

## TC ABSTRACT

### I. Basic project data

▪ Country/Region:	Belize
▪ TC Name:	Support for Implementation of National Sustainable Tourism Masterplan (NSTMP)
▪ TC Number:	BL-T1054
▪ Team Leader/Members:	Team Leader: Sybille Nuenninghoff (RND/CBL); Team Members Michele Lemay (INE/RND), Paula Louis-Grant (FMP/CBL), Jorge Luis Gonzalez (FMP/CCR); Pilar Jimenez (LEG/SGO); and Elizabeth Chavez (INE/RND).
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Operational support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	n/a (Included in CS but loan number not yet identified)
▪ Reference to Request: (IDB docs #)	IDBDocs # 38136770
▪ Date of TC Abstract:	October 4 <sup>th</sup> , 2013
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Government of Belize
▪ Executing Agency and contact name (Organization or entity responsible for executing the TC Program) {If Bank: Contracting entity} {If the same as Beneficiary, please indicate}	Ministry of Tourism and Culture (MTC), CEO of MTC Ms. Tracy Panton
▪ IDB Funding Requested:	US\$550,000
▪ Local counterpart funding:	US\$200,000
▪ Disbursement period (which includes execution period):	24 months
▪ Required start date:	December, 2013
▪ Types of consultants (firm or individual consultants):	Firms and/or Individuals
▪ Prepared by Unit:	INE/RND
▪ Unit of Disbursement Responsibility:	RND/CBL
▪ Included in Country Strategy (y/n);	Yes (TC is aligned with current strategy (CS 2008-2012) also with the proposed priority areas of CS 2013-2017, estimated approval December, 2013)
▪ TC included in CPD (y/n):	Yes, included in 2013 CPD.
▪ GCI-9 Sector Priority:	The project contributes to the following GCI-9 lending target: Climate change, sustainable (including renewable) energy, and environmental sustainability

### II. Objective and Justification

2.1 Tourism is the most important economic base in Belize. Tourism is still a young industry in Belize but after three decades of rapid growth, direct tourism expenditure now accounts for 12.5% of GDP and the industry's overall contribution to GDP is estimated at 32%<sup>1</sup>. Tourism is the country's biggest export and foreign exchange earner and a major employer; its performance is therefore critical to economic and social development<sup>2</sup>. While cruise ship

<sup>1</sup> World Tourism and Travel Council (WTTC), 2012. Data represents direct value added as well as induced and indirect impact. Belize does not yet have a tourism satellite account. For more data, see IDB (2013) Tourism Sector Note.

<sup>2</sup> Tourism generates, directly, around 11.3% of total employment and indirectly, 28%. On direct versus indirect job creation in tourism, see International Labor Organization, "Reducing Poverty through Tourism", Geneva 2008.

arrivals surpass those in the overnight sector by a margin of 3:1, the overnight tourism sector accounts for 80% of tourism expenditure. Belize is strong in eco-tourism, adventure and cultural tourism and despite its small size, has high potential to further develop its tourism product. Its abundant natural and cultural assets provide the foundation for the industry's growth and a competitive advantage vis-à-vis other destinations.

2.2 The National Sustainable Tourism Master Plan 2012 – 2030 (NSTMP), developed within the Bank co-financed “Sustainable Tourism Program” (STP)<sup>3</sup> and endorsed by Cabinet in 2012, is the overarching tourism policy and strategic planning instrument, encompasses the strategic priorities of the national development plan for the country “Horizon 2030” as they relate to building a sustainable and responsible tourism product. The realization of the NSTMP targets<sup>4</sup> will require considerable public policy support and complementary public and private investment in five core areas<sup>5</sup>. This TC will support innovative approaches to improving public sector performance of tourism authorities and their partners including the delivery of improved results in the first two core areas.

2.3 Since March 2012, tourism is the domain of the Ministry of Tourism and Culture (MTC), former Ministry of Tourism and Civil Aviation (MTCA). A relatively young institution, the MTC is assigned to lead the implementation of the NSTMP, with core functions as policy review, formulation and implementation, monitoring, coordination with other public sector institutions, local government and private sector and the development of strategic alliances for investment. As a young institution, the MTC needs increased capacity, tools and procedures for many of its core functions. The Belize Tourism Board (BTB), established in 1990, and regulated through the Belize Tourism Board Act of December 2000, is a statutory body within the MTC, governed by a Board of Directors appointed by the Minister<sup>6</sup>. The National Institute of Culture and History (NICH)<sup>7</sup>, also a statutory body within the MTC, was created in 2003 to bring together diverse government departments which had historically worked to preserve and promote Belizean culture. Effective public sector institutions within

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<sup>3</sup> Sustainable Tourism Program (STP), BL-L1003 (22060/OC-BL), implemented during 2008 and 2013; US\$ 13,2 million (IDB funds)

<sup>4</sup> The NSTMP promotes low impact and high value tourism and estimates that by 2030 enhanced overnight destinations would result in doubling overnight tourism arrivals, reaching approximately 556,000 arrivals a year with an average spending of US\$213 a day generating approximately 6 million overnight stays. The optimized economic impact of the overnight tourism sector to the Belizean economy would reach approximately US\$1.2 billion a year. The NSTMP identifies cruise tourism as being a product with low to medium importance, based on its low potential for generating revenues per visitor and the fact that conventional cruise tourism does not reinforce a sustainable tourism image. The NSTMP suggests, in the same 20 year horizon, a controlled cruise tourism development expected to reach 1.5 million cruise passengers visits, contributing US\$ 132 million to the Belizean economy per cruise season.

<sup>5</sup> Or macro programs with the objectives to: (i) strengthen participatory governance and institutional capacity is crucial to successfully launch a global governance and management program and ensure coordination among all players in the tourism sector at national, regional and local country level. Long term sustainability of the newly defined strategic tourism framework (NSTMP) calls for an innovative lobbying and partnering approach to place tourism policy as a main national policy. Furthermore, regulatory and financial instruments are needed to encourage local and foreign investment (SME and PPPs); (ii) enhance tourism sustainability (including promotion of environmental sustainability), tourism standards and quality assurance; (iii) improve tourism infrastructures (such as road network and solid waste management); (iv) optimize promotion and communication efforts toward the local and international markets (tourism marketing); and (v) enhance visitor satisfaction and competitive advantage through diversification of the tourism products.

<sup>6</sup> The BTB works namely in product development, marketing and public relations in conjunction with members of the private sector (such as Belize Hotel Association (BHA), Belize Tourism Industry Association (BTIA) and Belize National Tour Operators Association (BTOA)) and is mandated to developing tourism in the most economically and environmentally sustainable manner.

<sup>7</sup> The NICH is comprised of the Institute of Archaeology (IA), Institute of Creative Arts (ICA), Museums of Belize and Houses of Culture (MOB/HOC) and the Institute of Social and Cultural Research (ISCR).

this tourism governance structure are key to shaping innovative alliances with local governments, operators associations and the private sector in support of implementation of the NSTMP.<sup>8</sup> The redefinition of policy level leadership institutions<sup>9</sup> and the newly assigned responsibilities of implementation and control, define the MTC, as lead institution for advocacy and awareness to mobilize the implementation of the NSTMP, the MFFDS, as lead supporter in planning and implementing the NSTMP by providing environmental and sustainability policy reform and best practice solutions concerning reduction of environmental footprints, MWT, in charge of enhancing accessibility to, and basic services infrastructure for tourist destinations and tourism assets and the MFED in charge of allocating national budgets and aligning synergies of the NSTMP, the existing policy guidelines are outdated and need to be adapted. Revised regulatory instruments are needed to create a legal frame work to strengthen capacity and scope of action of the tourism stakeholders.

- 2.4 In the aim to foster a well-planned and represented national tourism sector and ensure sustainable tourism growth, the MTC needs to be strengthened in its capacity to guide the new governance structures at national and regional levels through a unit which coordinates the actions of the implementation agencies and the strategic partners<sup>10</sup> and monitors and evaluates the implementation process. This unit, further called “Project Planning and Development Unit” (PPDU)<sup>11</sup>, to be institutionally established within the MTC (at CEO level) and managed by a technical team, will (i) advise on policy decision-making as it relates to tourism development, planning and destination management, (ii) elaborate a sustainable funding mechanism of the NSTMP<sup>12</sup> and (iii) promote public private partnerships (PPP) in the sector.
- 2.5 Lessons learnt during the implementation of the STP (Country Strategy 2008-2012) indicate the need to (i) ensure greater execution / disbursement readiness at the time of approval/eligibility of investment programs, (ii) avoid delayed decision-making (i.e. due diligence for land tenure, environmental management issues) and lengthy public consultation processes during project implementation. In the aim to foster a positive institutional environment for the tourism sector and considering that the proposed Country Strategy 2013 -2017 identifies tourism as one of its priority areas, this operation will support the MTC in the implementation of the NSTMP, focusing on (i) strengthening institutional capacity, (ii) promoting partnership development and stakeholder coordination; and (iii) enhancing

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<sup>8</sup> For example, the MTC’s coordination of public sector services at priority destinations can serve as a powerful incentive for attracting private sector investments and offering PPP arrangements. The MTC and its partner institutions also need the capacity to monitor cost-effectively tourism’s contribution to economic, social, environmental and financial indicators, along with the capacity to introduce the necessary preventive and/or corrective measures whenever needed.

<sup>9</sup> such as MTC (including BTB and NICH), Ministry of Forestry, Fisheries and Sustainable Development (MFFSD), Ministry of Works and Transportation (MWT) and Ministry of Finance and Economic Development (MFED).

<sup>10</sup> These agencies are public organizations and associations specialized in specific domains such as public work, education, business and investment (see also footnote 6). The strategic partners represent the organizations and the tourism companies that will have a role in the specific projects of the macro programs.

<sup>11</sup> The PPDU will be guided by a Project Implementation Manual as a management and control tool, which provides a synthesis of the identified lead implementers per macro program, reduced budget scenario analysis, key priority investment projects, results framework and risk management guidelines.

<sup>12</sup> The estimated total cost of the NSTMP is US\$1.3 billion over the period 2012-2030. The implementation is divided into two major phases: i) phase I (2012 – 2020), which allocates 44% of the budget; and ii) phase II (2021 -2030), allocating the remaining 56%. The tourism product development macro program, with focus on “cultural and nature-based tourism development”, is leading the budget allocation, with intensive investment planned for 2015-2020.

project planning and destination development (identification and conceptual design of investment portfolio).

- 2.6 The proposed TC is aligned with the objective of the ICSF in that its main focus is on strengthening the institutions responsible for the implementation of national tourism policy framework (strategic framework of the tourism sector (NSTMP)), including greater participation of sector and local governments, civil society and the private sector in shaping government policies (such as PPP policy framework) and guidelines / programs. The TC addresses the three strategic areas of the Fund: (a) the first one by addressing the key challenges for the implementation of institutional reform (in the tourism sector) by attending to institutional fragmentation and capacity constraints (of MTC and BTB); (b) the second one by addressing the key challenges for whole-of government approaches to critical multi-sector challenges (as identified in the tourism sector) by attending greater governmental coordination across different levels of government (sector and local government levels) as well as key challenges for management of public resources through innovative tools of planning, monitoring, control and evaluation; and (c) the third one by addressing key challenges for service delivery to the private tourism industry by attending institutional strengthening initiatives by attending through improvement of quality.

### **III. Description of Activities and Outputs**

- 3.1 **Component 1: Institutional Strengthening and Capacity Building.** This component will focus on key priorities defined in the Governance macro program of the NSTMP, such as improvement of institutional efficiency, institutional realignment to strengthen sustainable tourism and enhancement of tourism policy. The activities to be carried out are: (i) support establishment of PPDU in the MTC; (ii) conduct an independent assessment of MTC, including institutional and legislative review and consultation (workshops) with key stakeholders; and (iii) assess policy framework for public-private partnership (PPP). The expected outputs of this component are: (a) MTC strengthened with fully operational PPDU and technical capacity in planning and monitoring and evaluation (M&E system) enhanced, (b) national tourism act and amendments to acts and statutory instruments of line ministries reviewed and strategic plan and 3-year action plan of the MTC elaborated; and (c) PPP policy framework elaborated.
- 3.2 **Component 2: Partnership Development and Stakeholder Coordination.** This component fosters the inter-ministerial dialogue and local cooperation, multilateral and regional partnership and active participation of the private sector. The activities to be carried out are: (i) promote orientation and coordination meetings with public sector ministries and local village councils and roles of the various implementation agencies clarified; and (ii) promote multilateral, regional and private partnerships for the implementation NSTMP development priorities. The expected outputs of this component are: (a) collateral material for partner engagement and targeted audience developed, (b) tailored NSTMP program implementation manuals for key executing agencies (BTB, NICH, BELTRAIDE) elaborated; (c) investment meetings with multilateral and regional funding agencies realized

(participation in major international and regional trade investment shows); (d) tourism investment dossier disseminated.

**3.3 Component 3: Project Planning and Destination Development.** This component will focus on prioritization and planning of future tourism investment. The activities to be carried out are: (i) elaborate baseline and prefeasibility studies of public investment projects in new emerging overnight in tourist destinations, as well as identify and conceptualize PPP investments; (ii) develop of planning tools for sustainable local tourism development (including tourism SME development); and (iii) studies on carrying capacity and limits of change of critical vulnerable tourism assets (nature-based and cultural tourism hotspots). The expected outputs of this component are: (a) destination planning and local participation (local governments and local tourism stakeholders) improved, (b) destination guidelines for planning local tourism development elaborated, (c) framework for identification, mapping and classification of tourism resources established; and (d) environmentally sustainability and management of nature-based and cultural tourism assets improved.

#### IV. Estimated Budget

Component/Activities	Description	IDB (USD)	Local /BTB (USD)	TOTAL (USD)
<b><u>Component 1: Institutional Strengthening and Capacity Building</u></b> Activity 1: Establishment of PPDU Activity 2: Assessment of institutional and legal framework Activity 3: Elaboration of PPP policy framework	1) Technical capacity of MTC in planning and monitoring and evaluation improved; 2) National Tourism Act revised and acts of line ministries and statutory instruments reviewed; 3) Guidelines for PPP investment elaborated	174,000	100,000	<b>274,000</b>
<b><u>Component 2: Partnership Development and Stakeholder Coordination.</u></b> Activity 1. Promotion of orientation and coordination meeting and clarification of stake holder roles; Activity 2: Promotion of multilateral regional and private partnerships;	1) Collateral material for partner engagement and program implementation manuals for key execution agencies elaborated; 2) Major international and regional trade investment shows visited and tourism investment dossier disseminated.	91,000	0	<b>91,000</b>
<b><u>Component 3: Project Planning and Destination Development</u></b> Activity 1: Elaborate baseline and prefeasibility studies for tourist investment projects Activity 2. Development of planning tools for sustainable local tourism; Activity 3: Assessment of carrying capacity and limits of change of tourism hotspots.	1) Public and private sector tourism investment prioritized prefeasibility studies elaborated 2) Destination planning and local participation improved and destination guidelines elaborated; 3) Framework for identification, mapping classification (including study of carrying capacity of nature-based and cultural hotspots)	260,000	100,000	<b>360,000</b>
<b>Sub-Total</b>		525,000	200,000	
<b>Final Financial Audit and Final Evaluation</b>		25,000	-	<b>25,000</b>
<b>TOTAL</b>		<b>550,000</b>	<b>200,000</b>	<b>750,000</b>

#### V. Executing agency and Execution Structure

5.1 This operation will be executed by the Ministry of Tourism and Culture (MTC) with support of the Belize Tourism Board (BTB) through the Project Planning Development Unit (PPDU). The PPDU will liaise and coordinate closely with other line agencies of the MTC, such as

BTB and NICH. In addition close working relationships will be developed with MFFSD, MNRA (Lands Survey Department), BELTRAIDE<sup>13</sup> and MFED. INE/RND will take on the role of overall supervision of the Project through the natural resource specialist (RND/CBL), based in the Country Office.

## **VI. Project Risks and issues**

6.1 The main risks of this operation are: (i) institutional weakness and limited knowledge of MTC to implement the project and its proposed activities in a timely manner the proposed activities. This will be mitigated by the MTC's decision that key project team members, having successfully implemented the STP, will be part of the new PPDU; and (ii) lack of investment interest and / or limited financial resources in private sector. This will be mitigated through early sensitization and involvement of the Ministry of Trade, Investment Promotion, Private Sector Development and Consumer Protection and its statutory body BELTRAIDE and participation major international and regional trade investment shows.

## **VII. Environmental and Social Classification**

7.1 It is not anticipated that the activities to be financed in this TC will have negative direct social or environmental impacts. Therefore the team considers that, according to the Bank's Safeguards Screening Toolkit, this operation should be given a classification of "C": (i) no environmental or social risks; (ii) direct contribution to solve an environmental issue.

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<sup>13</sup> Belize Trade and Investment Development Service, statutory body of Ministry of Trade, Investment Promotion, Private Sector Development and Consumer Protection.