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MULTILATERAL INVESTMENT FUND

**DOMINICAN REPUBLIC**

**GREEN FINS HUB - DIGITAL SCALING FOR CORAL REEF PROTECTION  
WITHIN A SUSTAINABLE MARINE TOURISM**

**(DR-T1214)**

**DONORS MEMORANDUM**

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## **PROJECT SUMMARY**

### **DOMINICAN REPUBLIC**

#### **GREEN FINS HUB - DIGITAL SCALING FOR CORAL REEF PROTECTION WITHIN A SUSTAINABLE MARINE TOURISM**

Marine tourism activities are becoming increasingly popular, providing vital economic resources to local communities around the world. Irresponsible tourism-related development and in-water activities risk to undermine the very environment upon which it has been built and threaten the ecosystem services they provide to local communities. Significant diver damage is often seen on frequently visited reefs. As a result, beach and reef tourism constitute an increasing threat to the natural resource base from which they have grown, and risk undermining a source of income and development. This is of particular concern since reefs are facing increasingly severe climate change impacts, and reducing direct stress is critical to promote resilience. There is a need to reduce local and direct impacts, such as those associated with marine tourism activities, to build ecosystem resilience. Moreover, sustainable tourism has demonstrated its potential to create beneficial effects on the natural environment by contributing to its protection and conservation. While well-managed, tourism can raise awareness of environmental and biodiversity values and it can serve as a tool to finance the protection of natural areas and increase their economic importance and sustainability.

In both Costa Rica and the Dominican Republic, marine tourism is a significant part of the economy and if its development is not thoroughly planned, it would endanger the natural resources this type of tourism depends on. This damage will lessen this type of tourism potential, and will jeopardize the livelihoods of communities, with the most vulnerable populations being hit first. In short, coral reefs and marine resources in these countries represent a natural and financial asset worth protecting.

This project will create an online support system to increase marine tourism operators' awareness of how their business practices may be harming the environment and find practical and proven solutions to preserve natural resources with sustainability measures. This online system, the Green Fins Global Hub, with which operators will train and empower staff to adopt environmental behaviors and collaborate with other businesses, will benefit both the marine tourism industry and the reefs themselves. This first-of-its-kind online support system will motivate marine tourism operators to improve their everyday environmental practices and provide a platform for consumers to easily find Green Fins operators. The executing agency, the Reef World Foundation, has ample experience in environmental behavior change, and the Global Hub will allow upscaling by moving the proven Green Fins tools online. The resultant measurable reduction of local threats to coral gives reefs a better chance of surviving mounting threats to marine ecosystems.

This project will benefit around 370 small businesses directly engaged in sustainable tourism practices in Costa Rica and Dominican Republic, and 250 local marine tourism operators in non-target countries (outside the Dominican Republic and Costa Rica) once the program becomes scalable. It will also preserve the natural capital through the adoption of environmental behaviors for responsible tourism.

## **ANNEXES**

ANNEX I	Results Matrix
ANNEX II	Budget Summary
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## **APPENDICES**

Draft Resolution

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

ANNEX IV	Diagnostic of Integrity and Institutional Capacity (DICI)
ANNEX V	Detailed Budget
ANNEX VI	Reporting Requirements and Compliance with Milestones and Fiduciary Arrangements

## ACRONYMS AND ABBREVIATIONS

<b>CR</b>	Costa Rica
<b>DICI</b>	Diagnostic of Integrity and Institutional Capacity
<b>DR</b>	Dominican Republic
<b>IDB</b>	Inter-American Development Bank
<b>IDB Lab</b>	Innovation Laboratory of the Inter-American Development Bank Group
<b>EA</b>	Executing Agency
<b>GF</b>	Green Fins
<b>GFH</b>	Green Fins Hub
<b>GDP</b>	Gross Domestic Product
<b>MOU</b>	Memorandum of Understanding
<b>RCDR</b>	Reef Check Dominican Republic
<b>RWF</b>	The Reef-World Foundation
<b>UNEP</b>	United Nations Environment Program
<b>TCA</b>	Tempisque Conservation Area

**PROJECT INFORMATION**  
**DOMINICAN REPUBLIC**  
**GREEN FINS HUB - DIGITAL SCALING FOR CORAL REEF PROTECTION WITHIN A**  
**SUSTAINABLE MARINE TOURISM**  
**(DR-T1214)**

<b>Country and Geographic Location:</b>	Dominican Republic and Costa Rica		
<b>Executing Agency:</b>	The Reef-World Foundation (RWF)		
<b>Focus Area:</b>	<b>Climate-Smart Agriculture, subarea of Natural Capital for Regeneration and Sustainability</b>		
<b>Coordination with Other Donors/Bank Operations:</b>	The project complements the technical cooperation <b>DR-T1174: "Feasibility Studies for Integrated Coastal Zone Management"</b> which aims to support the Government of Dominican Republic in the development of a program of restoration of strategic beaches in the country, with an approach combining integrated coastal zone management, climate change adaptation and sustainable coastal tourism. The activities in the proposed project will develop specific knowledge products that will support the strengthening local authorities for an integrated coastal zone management.		
<b>Project Beneficiaries:</b>	(i) 34 local marine tourism operators directly engaged in sustainable tourism practices in target countries; ii) 337 marine tourism operators engaged through the online platform in sustainable tourism practices; (iii) 15% of increased jobs among marine tourism operators; (iv) 250 digital members of Green Fins Hub in non-target countries (outside the Dominican Republic and Costa Rica)		
<b>Financing:</b>	Technical Cooperation:	USD 328,000	50%
	<b>TOTAL MIF FUNDING:</b>	USD 328,000	
	Counterpart:	USD 328,000	50%
	<b>TOTAL PROJECT BUDGET:</b>	USD 656,000	100%
<b>Execution and Disbursement Period:</b>	24 months of execution and 30 months for disbursement.		
<b>Special Contractual Conditions:</b>	Agreements executed between the Reef-World Foundation and a) Reef Check Dominican Republic and b) the Tempisque Conservation Area in Costa Rica.		
<b>Environmental and Social Impact Review</b>	This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on November 9, 2020. Given that the project will have minimal or no negative environmental or social impacts, the proposed category for the project is C		
<b>Unit responsible for disbursements</b>	Country Office in the Dominican Republic		

## I. The Problem

### A. Problem Description

- 1.1. Marine tourism activities are becoming increasingly popular, providing vital economic resources to local communities around the world. In fact, in the social distancing era, nature breaks are becoming more appealing, as travelers are craving wide open spaces and longing for holiday to immerse themselves in the wilderness<sup>1</sup>. Tropical marine ecosystems (coral reefs, seagrass & mangroves) are vital carbon sinks that provide critical ecosystem services to humanity despite being under severe threat from growing global stressors such as those associated with climate change (e.g., coral bleaching) and local stressors such as preventable irresponsible tourism practices, expected to grow over time in line with projected increases in reef tourism.
- 1.2. Irresponsible tourism related development and in-water activities risk to undermine the very environment upon which it has been built and threaten the ecosystem services they provide to local communities. Research has shown the benefits of reducing local and direct impacts, such as those associated with marine tourism activities, to build ecosystem resilience<sup>2</sup>.
- 1.3. Each year, one million new scuba divers join the 10 million already certified. According to the World Travel and Tourism Council, tourism is considered one of the largest and fastest growing sectors in the world (pre-Covid-19 pandemic) and during and after the Covid-19 era, the appeal to visit open spaces will certainly increase. Tourism can constitute a locally significant driver of coral reef degradation, putting direct as well as indirect pressures on the ecosystem. Intensive scuba diving, snorkeling, and boating can directly damage corals, making them susceptible to other stresses. Significant diver damage is often seen on frequently visited reefs. As a result, beach and reef tourism constitute an increasing threat to the natural resource base from which they have grown, and risk undermining a source of income and development. This is of particular concern since reefs are facing increasingly severe climate change impacts, and reducing direct stress is critical to promote resilience.
- 1.4. There is limited **awareness** among consumers and service providers<sup>3</sup> in the marine tourism industry of the severity and scale of the negative impacts associated with marine tourism activities.
- 1.5. **Sustainable environmental content is not standardized in scuba diving training.** The lack of proper training causes divers to be directly or indirectly responsible for damaging the reefs. Dive-related reduction of coral life is gradual and could have severe long-term effects on the marine environment, resulting in coastal erosion with a permanent loss to the marine ecosystem and its biodiversity.<sup>4</sup>

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<sup>1</sup>Five trends will change the way we travel after Coronavirus, Conde Nast Travel, November 2020.

<https://www.cntraveller.com/gallery/travel-trends-after-coronavirus>

<sup>2</sup> Coral Reefs at Risk Revisited. World Resources Institute, 2011 [https://pdf.wri.org/reefs\\_at\\_risk\\_revisited.pdf](https://pdf.wri.org/reefs_at_risk_revisited.pdf)

<sup>3</sup> Described as local Small Medium Enterprises (SMEs) who provide services such as scuba diving and snorkeling to local and international tourists and employ on average 15 local and foreign staff. They may be referred as Local Marine Tourism Operators (LMTO)

<sup>4</sup> A Scuba Diver's Impact on A Coral Reef. Dive.in, February 2020

- 1.6. Damage to corals on dived reefs often occurs as a result of skeletal breakage, particularly in branching species<sup>5</sup>. Tissue abrasion can also result from diver contact<sup>6</sup>, and a recent study reported a higher incidence of coral disease in areas heavily used for recreational diving<sup>7</sup>. In some instances, hard coral cover on reefs subjected to intensive SCUBA diving is lower than that on reefs less frequently dived<sup>8</sup>. Furthermore, diving-related activities may significantly impact a coral reef's ability to withstand more widespread reef stressors such as climate change and coral bleaching events<sup>9</sup>. Due to the difficulties of effectively addressing global stressors, an emerging recommendation is the focus of coral reef management on local scales<sup>10</sup>. A frequent challenge facing managers and policy makers at local levels relates to the maximization of tourism benefits whilst simultaneously reducing its environmental impacts<sup>11</sup>.
- 1.7. **Limited regulations and enforcement.** In many of the busiest marine tourism hotspots, relevant environmental laws and regulations are lacking, and enforcement is limited. The marine tourism industry is expansive and can be relatively unregulated, often operating in remote areas. Guidance to best environmental operating practice is somewhat limited, difficult to access or not delivered with relevance to business decision makers.
- 1.8. Degradation of these ecosystems and their ecological services to local communities leads to erosion of food stability and coastal protection, job losses and diminished returns from tourism due to reduced aesthetic appeal. Without corals and related ecosystems, the ocean would lose a huge diversity of life.

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<sup>5</sup> Guzner B, Novplansky A, Shalit O, Chadwick NE (2010) Indirect impacts of recreational scuba diving: patterns of growth and predation in branching stony corals. *B Mar Sci* 86:727–742; Hasler H, Ott JA (2008) Diving down the reefs? Intensive diving tourism threatens the reefs of the northern Red Sea. *Mar Pollut Bull* 56:1788–1794

<sup>6</sup> Hawkins JP, Roberts CM, Hof TV, De Meyer K, Tratalos J, Aldam C (1999) Effects of recreational scuba diving on Caribbean coral and fish communities. *Conserv Biol* 13:888–897

<sup>7</sup> Lamb JB, True JD, Piyomvaragorn S, Willis BL (2014) Scuba diving damage and intensity of tourist activities increases coral disease prevalence. *Biol Conserv* 178:88–96

<sup>8</sup> Hawkins JP, Roberts CM (1992) Effects of recreational SCUBA diving on fore-reef slope communities of coral reefs. *Biol Conserv* 62:171–178; Tratalos JA, Austin TJ (2001) Impacts of recreational SCUBA diving on coral communities of the Caribbean island of Grand Cayman. *Biol Conserv* 102:67–75

<sup>9</sup> Carilli JE, McField M, Norris RD, Bryan B, Walsh SM (2010) Century-scale records of coral growth rates indicate that local stressors reduce coral thermal tolerance threshold. *Glob Change Biol* 16:1247–1257; Marshall PA, Schuttenberg H (2006) Adapting coral reef management in the face of climate change. In: Phinney J, Hoegh-Guldberg O, Kleypas J, Skirving W, Strong A (eds) *Coral reefs and climate change: science and management*. American Geophysical Union, Washington, DC, pp 223–241

<sup>10</sup> Anthony KRN, Marshall PA, Abdulla A, Beeden R, Bergh C, Black R, Eakin CM, Game ET, Gooch M, Graham NAJ, Green A, Heron SF, van Hooidonk R, Knowland C, Mangubhai S, Marshall N, Maynard JA, McGinnity P, McLeod E, Mumby PJ, Nyström M, Obura D, Oliver J, Possingham HP, Pressey RL, Rowlands GP, Tamelander J, Wachenfeld D, Wear S (2014) Operationalizing resilience for adaptive coral reef management under global environmental change. *Glob Change Biol* 21:48–61

<sup>11</sup> Roman GSJ, Dearden P, Rollins R (2007) Application of zoning and “limits of acceptable change” to manage snorkelling tourism. *Environ Manag* 39:819–830



- 1.9. Sustainable tourism has demonstrated its potential to create beneficial effects on the natural environment by contributing to its protection and conservation<sup>12</sup>. While well-managed, tourism can raise awareness of environmental and biodiversity values and it can serve as a tool to finance the protection of natural areas and increase their economic importance and sustainability.
- 1.10. There is an opportunity to leverage innovation to meet the increasing demand for sustainability from this growing consumer base by increasing awareness to the threat posed by marine tourism activities, improving communication and mainstream environmental content throughout the supply chain, and improve availability and access to practical, proven, and affordable environmental solutions to everyday operational challenges.
- 1.11. In the Dominican Republic, tourism represents more than 17% of the country's GDP and 16% of employment from 6.5 million visitors (2018). 80% of its 10+ million inhabitants live on the coastline and over 20% live in extreme poverty. The ocean supports half of all livelihoods, mainly through fisheries and tourism. In Costa Rica, tourism is the second largest economic driver: employing 7.2% of the workforce directly (plus an estimated 28% indirectly) and comprising 6% of GDP in 2017. In 2019, tourist arrivals numbered 3.14 million. With both Costa Rica's and the Dominican Republic's GDPs significantly affected by tourism expenditures, any ecological threats diminishing tourism potential will threaten the livelihoods of communities, with the poorest being hit first. In short, coral reefs in these countries represent a natural and financial asset worth protecting.
- 1.12. In 2004 the Reef-World Foundation in partnership with the United Nations Environment Program (UNEP), developed "[The Green Fins Initiative](#)" to protect and conserve coral reefs by establishing and implementing environmentally friendly guidelines to promote a sustainable diving and snorkeling tourism industry. This initiative was introduced in the Dominican Republic in 2018 in collaboration with Reef Check Dominican Republic. Therefore, this provides an opportunity to further expand, establish and institutionalize the Green Fins best practices within the marine tourism industry in Dominican Republic. Separately, Costa Rica has met RWF's requirements for potential Green Fins introduction under this project. This followed the Director of the Tempisque Conservation Area making an official expression of interest to implement Green Fins within the protected area. Subsequent investigations confirmed Green Fins as an applicable management approach to address the challenges currently faced in the protected area through irresponsible marine tourism practices: that Green Fins is well aligned with national goals, and that the resources and capacity are available to support long term program implementation beyond the scope of this project.

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<sup>12</sup> American Journal of Environment, Energy and Power Research, Vol. 1, No. 7, September 2013, PP: 117-130, ISSN: 2329-860X

## II. The Innovation Proposal

### A. Project Description

- 2.1 The **main objective** of this project is to empower marine tourism organizations to reduce local threats to coral reefs by implementing an online support system to drive compliance to environmentally sustainable practices. The objective will be achieved by leveraging the Green Fins (GF) initiative of the UNEP and The Reef-World Foundation (RWF). This proven, established approach drives compliance to marine tourism environmental standards; thus, reducing local threats to coral reefs in popular tourism destinations. It unites tourism organizations, governments, and operators to preserve natural resources by implementing proven sustainability measures. Currently, demand exceeds capacity for Green Fins as building national capacity for implementation takes time.
- 2.2 RWF has identified an opportunity to leverage innovation in environmental sustainability and upscale our impact by digitizing the support we provide to reef-dependent businesses. This will be achieved through the development of an online system (“the Green Fins Global Hub”) and championing Costa Rica (CR) and the Dominican Republic (DR)’s marine tourism industries to demonstrate its successful implementation.
- 2.3 This first-of-its-kind online support system will motivate marine tourism operators to improve their everyday environmental practices. Harnessing RWF’s 20+ years’ grassroots experience in environmental behavior change, the Hub allows to upscale by moving the proven Green Fins tools online. This will significantly boost knowledge and capacity for improved sustainability worldwide. The resultant measurable reduction of local threats to coral gives reefs a better chance of surviving mounting global threats.
- 2.4 The Hub will enable the industry to meet growing demand for responsible tourism by providing a platform for consumers to easily find Green Fins operators. It will also provide region-specific information on current threats posed and facilitate intra-regional learning exchange, resulting in timely and targeted awareness raising of relevant solutions.
- 2.5 **Innovation.** The Green Fins Global Hub will house an online support system to increase marine tourism operators’ awareness of how their business practices may be harming the environment and find practical and proven solutions to address these. There is no other solution on the market (free or paid for) providing this service. Market research and concept testing shows excitement among tourism industry representatives for this type of guidance. Respondents demonstrated clear motivation to engage with a Green Fins online platform on which operators can more effectively train and empower staff to adopt environmental behaviors and collaborate with other businesses for the benefit of reefs globally.
- 2.6 Local marine tourism operators will register with the Green Fins online support system then undergo an evaluation system which will automatically identify high risk activities and provide practical and proven solutions to these. Once the dive

centers implement these solutions this will mitigate environmental risk for the protection of coral reefs and associated marine ecosystems.

- 2.7 Alongside developing the globally accessible online support system, this project will also enable grassroots and face to face support for local tourism operators to take up best environmental practices. Local capacity building will result in the establishment of a team of local Green Fins Assessors in both Dominican Republic and Costa Rica to deliver tailored support for local business and community members. Through these teams of Assessors, and with the support of the executing agency, gaps and limitations in relevant environmental laws and policies governing the marine tourism industry will be identified, and recommendations for strengthening delivered to key decision makers.
- 2.8 **Component I: Awareness raising for responsible marine tourism. (IDB Lab: USD 3,500, counterpart USD 10,500)** The objective of this component is to increase awareness of threats, risks, and solutions for sustainable marine tourism. The objective will be accomplished by designing and implementing an effective communication campaign targeting the tourism industry, local operators, and the public. In addition, the project will organize high level meetings with key government decision makers to feedback findings for consideration in processes for strengthening relevant policies governing the marine tourism industry, to get their input and support for the project.
- 2.9 The activities to be financed in this project are: (i) development of a communication campaign to raise awareness among marine tourism services stakeholders, local communities, and national decision makers; (ii) meetings with key stakeholders to create awareness, and (iii) high level meetings to disseminate Green Fins assessment findings and recommendations to key government decision makers.
- 2.10 The expected results of this component are: (i) communication campaign designed and tailored to the local needs; (ii) communication campaign implemented in target areas for key audiences, and (iii) three high-level meetings conducted with key government decision makers to build awareness and align goals.
- 2.11 **Component II: Building capacity for improved sustainability. (IDB Lab: USD 289,500, counterpart USD 264,000)** The objective of this component is to operationalize and promote a recognition program for sustainable marine tourism operators. This will be accomplished by developing and operationalizing the Green Fins Global Hub platform to build awareness among local operators on sustainable practices on a yearly basis. Digital support will be complemented in the Dominican Republic and Costa Rica by building the capacity of local environmental champions to conduct operator-based business evaluations and tailored consultations to promote and measure reduction in environmental threats.
- 2.12 The activities to be financed in this project are: (i) Green Fins Global HUB online platform development; (ii) Green Fins Capacity Building to marine tourism operators and assessors, and (iii) implementation of the Green Fins approach.
- 2.13 The expected results of this component are: (i) Green Fins Hub online platform launched; (ii) 12 qualified active Green Fins Assessors conducting Green Fins assessments and training (8 in DR and 3 in CR); (iii) 20 participating local marine

tourism operators become members of the Green Fins program, and (iv) 337 participating marine tourism operators become Green Fins digital members. All results will be disaggregated by gender, and by businesses led by males/females).

- 2.14 **Component III: Improved visibility of sustainable local operators. (IDB Lab: USD 16,500, counterpart USD 31,500)** The objective of this component is to promote local operators that comply with sustainable practices, to increase demand for green services and drive traffic to responsible operators. The executing agency will develop a promotion program for committed operators consisting of publicity and promotional material for local and international media. The executing agency will engage multiple industry stakeholders in this process such as tourism board, MPA manager, international diver training agencies, online booking platforms, etc.
- 2.15 The activities to be financed in this project are: (i) development of a communication campaign to promote sustainable marine tour operators; (ii) tracking of website visitors directed to Green Fins members, and (iii) advertisement, public relations, and reporting.
- 2.16 The expected results of this component are: (i) promotion campaign for participating marine tourism operators implemented in multiple channels; (ii) at least 4,000 website visitors directed to Green Fins members, and (iii) 12 promotional pieces generated related to local marine tourism operators.

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

- 2.17 **Projects Results.** The implementation of the project is expected to achieve the following development results by the end of year 2: (i) 15% reduced direct impact to coral reefs in target locations, as reported by Green Fins environmental assessments of industry practices conducted with marine tourism operators; (ii) 15 % retained or increased jobs among participating marine tourism operators (disaggregated by gender or by businesses led by men or women; (iii) 80% of participating tourism operators show improved environmental performance, and; (iv) 250 digital members of Green Fins Hub in non-target countries (outside the Dominican Republic and Costa Rica). More details can be found in the Results Matrix (Annex 1).
- 2.18 **Monitoring, Evaluation and Data Collection.** The project will make use of the data collected through various channels. Data related to improved environmental performance and reduced direct impact to local coral reefs will be captured through in-house Green Fins assessment which yields scores captured on a yearly basis from its members. Other project indicators will be collected and monitored through three main sources: (i) IDB Lab's semi-annual project status reporting; (ii) ongoing project supervision conducted by the local IDB Lab Specialist (AOP), and (iii) periodic supervision visits. Resources have been allocated for a mid-term assessment and a final evaluation. Key evaluation questions may include: To what extent did the project contribute to reduced impact to coral reefs in the locations targeted? How did the local marine tourism operators react to Green Fins capacity building methodology? To what extent did the Green Fins Hub membership resulted in new or retained jobs for the targeted segment in both countries?

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

#### A. Alignment with IDB Group

- 3.1 The project is aligned with **IDB's Tourism Sectoral Framework** with respect to the third dimension of success: *"Supporting the region's natural and cultural heritage assets are exploited in a sustainable manner by the tourism sector and the impacts of climate change on the sector are managed"*<sup>13</sup>. The capacity building of local marine tourism operators is aligned with the framework's line of activities to strengthen environmental management in tourism destinations and improve the capacity to manage risks associated with the vulnerability of tourism to climate change and natural disasters.
- 3.2 The project is aligned with **IDB's Environment and Biodiversity Sector Framework**<sup>14</sup> with respect to the first dimension of success: "Make progress towards sustainable management of natural capital and enhance its contribution to economic growth". The content of the Green Fins Hubs platform is aligned with the line activities that seeks to promote an integrated management of terrestrial, coastal, and marine ecosystems with investments that aim to protect and enhance natural capital assets.
- 3.3 It is also framed within the **IDB Group's Country Strategy for the Dominican Republic 2017-2020** (document GN-2908) under priority area 1: "Expansion of Productive Opportunities. The project activities related to training and promotion of local marine tourism operations and related services, are in line with the actions proposals to mitigate climate change and generate income to lower income populations through their insertion in value chains, and the development of tourist offers adapted to climate change.
- 3.4 The project is aligned with the **IDB Group's Country Strategy in Costa Rica for 2019-2022** in the third priority area that aims to improve SMEs productivity and reduce the productive gaps. The project activities related to the Green Fins HUB development, will facilitate the emergence of new entrepreneurs aligned with the country's goals in terms of decarbonization, biodiversity management, environmental protection, innovation, and digitization..
- 3.5 In addition, the project complements the technical cooperation **DR-T1174: "Feasibility Studies for Integrated Coastal Zone Management"** which aims to support the Government of Dominican Republic in the development of a program of restoration of strategic beaches in the country, with an approach combining integrated coastal zone management, climate change adaptation and sustainable coastal tourism. The activities in the proposed project will develop specific knowledge products that will support the strengthening local authorities for an integrated coastal zone management.

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<sup>13</sup> IDB's Tourism Sector Framework Document, 2017

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-112499197-11>

<sup>14</sup> IDB's Environment and Biodiversity Sector Framework, 2018.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-76080015-11>

- 3.6 Taking into account the logic of the project intervention and the expected impact, 100% of IDB Lab's financing for this project will be invested in adaptation to climate change activities, according to the joint MDB approach on climate finance tracking climate finance. This contributes to the IDB Group target of increasing financing for climate-related projects to 30% of approvals by the end of 2020.

## **B. Scalability**

- 3.6 This project has immediate potential to upscale globally by digitizing Green Fin's offering which will overcome traditional capacity and time constraints and allow to reach and engage previously inaccessible operators.
- 3.7 The 24-month project will result in autonomous CR and DR teams capable of implementing the core GF program to meet the sustainability needs of the countries' 42 and 80 (respectively) marine tourism operators. Environmental risk assessments, strategic training and capacity building for marine resource managers and staff will ensure a highly sustainable tourism product for the 3.14 million and 6.5 million (respective) annual arrivals. As an established GF country, DR will share successes and learnings with CR for best possible implementation. Robust assessment data will demonstrate success.'
- 3.8 The Hub's global availability has the potential to reach 30,000 operators across 100 countries and upskill up to 48,000 staff. Empowering the industry to collaborate for better sustainability is essential in influencing the consumer choices of the 171 million travelers visiting reef hotspots annually. Initial market research has shown excitement within the industry for this product. Development of the Hub will involve regular consultations with industry partners, an industry steering committee has already been formed for this purpose. This will ensure the product is aligned to industry expectations. RWF has existing successful partnerships with key industry leaders (e.g., PADI training agency, PADI Travel booking platform, SSI training agency, ZuBlu travel booking platform). These partners will be essential to the positive uptake and ongoing success of the Hub. Examples of activities could include stakeholder engagement with public and/or private actors or colleagues at the IDB Group during the project's execution, workshops, events, and other knowledge products, to influence specific external audiences.
- 3.9 Through implementation of the Green Fins approach alongside government in Costa Rica and the Dominican Republic, RWF will identify areas of existing regulatory frameworks and policies that could be strengthened with the Green Fins learnings and code of conduct. Recommendations will be presented to key government decision makers throughout the implementation of the project, primarily through high level meetings. Progress has already been made in the Dominican Republic in the way of an MOU outlining the roles and responsibilities of RCDR, RWF and MINAE. The next step will be to identify opportunities for strengthening environmental regulations and policies.

## C. Project risks

- 3.10 **Risk 1: Unwillingness to pay for a new sustainable marine tourism product.** There is an assumption that market research yielded an accurate representation of the industry's positive reaction and willingness to pay for the Green Fins Global Hub. While the financial sustainability of the platform would be at risk if this were not true, ongoing industry consultation indicates this information is still accurate. Mechanisms to support membership fees have been considered such as including a sliding scale of fees proportionate to business size, location, etc., and a scholarship fund to support businesses who cannot cover the costs, as well as exploring options with membership organizations (e.g., PADI) to absorb the associated costs into their own membership fees.
- 3.11 **Risk 2: Lack of uptake.** There is the potential that Green Fins Global Hub will not receive the level of media coverage anticipated which may lead to lack of uptake and businesses applying for access to the hub. However, this is a small risk based on previous market research. There are plans in place to ensure the Hub will receive notable media attention with many major tourism partners already committed to supporting uptake. In addition, RWF is planning to increase their communication team's capacity to help produce and disseminate promotional content.
- 3.12 **Risk 3: Attrition** There is always the risk that businesses will not renew their digital membership. To mitigate this, the project is planning to ensure regular updates, incentives, and community engagement to ensure year on year retention.
- 3.13 **Risk 4: Change of Government** The upcoming national elections in Costa Rica in 2022 will generate changes in the executive branch, which could impact awareness-raising actions aimed to strengthen policies for marine tourism. To mitigate this, communication actions will be carried with private sector, specifically the tourism industry, to help reassure to the public sector, the importance of maintaining marine coast ecosystems for all related economic activities.

## IV. Instrument and Budget Proposal

- 4.1 The project has a total cost of USD 656,000, of which USD 328,000 (50%) will be provided by IDB Lab, and USD 328,000 (50%) by RWF. The instrument to be used is a technical cooperation (grant) given the nature of The RWF's business model, which is one of the selected applicants of IDB Lab's [Beyond Tourism Challenge](#). IDB Lab's resources will be used to fund technical assistance and training activities, including project coordination expenses.

Project components	IDB Lab (USD)	Counterpart (USD)	Total (USD)
Component 1: Awareness raising of responsible tourism services.	3,500	10,500	14,000
Component 2: Capacity building to improve sustainability	298,500	264,000	562,500
Component 3: Improved visibility of sustainable local operators	16,500	31,500	48,000
Project Administration (Executing Unit costs)	4,000	22,000	26,000

Evaluations	5,500	-	5,500
<b>Grand Total</b>	<b>328,000</b>	<b>328,000</b>	<b>656,000</b>
<b>% of Financing</b>	<b>50%</b>	<b>50%</b>	<b>100%</b>

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

### A. Executing Agency(s) Description

- 5.1. The Reef-World Foundation (RWF) will be the Executing Agency of this project and will sign the agreement with the Bank. RWF is a registered UK charity with 20 years of experience in delivering practical solutions for marine conservation around the world. The charity promotes the wise use of natural resources - particularly coral reefs and related ecosystems - for the benefit of local communities, visitors, and future generations. It is dedicated to supporting, inspiring and empowering governments, businesses, communities, and individuals around the world to act in conserving and sustainably developing coastal resources.
- 5.2. RWF leads the global implementation of UNEP's Green Fins initiative, which focuses on driving environmentally friendly scuba diving and snorkeling practices across the industry globally. As such, the charity provides low cost and practical solutions to local and industry-wide environmental challenges associated with the marine tourism industry. It provides education and capacity building assistance to empower environmental champions (within the diving industry, local communities, authorities, and governments) to implement proven coastal resource management approaches.
- 5.3. Reef Check Dominican Republic (RCDR) will coordinate the Dominican Republic in-country Green Fins operations with the capacity building support of RWF. Since 2004 Reef Check was established in the Dominican Republic under the direction of Dr. Rubén Torres and the support of a board of directors. Together, they have filled a very important space in the matter of conservation of the coastal marine resources of the Dominican Republic due to the rapid growth of the tourism industry. RCDR has led Green Fins activities in the Dominican Republic since 2018. RCDR has established an educational line of activity that includes training and educational material. The program includes 5 levels to train and give knowledge about coral reefs and promote participation in the surveillance activities of the global Reef Check. The profits produced by tourism sales are used to support the national surveillance program and train residents from the community. Reef Check Dominican Republic works to highlight the highly competitive tourism in the Dominican Republic and to help protect invaluable marine resources, creating benefits so that local conservation becomes economically sustainable in the long term.
- 5.4. The Environmental and Energy Ministry of Costa Rica (MINAE) is committed to consolidating national instruments that respond to the national and international goals set to reduce threats to biodiversity. For example, the National Biodiversity Strategy in its goal 62 wants to increase the number of tourism companies with sustainability certifications. With RWF's technical and capacity building support, the Tempisque Conservation Area (ACT-OR-DR-0846-20) will oversee, organize, and



facilitate all operational commitments in Costa Rica of pilot site implementation of the Green Fins approach in Costa Rica to achieve the national biodiversity targets. It is possible that a local NGO (e.g., Misión Tiburón) will support Green Fins operations in the delivery of this project.

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

- 5.5 RWF will oversee project coordination and administration. A project coordinator and administrator / accountant will support the project delivery on behalf of RWF. The project coordinator will actively participate with the physical and logistical structure necessary to execute the operation effectively and efficiently and will be responsible for managing the counterpart contribution necessary to complement the resources of the contribution in the execution of the activities. The project coordinator will be responsible for day-to-day operations, leading the procurement processes included in the project, and for submitting project status reports through IDB Lab's project management platforms every six months. The administrator/accountant will oversee managing the project's cash and accounting records. Periodic coordination meetings will be held to determine action and implementation strategies. IDB Lab will support the executing agency in project execution and will participate in the related strategic decisions.
- 5.6 RWF's digital specialist will oversee the coordination and development of the Green Fins Global Hub. This individual will work under the leadership of the project coordinator.
- 5.7 RWF will execute two project agreements with a) Reef Check Dominican Republic and b) the Tempisque Conservation Area. These agreements will outline the commitments of each party in the delivery of the in-country core Green Fins program operations including time sensitive milestones, deliverables and activity and financial reporting requirements. RWF's capacity building experts will deliver the standardized RFW capacity building interventions to each parties' operational teams to enable in-country core Green Fins activities.

## **VI. Compliance with Milestones and Special Fiduciary Arrangements**

- 6.1. The executing agency will agree to IDB Lab's standard arrangements relating to results-based disbursements and the procurement and financial management policies applicable to the private sector, in accordance with the Financial Management Guidelines for IDB-financed Projects (document OP-273-12, 12 June 2019 version), and IDB Lab and SEP guidelines for milestone management and financial supervision for technical cooperation operations.
- 6.2. The level of risk resulting from the diagnostic assessment of integrity and institutional capacity was low, demonstrating that RWF has a financial management system acceptable to IDB Lab and a monitoring and accountability structure to submit its institutional financial statements to the Bank. The disbursements for the project will be subject to verification of the fulfillment of the milestones, in accordance with the means of verification agreed by the executing agency and IDB Lab. Fulfilling the milestones does not release the executing agency from responsibility for fulfilling the agreed outcomes.

- 6.3. Unless otherwise determined by the Bank during execution, the executing agency's policies will be used for procurement. An annual plan for the procurement required for project execution and fulfilment of the milestones will be submitted together with the annual work plan. IDB Lab will perform an ex-ante review of the procurement-related technical issues that it deems necessary, particularly those considered critical.
- 6.4. The executing agency will prepare and make its annual financial statements available to the Bank. With resources from the contribution, the Bank may review the financial statements and revise the use of resources applied to the project, verifying financial practices and procurement.

## **VII. Information Disclosure and Intellectual Property**

- 7.1 **Access to information.** The information contained herein is classified as public upon approval under the Bank's Access to Information Policy.<sup>15</sup>
- 7.2 **Intellectual Property.** The Executing Agency shall own the intellectual property rights to all works to be produced or results that will be obtained under the Project. The Executing Agency hereby grants the Bank an irrevocable, world-wide, perpetual, royalty-free, and non-exclusive license to use, copy, distribute, reproduce, publicly display and perform any and all Executing Agency intellectual property that will be derived from the execution of the Project for the purpose of collaborating with the Executing Agency in accordance with the agreement. Notwithstanding any other provision of the Agreement, the Bank reserves the right to use, in any way it thinks fit, any programming tools, learnings, skills and techniques acquired or used by either party in the performance of the Agreement provided that in doing so it does not disclose any of the Executing Agency's Confidential Information to any third party or otherwise contravene any Intellectual Property Rights vesting in the Executing Agency.

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<sup>15</sup> Link to the Bank's [Access to Information Policy](#)