ethnotourism networks, made up primarily of Chorti Maya, Garifuna, and English-speaking Blacks in Honduras, designed, operating, and developing businesses that offer tourism products and services through production linkages	<p>By project end:</p> <ul style="list-style-type: none"> 500 businesses (450 individual and 50 community) belonging to members of the project's three beneficiary ethnic groups <p>Thirty months into the project:</p> <ul style="list-style-type: none"> Image and association for each of the three ethnic networks designed and launched with the main drivers of the National Sustainable Tourism Strategy (archaeology, nature, culture, and underwater sports) and the 	<ul style="list-style-type: none"> Baseline and monitoring of indicators Midterm evaluations and final evaluation by external consultant Project completion report (PCR) Project performance monitoring report (PPMR) 	<ul style="list-style-type: none"> Government makes investments and provides maintenance for infrastructure, conducts promotional activities, and offers public services, in accordance with project needs. The principal stakeholders that have influence on the

Objectives	Indicators	Means of verification	Assumptions
	territories/destinations where they are found.	<ul style="list-style-type: none"> Progress reports and final report of the executing agency Documents, records, and resolutions of the municipalities in the project area 	operation of the three networks are committed to participating.
Components			
1. Development and implementation of the organizational model for participation by the three ethnic groups	<ul style="list-style-type: none"> By project end, the three ethnic networks are operationally and financially sustainable, and have a strategy and action plan for implementation. 24 months after project launch: the three ethnic networks have been designed, provided with a working structure, and are engaged in developing businesses in the project area. 50 emigrants of the three ethnic groups living in the United States express an interest in investing their remittances in a trust fund. Agreement signed with the Florida Cruise Association to include indigenous groups in port services offered to passengers arriving at Roatán. 	<ul style="list-style-type: none"> Monitoring and evaluation system reports and baseline Progress reports and final report of the executing agency Midterm evaluations and final evaluation by external consultant PPMR PCR Attendance records in the project database and minutes of events Inspection visits and reports by the MIF specialist in the country Signed expressions of interest by emigrant associations in the United States 	<ul style="list-style-type: none"> The institutions and MSMEs remain interested in participating in the three networks. The Florida Cruise Association is open to partnering with indigenous groups to provide services to tourists. Emigrants are interested in investing in the trust fund.

Objectives	Indicators	Means of verification	Assumptions
		<ul style="list-style-type: none"> • Agreement signed with the Florida Cruise Association • 300 letters at the PEU from members of the three ethnic groups, expressing interest in participating in their respective network 	
2. Design and implementation of products and services inspired by the knowledge and worldview of indigenous and black peoples	<ul style="list-style-type: none"> • Twelve (12) months after project launch, at least 10 types of attractions selected, and recommendations made for developing them (i.e., craft workshops, festivals and rituals, private natural reserves, gastronomy, adventure sports, academic/scientific tourism, among others) • Line of at least 6 marketable products and/or services integrated under each network • At least 5 preinvestment studies conducted per municipio, and one study to investigate the credit market for the three networks, in line with the municipal development plans. • At least 400 businesses (individual and community) receive financing tailored to them from microcredit institutions. 	<ul style="list-style-type: none"> • Progress reports and final report of the executing agency • Midterm evaluations and final evaluation by external consultant • PCR • PPMR • Inspection visits and reports of the MIF specialist in the country • Records on training events in the project database 	<ul style="list-style-type: none"> • Participating institutions and MSMEs provide information on time and appropriately. • The critical mass of members is sufficient for the three networks to develop tourism packages. • There are sufficient financial resources available to be loaned by microcredit agencies.

Objectives	Indicators	Means of verification	Assumptions
3. Training for MSMEs and individuals in the lodging, gastronomy, management, and tour operation sectors	<ul style="list-style-type: none"> At least two cooperation agreements signed with educational centers to develop training programs, in year 1. Approximately 30 instructors (preferably from the three ethnic groups) trained in basic aspects of tourism operations, and 15 instructors trained in technical aspects of tourism operations, in years 2, 3, and 4. At least 500 MSMEs and individuals trained in basic aspects of tourism operations, and at least 200 trained in technical aspects of tourism operations during years 2, 3, and 4. 	<ul style="list-style-type: none"> Progress reports and final report by the executing agency Midterm evaluations and final evaluation by external consultant PCR PPMR Visits and reports of the MIF specialist in the country 	<ul style="list-style-type: none"> 80% of the trainers assimilate the standards and are able to transmit them effectively.
4. Marketing and promotion of ethnic products	<ul style="list-style-type: none"> By month 34, a brand consistent with the country image has been designed and validated for each network, and the corresponding users' manuals and marketing tools are also available. Operational marketing plan being implemented as of year 3. At least 20 tour operators (10 domestic inbound and 10 international outbound operators) offer the ethnic products in their packages by month 42. 	<ul style="list-style-type: none"> Analysis reports Progress reports and final report of the executing agency Midterm evaluations and final evaluation by external consultant PCR PPMR Marketing plans submitted for each business 	<ul style="list-style-type: none"> The market is suitably informed of what the three networks have to offer.

Objectives	Indicators	Means of verification	Assumptions
5. Implementation of system to monitor and evaluate comparative social impact (benchmark system) in each ethnic network	<ul style="list-style-type: none"> By month 10, the executing agency will have a monitoring and evaluation system that has been designed and validated, and that contains the principal social indicators, with a gender and economic approach, of the project's beneficiary ethnic groups. <i>* Experts from the executing agency, CARE International, will provide assistance to accurately set the quality of life metrics, and the baseline study, by month 3.</i> 	<ul style="list-style-type: none"> Benchmark system reports and baseline Progress reports and final report of the executing agency Records and evaluations in the project's database Tool systematized 	<ul style="list-style-type: none"> The executing agency understands the importance of using the monitoring and evaluation system to verify impact.
Activities			
1. Development and implementation of the organizational model for participation by the three ethnic groups 1.1 Technical assistance to establish the three networks and their business plans, organizational model and operating manual. 1.2 Launch seminar to present successful international case studies.	1.1 Three business plans, organizational models, and three operating manuals prepared by month 10. 1.2 Launch seminar held in month 6.	<ul style="list-style-type: none"> Financial reports Progress reports Consulting service contracts Semiannual reports and final report of the executing agency 	<ul style="list-style-type: none"> Qualified experts are available. Resident emigrants are interested in investing in the trust fund.

Objectives	Indicators	Means of verification	Assumptions
1.3 Fifteen (15) local awareness-raising workshops for potential participants in each network, and related private and public stakeholders	1.3 Five (5) awareness-raising workshops organized and held for each ethnic group, in their different localities, with 1,500 people (potential or existing entrepreneurs) sensitized by month 12. Of these, 500 businesses (existing and potential) send letters of interest to the PEU.	<ul style="list-style-type: none"> • Midterm evaluations and final evaluation by external consultant • PCR • PPMR 	
1.4 Three (3) educational workshops for members of each network to raise their awareness regarding the historical, natural, and cultural wealth they possess.	1.4 Three (3) workshops held (one per ethnic group) to sensitize potential beneficiaries, by month 18. <i>Trigger: Fulfillment of this activity marks completion of the awareness-raising process, giving way to the other project components.</i>		
1.5 Three (3) seminars in home-town associations in the U.S. to encourage emigrants to make productive investments in their communities of origin (through the trust to be developed under Component 2, activity 2.6)	1.5 Seminars held during the first 18 months.		
1.6 Dialogue with the Florida Cruise Association (United States).	1.6 Agreement to involve the three networks in the design and marketing of products offered by cruise ships docking in Honduras, by month 24.		

Objectives	Indicators	Means of verification	Assumptions
<p>2. Design and implementation of products and services inspired by the knowledge and worldview of indigenous and black peoples</p> <p>2.1 Consulting service to select tourist attractions (includes inventory of supply), compile historical content (using existing inputs), and make recommendations for developing them</p> <p>2.2 Design of tourist products to be marketed by domestic and international wholesale operators (different target groups, costs, agendas, etc.)</p> <p>2.3 Technical assistance to evaluate new tourism businesses' basic infrastructure and installation needs; preparation of the preinvestment plan (through municipal development plans and/or the ethnic strategic plans for institutional and municipal development (PEPDIMs) and microcredits</p>	<p>2.1 Report with list of at least 10 selected attractions and specific recommendations for developing them, by month 12.</p> <p>2.2 Portfolio of at least 6 products documented by month 24.</p> <p>Trigger: <i>Once this activity has been completed, the design of promotional elements can begin. This will open the way for the activities under Component 2.</i></p> <p>2.3 At least 5 preinvestment studies conducted per municipio, and one study to investigate the credit market for the three networks, by month 24.</p>	<ul style="list-style-type: none"> • Financial reports • Progress reports • Consulting service contracts • Semiannual reports and final report of the executing agency • Midterm evaluations and final evaluation by external consultant • PCR • PPMR 	<ul style="list-style-type: none"> • The MSMEs continue to be interested. • Qualified experts are available. • At least three microfinance agencies are participating, with technical assistance.

Objectives	Indicators	Means of verification	Assumptions
2.4 Technical assistance to support investment in infrastructure, waste management; tourist signposting, and for investing counterpart funds (FHIS, IHT)	2.4 Proposal for fund structuring and operating mechanism, by month 24.		
2.5 Technical assistance to support execution of the microcredit program (construction and furnishing of businesses) and equipment (treatment plants, procurement of ICTs for management and commercialization, others); and granting of microcredits by financial agencies and cooperatives with own funds and CABEI resources.	2.5 3,000 pamphlets with validated calendar of events (dates, features, etc.) for each network printed and distributed by month 36.		
2.6 Consulting service to analyze and structure a trust fund fed by contributions (remittances) from emigrants of the three ethnic groups, and other sponsorship arrangements			
2.7 Consulting service to define a unified calendar of events for each network			

Objectives	Indicators	Means of verification	Assumptions
3. Training for MSMEs and individuals in the lodging, gastronomy, management, and tour operation sectors			
3.1 Consulting service to prepare educational materials and training courses on basic aspects of tourism operations	3.1 A training course (modules, educational materials, evaluation) designed to train <i>instructors</i> in, among things: wait service, food preparation and presentation, housekeeping, management of guided excursions, by month 18.	<ul style="list-style-type: none"> • Financial reports • Progress reports • Consulting service contracts 	<ul style="list-style-type: none"> • The MSMEs continue to be interested. • Qualified experts are available.
3.2 Consulting service to prepare educational materials and training courses on technical aspects of tourism operations	3.2 A training course (modules, educational materials, evaluation) designed to train <i>instructors</i> in, among other things: service management systems, environmental management, ethnic product conceptualization, financial/accounting management, commercialization, product development, and preparation of business plans, by month 18.	<ul style="list-style-type: none"> • Semiannual reports and final report of the executing agency • Midterm evaluations and final evaluation by external consultant 	
3.3 Training of instructors/evaluators in basic and technical aspects of tourism operations	3.3 Eighteen (18) months after project launch, trainer profiles are defined, course content validated, and at least 45 people (15 per network) trained.	<ul style="list-style-type: none"> • PCR • PPMR 	
3.4 Technical assistance and training in the management of products and services for microbusinesses, through courses and workshops, structuring the value chain	3.4 By project end, at least 150 microbusinesses will have received technical assistance and training from 3 business management specialists, by month 36. <i>Trigger: Fulfillment of this activity will ensure that quality products are offered when the marketing strategy is implemented.</i>		

Objectives	Indicators	Means of verification	Assumptions
4. Marketing and promotion of ethnic products			
4.1 Technical assistance to design and register the brand, ethnic corporate identity, and users' manual, harmonized with the country image	4.1 Brand designed and users' manual published, by month 30.	<ul style="list-style-type: none"> Financial reports Progress reports Consulting service contracts 	<ul style="list-style-type: none"> Qualified experts are available. The institutions and MSMEs continue to be interested.
4.2 Technical assistance to develop a marketing and communications plan (publicity, commercialization, public relations)	4.2 Marketing and communications plan implemented and under way by month 36. <i>Trigger: Together with the previous trigger, fulfillment of this activity makes it possible to proceed to executing the marketing strategy.</i>	<ul style="list-style-type: none"> Semiannual reports and final report of the executing agency Midterm evaluations and final evaluation by external consultant 	
4.3 Assistance to enable MSMEs to attend international events	4.3 At least 4 international events with the participation of 2 representatives from each of the three networks, during year 4.	<ul style="list-style-type: none"> PCR PPMR 	
4.4 Domestic and international familiarization trips (tour operators and specialized travel agencies)	4.4. Two annual trips during year 4 of the project, with 10 domestic inbound tourism agencies and 10 international wholesalers on each trip.	<ul style="list-style-type: none"> Comprehensive marketing strategy paper 	
4.5 Press trips for national and international journalists	4.5 Two annual trips carried out in year 4 of the project, with 15 national journalists and 5 international journalists each.		
4.6 Design of promotional, publicity, and marketing materials: one guide and one promotional brochure	4.6 Two hundred (200) copies of the guides and 2,000 pamphlets published for the three networks, by month 42.		
4.7 Design and maintenance of a website for the networks	4.7 Web portal is operating by month 12 and is maintained up-to-date throughout the life of the project.		

Objectives	Indicators	Means of verification	Assumptions
4.8 Design of business-of-the-year awards (gastronomy, lodging, tour guides) for the tourism industry	4.8 An annual award is granted in years 2, 3, and 4.		
5. Implementation of the system to monitor and evaluate comparative social impact (benchmark system) in each ethnic network 5.1 Consulting service to define the system for monitoring the social impact of the project in each of the three networks 5.2 Consulting service to systematize the project.	5.1 Monitoring system yields findings on social impact with a gender and economic approach, operating by month 10 and in use throughout the life of the project 5.2 Report on systematization of impact by project end	<ul style="list-style-type: none"> • Progress reports • Consulting service contracts • Semiannual reports and final report of the executing agency • Midterm evaluations and final evaluation by external consultant 	<ul style="list-style-type: none"> • Qualified experts available to systematize the project.

HONDURAS
LOCAL ETHNOTOURISM BUSINESS NETWORKS (HO-M1011)
SUMMARY BUDGET

Budget category	MIF US\$	Local US\$	Total US\$
Coordination and logistics	321,420	103,449	424,869
Administration	243,000	60,000	303,000
Logistics	78,420	43,449	121,869
Component 1. Development and implementation of the organizational model for participation by the three ethnic groups	99,240	30,250	129,490
1.1 Technical assistance to define the three networks and their business plans; organizational model and operating manual	60,000		60,000
1.2 Launch seminar to present successful international case studies.	3,500	2,500	6,000
1.3 Fifteen (15) local awareness-raising workshops for possible participants and related private and public stakeholders in each network		21,750	21,750
1.4 Three (3) educational workshops for members of each network to raise their awareness regarding the historical, natural, and cultural wealth they possess.	9,000	3,000	12,000
1.5 Three (3) seminars in home-town associations in the U.S. to encourage emigrants to make productive investments in their communities of origin (through the trust to be developed under Component 2)	1,740	3,000	4,740
1.6 Consulting service to establish dialogue with the Florida Cruise Association (United States)	25,000		25,000
Component 2. Design and implementation of products and services inspired by the knowledge and worldview of indigenous and black peoples	197,000	63,400	260,400
2.0 Specialized tourism consultant (TC-PEU) to support executing unit (monthly lump sum, includes per diems)	45,000		45,000
2.1 Consulting service to select tourist attractions (includes inventory of supply), compile historical content, and make recommendations for developing them	25,000	2,800	27,800
2.2 Design tourism products to be marketed by domestic and international wholesale operators (different target groups, costs, agendas, etc.)	40,000	1,400	41,400
2.3 Technical assistance to evaluate new businesses' basic infrastructure and tourist installation needs; preparation of preinvestment plan (through the municipal development plans and/or the ethnic PEPDIM) and microcredit	35,000	1,000	36,000

Budget category	MIF US\$	Local US\$	Total US\$
2.4 Technical assistance to support execution of investments in infrastructure, waste management; and to invest counterpart funds (FHIS, IHT)	0	6,800	6,800
2.5 Technical assistance to support execution of the microcredit program (construction and furnishing the businesses) and equipment (treatment and other plants, procurement of ICTs for management and commercialization); and to support the awarding of microcredits by financial agencies and cooperatives with own funds and CABEL resources (counterpart)	0	50,000	50,000
2.6 Consulting service to analyze and structure a trust fund fed by contributions (remittances) from emigrants of the three ethnic groups and other sponsorship arrangements	40,000		40,000
2.7 Consulting service to establish a unified calendar of events for each network	12,000	1,400	13,400
Component 3. Training for MSMEs and individuals in the lodging, gastronomy, management, and tour operation sectors	405,000	150,300	555,300
3.0 Specialized tourism consultant to support executing unit, monthly lump sum	45,000		45,000
3.1 Consulting service to prepare educational materials and training courses on basic aspects of tourism operations	7,500	3,000	10,500
3.2 Consulting service to prepare educational materials and training courses on technical aspects of tourism operations	7,500	1,500	9,000
3.3 Training of instructors in basic and technical aspects of tourism operations	45,000		45,000
3.4 Technical assistance and training for microbusinesses through courses and workshops, on the management of their products and services, structuring the value chain	300,000	145,800	445,800
Component 4. Marketing and promotion of ethnic products	195,200	156,000	351,200
4.1 Technical assistance to design and register the brand, ethnic corporate identity, and users' manual, harmonized with the country image	50,000		50,000
4.2 Technical assistance for developing a marketing and communications plan (publicity, commercialization, public relations)	60,000		60,000
4.3 Assistance to enable MSMEs to attend international events		68,000	68,000
4.4 Domestic and international familiarization trips (tour operators and specialized travel agencies)	40,000	23,000	63,000
4.5 Press tours for national and international journalists	10,000	44,500	54,500
4.6 Design of promotional, publicity, and marketing materials: one guide and one promotional brochure	21,200		21,200
4.7 Design and maintenance of a website for the networks	14,000		14,000

Budget category	MIF US\$	Local US\$	Total US\$
4.8 Design of business-of-the-year awards (gastronomy, lodging, guides) in the tourism sector		20,500	20,500
Component 5. Implementation of system to monitor and evaluate comparative social impact (benchmark system) in each ethnic network	33,000	15,200	48,200
5.1 Consulting service to define the system for monitoring the project's social impact in each of the three networks		10,000	10,000
5.2 Consulting service to systematize the project	33,000	5,200	38,200
Subtotal	1,250,860	518,599	1,769,459
Contingencies 3%	37,526	50,000	87,526
Baseline and midterm and final evaluations	50,000		50,000
Audits (4)	20,000		20,000
Total	1,358,386	568,599	1,926,985
Cluster activities	15,000		15,000
Grand total	1,373,386	568,599	1,941,985
Percentage (excluding cluster activities)	70%	30%	

HONDURAS: LOCAL ETHNOTOURISM BUSINESS NETWORKS (HO-M1011)
RELATED PROJECTS

A. Projects in the sustainable tourism cluster

Project number / Approval date	Project title, executing agency, and amount	Signing date and disbursement period, in months	Percent disbursed	Observations: Satisfactory execution or problems in execution, including delays, extensions, reformulation, change in executing agency, etc.
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	61.5%	The project has been classified as generally satisfactory, the assumptions have not changed, and the activities are being carried out without problems, in some cases surpassing initial targets.
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	10%	The project has been classified as generally satisfactory given that the scheduled activities have been carried out, the executing unit team has been consolidated, and a good working relationship has been developed with project consultants.
ATN/ME-8977-SU 1 December 2004	Sustainable tourism development Conservation International Suriname (CIS) US\$845,000	10 March 2005 36 months	10%	This project has been classified as highly satisfactory because the presidential elections gave the tourism sector a boost; consequently, it is very likely that project activities will be fulfilled.

Project number / Approval date	Project title, executing agency, and amount	Signing date and disbursement period, in months	Percent disbursed	Observations: Satisfactory execution or problems in execution, including delays, extensions, reformulation, change in executing agency, etc.
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	6%	Although this project has been classified as generally unsatisfactory, because it is moving forward very slowly, it is expected that there will be time for the project activities to be fulfilled.
ATN/ME-9211-BR 25 May 2005	Estrada Real–Network of tourism SMEs State of Minas Gerais Estrada Real US\$1,701,740	14 July 2005 42 months	12%	Continues to move forward positively.
ATN/ME-9273-BL 30 June 2005	Improving small business competitiveness in the tourism industry Belize Tourism Industry Association US\$580,000	7 September 2005 42 months	10%	Overall satisfactory classification. Although it started off very slowly, the progress of execution to date is satisfactory.
ATN/ME-9410-EC 21 September 2005	Sustainable productive sector development in Galapagos Cámara Provincial de Turismo de Galápagos (CAPTURGAL) US\$1,863,616	29 November 2005 48 months	5%	During the first six months of execution, the conditions precedent were met and the coordinator was hired. Start-up has been positive.
ATN/ME-9466-BH 26 October 2005	Sustainable tourism network for SMEs Bahamas Hotel Association US\$1,301,000	17 March 2006 48 months	24%	The project was recently signed. Execution during the first six-month period was satisfactory.

Project number / Approval date	Project title, executing agency, and amount	Signing date and disbursement period, in months	Percent disbursed	Observations: Satisfactory execution or problems in execution, including delays, extensions, reformulation, change in executing agency, etc.
ATN/ME-9512-DR 16 November 2005	Model for sustainable tourism management in Bayahibe Asociación de Hoteles Romana Bayahibe US\$1,302,480	4 January 2006 48 months	10.35%	Overall satisfactory classification. The components' activities have been included in the AHB's plan of activities. As of December 2005, there is considerable enthusiasm in the local community and at AHB for implementing the project.
ATN/ME-9563-CO 7 December 2005	Rural tourism development in Territorio Paraíso Fundación Carvajal US\$845,000	31 March 2006 36 months	10%	The project contract was signed on 31 March 2006, and it is now in the initial stages of execution. The conditions precedent were fully met, and the project has been classified as satisfactory overall.
ATN/ME-9588-GU 14 December 2005	Competitive development of cultural tourism with indigenous communities Cámara de Turismo de Guatemala US\$1,157,737	24 January 2006 48 months	10%	The conditions precedent were satisfactorily met, and eligibility was granted in April 2006. The project launch workshop was held in July 2006.
ATN/ME-9720-ME 8 March 2006	Tourism development for MSMEs in the Tequila Region Consejo Regulador del Tequila US\$1,572,370	27 April 2006	10%	The executing agency has met the conditions precedent, and the project is therefore eligible to begin disbursements. It has been classified as satisfactory overall.
ATN/ME-9832-CR 31 May 2006	Rural community tourism in Costa Rica and replication in Central America COOPRENA US\$1,092,048	15 August 2006 48 months	0%	Implementation of the initial activities of this project has been classified as satisfactory. There is a good likelihood that the proposed components will be fulfilled.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-___/06

Honduras. Nonreimbursable Technical Cooperation ATN/___-___-HO
Local Development of Ethnic Tourism by Promoting Communal Entrepreneurial Units

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 CARE International, 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 nonreimbursable technical cooperation for local development of ethnic tourism by promoting communal entrepreneurial units.

2. That up to the amount of US\$1,373,386, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the 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#813531
HO-M1011