

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BELIZE/CID - Isthmus & DR
▪ TC Name:	Reinforcing the Sustainability of the Sustainable Tourism Program II Investments
▪ TC Number:	BL-T1106
▪ Team Leader/Members:	Marion le Pommellec (CSD/RND) Team Leader; Gines Suarez (CSD/RND) Alternate Team Leader; Robin Coleman (CSD/RND); Rayland Watson (VPC/FMP); Yamilee Payen (VPC/FMP); Juliana Bettini (CSD/RND); Roberto Guerrero (CSD/RND); Amy Chow (CID/CBL); Elizabeth Chávez (CSD/RND); Maria C. Landazuri-Levey (LEG/SGO).
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Sustainable Tourism Program II-BL-L1020 - 3.Support for the Execution Sustainable Development of the Caracol Region - BL L1022 - 3.Support for the Execution Project Preparation Studies for the Rehabilitation of the Caracol Road-BL-T1072 - 3.Support for the Execution Project Preparation Studies for the Rehabilitation of the Caracol Road - BL-T1079 - 3.Support for the Execution Final Designs for the rehabilitation of Caracol Road - BL-T1081 - 3.Support for the Execution Design and Preparation of Sustainable Development Plan for the Caracol Region - BL-T1088 - 3.Support for the Execution
▪ Date of TC Abstract:	13 Jul 2018
▪ Beneficiary:	Ministry of Tourism and Civil Aviation
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$200,000.00
▪ Local counterpart funding:	\$0.00
▪ Disbursement period:	18 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Env, Rural Dev & Disaster Risk
▪ Unit of Disbursement Responsibility:	Env, Rural Dev & Disaster Risk
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Economic integration; Gender equality and diversity; Institutional capacity and rule of law; Climate change; Environmental sustainability

II. Objective and Justification

- 2.1 The objective of the TC is to improve the economic, financial, social, and environmental sustainability of the tourism investments made under Sustainable Tourism Program I (BL-L1003) -closed- and Sustainable Tourism Program II (BL-L1020) -under execution.

- 2.2 Tourism is one of Belize's most important sectors. According to the World Travel and Tourism Council (WTTC), the direct contribution of Travel and Tourism to Gross Domestic Product (GDP) was US\$ 244.9 million (14.1% of total GDP) in 2016, with the total contribution of Travel and Tourism to GDP estimated at US\$ 662.5 million (38.1% of GDP).¹ In 2016, tourism directly supported 18,500 jobs (12.6% of total employment) with total contribution, including jobs indirectly supported by the industry, at 50,000 jobs (34.3%)¹.
- 2.3 Since 1996, the Inter-American Development Bank (IDB) has worked closely with the Government of Belize (GoB) to develop sustainably the tourism sector. The Sustainable Tourism Program I (STP I) (BL-L1003), completed in 2013, supported: (i) the improvement, restoration and diversification of overnight destinations and their products; (ii) the strengthening of the national capacity for sector policy, destination planning and management; and (iii) the development of five infrastructure projects at four tourist destinations (Belize City, Ambergris Caye, Cayo and Placencia). The STP I also supported small enterprises, targeting vulnerable groups (such as Garifuna, Maya) through a cultural matching-grant.
- 2.4 In 2014, the Bank commissioned a consultancy to assess the five infrastructure projects developed under STP I. The report identified several challenges that could compromise STPI outcomes and development impact. For example, the report identified that some of the facilities created by STPI (such as those constructed in Bacalar Chico), were underused and damaged by the lack of proper management and maintenance.
- 2.5 As a result, a Plan of Action was developed for each site to allow for the site to become fully operational and sustainable. In 2016, a follow-up study was done to re-assess the extent to which the Plan of Actions were implemented and how successful the sites were in achieving self-sustainability⁴. The physical status of the infrastructure projects was also assessed to determine the extent of the damages caused by Hurricane Earl which made landfall in Belize in 2016. The results of the 2016 study showed that only one of the sites was financially sustainable and many of the activities in the Plan of Actions were not fully implemented. Several recommendations were made in amended Plan of Actions to improve the sustainability of the sites.
- 2.6 This TC expects to identify the challenges faced by the STPI investments and to identify corresponding solutions to ameliorate the investments economic, social, and environmental sustainability. Additionally, the TC will support STP II (BL-L1020) planning process in order to prevent STPI challenges to occur again.
- 2.7 STP II (BL-L1020), also aims to promote the development industry by supporting infrastructure development and institutional strengthening, but in this case in emerging destinations.

III. Description of Activities and Outputs

- 3.1 **Component I: Diagnostic.** Assess the initial design of the projects, identify current and potential demand, evaluate the location, characteristics of the investments, and services offered, perform cash flow analysis for every site, analyze the management structure for the sites, assess the investments' social sustainability and inclusion, assess the environmental sustainability.
 - i. Analysis of the project (loan) proposal documents and supporting studies. Assess the initial design and identify gaps in the vertical logic of the project proposals, as well as the adequacy of the selected indicators, the economic analyses and monitoring and evaluation plans. Identify potential missing analyses that might have been needed to inform the site identification and the scope and

characteristics of the works, such as demand analysis, cash flow analysis, or others.

- ii. Demand Analysis. Try to identify with existing data current and potential demand, assess the investments capacity versus the current and potential demand as well as the adequacy of investments given the socio-demographic characteristics of the demand.
- iii. Site analysis. Evaluate more in depth if the location, characteristics of the investments, services offered, are adequate to the potential demand. Elaborate recommendations.
- iv. Cash flow analysis. Perform a cash flow analysis for every site. Provide recommendations on how to improve the financial sustainability of the different investments.
- v. Management structure for the sites. Analyze the current management arrangements of the investments/sites and evaluate its adequacy and sustainability.
- vi. Inclusion and social sustainability. Assess how the investments are contributing to their respective local economies and if they are respectful with, or even promote, the local culture and traditions.
- vii. Environmental analysis. Elaborate a report on the current environmental impact of the investments, as well as assess their environmental resilience. Propose corresponding actions.

3.2 **Component II: Component 2. Summary and recommendations.** After a careful revision of the different parts of the diagnostics, make a holistic analysis, summarize the key findings, and elaborate recommendations.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1. Diagnostic.	\$180,000.00	\$0.00	\$180,000.00
Component 2. Summary and recommendations	\$20,000.00	\$0.00	\$20,000.00

V. Executing Agency and Execution Structure

- 5.1 As requested by the Belize Government, this operation will be executed by the Environment Rural Development and Disaster Risk Management Division (CSD/RND) at the Inter-American Development Bank.
- 5.2 As requested by the Belizean Government, this operation will be executed by the Environment Rural Development and Disaster Risk Management Division (INE/RND) at the Inter-American Development Bank. The main reason that justify the execution of the project by the Bank is that INE/RND has gained invaluable know-how with the preparation and execution of a significant amount of tourism operations in Latin America and the Caribbean, which has allowed to extract important learned lessons and identify market trends that are valued for the management and performance of this technical assistance. The contracting of project consultants will be carried out by the Bank in accordance with document GN-2350-9, while the procurement of goods and related services will be carried out by the Bank in accordance with document GN-2349-9, both of March 2011.

VI. Project Risks and Issues

- 6.1 The major risk of this project is that the findings and recommendations would not be implemented. The potential root-cause of a failed implementation of the recommendations are: public choice challenges, multi-stakeholder coordination, sunk costs -unavoidable losses-, and lack of data.
- 6.2 The Bank will work with the Government of Belize in identifying monitoring and mitigating measures, such as: communication, dissemination and promoting awareness of the importance of taking into account STP I findings in STP II execution, the project and identification of multi-stakeholder's coordination mechanisms.

VII. Environmental and Social Classification

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