

TC ABSTRACT

I. Basic project data

▪ Country/Region:	Belize
▪ TC Name:	Mainstreaming Biodiversity and Ecosystem Services in Tourism Development
▪ TC Number:	BL-T1064
▪ Team Leader/Members:	Team leader: Michele Lemay (INE/RND); alternate Team leader Sybille Nuenninghoff (RND/CBL); Team members: Cassandra Rogers (RND/CBA); Onil Banerjee (INE/RND); Paula Louis-Grant (FMP/CGY); John Primo (FMP/CBL); Maria L. (LEG/SGO) Jane Chow (CID/CBL); 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:	BL-L1020
▪ Reference to Request: (IDB docs #)	IDBDOCS#38838641
▪ Date of TC Abstract:	July 2014
▪ Beneficiary:	Government of Belize
▪ Executing Agency and contact name	TBD
▪ IDB Funding Requested:	US\$350,000
▪ Local counterpart funding, if any:	US\$50,000
▪ Disbursement period (which includes execution period):	18 months
▪ Required start date:	August 2014
▪ Types of consultants (firm or individual consultants):	Firm and consultants
▪ Prepared by Unit:	INE/RND
▪ Unit of Disbursement Responsibility:	CID/CBL (or INE/RND)
▪ Included in Country Strategy (y/n);	Yes
▪ TC included in CPD (y/n):	Yes
▪ GCI-9 Sector Priority:	(i) Poverty reduction and equity enhancement; (ii) supporting development in small and vulnerable countries; and (iii) climate change, sustainable (including renewable) energy, and environmental sustainability.

II. Objective and Justification

- 2.1 The general objective of this operation is mainstreaming the economic value of biodiversity and ecosystem services, including those related to coastal resilience¹ into tourism sector planning and investments, thereby contributing directly to the implementation of the National Sustainable Tourism Master Plan (NSTMP) of

¹ Coastal resilience in this context refers to the capacity of the tourism sector, including its human, social, economic and environmental systems, to adapt and recover from coastal hazards associated with current climate variability and future climate changes.

Belize. The specific objectives are to: (a) conduct the analytical studies required to fully integrate biodiversity and ecosystem services, including coastal resilience, in the preparation of the Sustainable Tourism Program II (BL-L1020), including the design, economic, environmental and institutional studies; (b) build local capacity for mainstreaming the economic value of biodiversity and ecosystem services ('natural capital'), including coastal resilience, in the planning, development and management of the tourism sector in Belize.

2.2 Tourism is the most important economic sector in Belize. It is by far the largest earner of foreign exchange, with earnings accounting for 40% of total exports of goods and services from 2008-2012.² Tourist expenditures were equivalent to 18% of GDP from 2008-2012, an economic importance that is about average by the standards of other tourism-oriented Caribbean countries, but far higher than Belize's Central American neighbors. Although official statistics do not estimate the direct contribution of tourism to GDP in the absence of tourism satellite accounts, the World Tourism and Travel Council (WTTC) has estimated that Tourism & Travel (T&T) directly contributed 13.5% of GDP in 2013 and that its total contribution, when including indirect and induced effects, was 36.6% of GDP.³ Similarly, the WTTC estimated that T&T generated about 17,000 jobs directly in 2013 (12% of total employment), and 33% of employment (47,000 jobs) when considering wider effects from investment, the supply chain and induced income impacts. Given tourism's key role, the health of Belize's economy is closely related to the health of the tourism sector.

2.3 Tourism and Biodiversity and Ecosystem Services. With a land area of 22,963 km², Belize is endowed with an abundance of natural capital, including the Mesoamerican Barrier Reef System, the largest unbroken barrier reef in the Western Hemisphere. The Belize Barrier Reef System exists as a World Heritage Site, with over 634 genera of marine organism, report in 2010⁴. As a result, Belize has approximately 22.6% of its national territory under some form of protection, consisting of 102 protected areas. These areas of high biodiversity and scenic beauty provide a range of goods and services (*ecosystem services*) that are the foundation of a sustainable tourism industry. The National Sustainable Tourism Masterplan 2012 - 2030 (NSTMP), endorsed by Cabinet in 2012, identifies 100 main tourism assets, of which 49% are natural attractions (natural parks, caves, wildlife sanctuaries and marine areas), 45% are cultural attractions (Mayan heritage sites), and only 7% are man-made attractions (entertainment activities). Twenty-three of these sites can be considered assets with international recognition, which means they have a high degree of attractiveness and have the potential to captivate international tourists as a primary tourist attraction.⁵ These ecosystem services and the natural capital that

² Central Bank of Belize balance of payments data, website.

³ World Travel and Tourism Council (WTTC) - Belize Economic Impact, 2014.

⁴ Government of Belize, IV National Report to the United Nations on Convention on Biological Diversity.

⁵ Unique among its natural assets is an extensive barrier reef along the country's approximately 584 km coast, which comprises the single largest portion of the Mesoamerican Barrier Reef, a system that extends for approximately 1000 km across several countries and is the largest unbroken barrier reef in the Western Hemisphere. CBD Fourth National Report - Belize (English version), 2010 (<http://www.cbd.int/doc/world/bz/bz-nr-04-en.pdf>).

underpin them have economic value. Although methods to value and manage ecosystem services are still evolving, Belize is fortunate in having been one of the Caribbean countries subject to the most extensive valuation studies to date. Assessments show that the value of ecosystem services generated by coastal ecosystems in Belize (coral reefs and mangroves) contributes between 15 to 22% of the country's GDP⁶. In these studies, the annual contribution to tourism was estimated at US\$ 150 to 196 million, calculated by estimating gross tourism expenditures in coastal areas. The shoreline protection services totaled between US\$231 and US\$347 million or 9% to 13.5 % of GDP in avoided damages per year by buffering against storm surge and reducing erosion.

2.4 Vulnerability of Belize's Tourism Sector. Natural disasters and climate change pose a threat to the sustainability of the tourism sector. Tropical storms and hurricanes affect Belize on average once every two years (UNDP, 2009). Between 2000 and 2011, seven (7) extreme weather events (hurricanes, tropical storms and floods) affected Belize; and the tourism industry was adversely affected by four of these. A significant proportion of the total damage and losses caused by Hurricane Keith in Belize in 2000 (US\$80.2 million) was attributable to impacts on the tourism sector. Losses to the sector associated with Hurricane Richard in 2010 were estimated at US\$1.2 million.⁷The high potential losses associated with climate variability and climate change threaten tourism competitiveness and development, and consequently, negatively affect the country's prospects for continued economic growth, as well as, welfare of the populace.

2.5 Alignment with IDB Country Strategy, and Current Actions. The IDB Country Strategy with Belize (2013-2017; GN-2746) identified tourism as one of four priority areas for support, and a 2014 Programming Mission included a second phase of the Sustainable Tourism Program (STP II). The loan would build on the results of the STP I and would be aimed at supporting implementation of the NSTMP and increasing the contribution of the tourism sector to the economy through diversification of the tourism product and improved sector management, including management of the natural capital upon which sustainable growth of the sector depends and the internalization of coastal resilience in all aspects of the operation.⁸ A technical cooperation agreement entitled "Support for the Implementation of the National Sustainable Tourism Master Plan (NSTMP; BL-T1054)" was signed on June 16th, 2014, and includes activities aimed at strengthening the capacity of the Ministry of Tourism, Culture and Civil Aviation (MTCCA) and coordination with key stakeholders in the industry with a view to establishing the capacity for execution of a future loan. This TC also includes as an activity the preparation of three destination plans for Corozal, Punta Gorda and Caye Caulker.

⁶ World Bank, 2011; World Resources Institute, 2008.

⁷ Studies show that storm surge and coastal erosion continue to degrade the country's coastal, marine and terrestrial ecosystems, including coral reefs that are a core aspect of the tourism product; and mangroves that provide natural coastal protection. Riverine flooding also affects terrestrial ecosystems. In addition, climate change and sea level rise are expected to have deleterious impact on these ecosystems, and the coastal zone in particular, as well as other sectors on which the tourism industry depends (such as water and agriculture).

⁸ BTOR . [_____](#)

- 2.6 During an identification mission held in May 2014, it was agreed that the following were additional key elements for loan preparation: (a) the loan design should build on the lessons learned of STP I (BL-L1003), including aspects related to environmental sustainability and coastal resilience; (b) a rigorous analysis of potential demand for emerging destinations should be undertaken and the selection of the destinations fully justified, including in terms the economic value of natural and cultural assets and associated ecosystem services; (c) a pro-poor value chain analysis should be undertaken to identify needs and opportunities for full integration of low income residents in the sector; and (d) the design and feasibility analyses of potential investments should mainstream biodiversity and ecosystem services, including those related to coastal resilience. An interest in building local capacity in the economic tools required to analyze the viability of tourism investments both at the national level and for destinations was also expressed.
- 2.7 The proposed TC will contribute to the following GCI-9 lending program priority targets:
- (i) poverty reduction and equity enhancement- improved environmental quality and governance can lead to greater opportunities for more vulnerable segments of the population, particularly those directly dependent on the natural resource base.
 - (ii) climate change, sustainable (including renewable) energy, and environmental sustainability- strengthening of the evidence-base for informing environmental policy and implementation will help improve decision making with regards to climate change mitigation/adaptation and overall sustainability.
- 2.8 In addition, the proposed TC will contribute to the Environment and Biodiversity sector priorities: “protect the environment, respond to climate change, promote renewable energy, and ensure food security.” Lastly, the proposed TC supports the Biodiversity and Ecosystem Services Program, via the integration of biodiversity and ecosystem services into key sectors of the economy, within areas of regionally significant biodiversity.

III. Description of Activities and Outputs

- 3.1 The proposed activities are described in the following table. Expected outputs and results are fully consistent with the IDB’s Biodiversity and Ecosystem Services Program.

ACTIVITY	DESCRIPTION	EXPECTED OUTPUTS	EXPECTED RESULTS
Component 1- Technical and feasibility analysis studies for BL-L1020	This component will focus on activities to conduct analytical studies that are required to fully integrate biodiversity and ecosystem services, including coastal resilience, in the preparation of the Sustainable Tourism Program II (BL-L1020), including the design, economic, environmental and institutional studies in at	An assessment of biodiversity, coastal/resiliency, and ecosystem services for select emerging destinations; potential tourism	Investment options for maximizing pro-poor development impact and ecosystem benefits

	<p>least three selected emerging coastal? tourist destinations (eg. Corozal, Caye Caulker, Punta Gorda, Western Belize-Chiquibul Reserve Complex). As a result, the activities to be carried out are as follows: (1) Conduct an Assessment of the Biodiversity and Ecosystem Services, and coastal resiliency, in Emerging Tourism Destinations; (2) Conduct a Potential Tourism Demand Study in selected Emerging Destinations; (3) Carry out an ex-ante Economic Analysis of the Investments being proposed for BL-L1020, including their potential to promote poverty reduction and equity; and (4) Prepare detailed feasibility designs of selected investments for BL-L1020, including the integration of biodiversity, ecosystem service and coastal resiliency into the plans.</p>	<p>demand studies for select emerging destinations; pro-poor VCA; ex-ante economic analysis of the investments and detailed investment design;</p>	<p>selected. Key components of POD produced.</p>
<p>Component 2- Institutional and Capacity building in analytical approaches to sustainable tourism investments, as it relates to the mainstreaming of biodiversity, ecosystem services and climate resiliency in tourism destinations.</p>	<p>Component 2 will consist of activities focused on the development of local capacity for mainstreaming the economic value of biodiversity and ecosystem services ('natural capital'), including coastal resilience, in the planning, development and management of the tourism sector in Belize. The activities to be carried out are: (1) Conduct a Capacity Needs Assessment (between MTCCA and Ministry of Forestry, Fisheries and Sustainable Development) in the interest of mainstream the Planning and Management of the Biodiversity and Ecosystem Services in Tourism Destination, including the risk reduction and adaptation measures necessary to address climate resiliency challenges; (2) Develop a Implementation Plan (between MTCCA and Ministry of Forestry, Fisheries and Sustainable Development) to mainstream the Planning and Management of the Biodiversity and Ecosystem Services in Tourism Destination, including the risk reduction and adaptation measures necessary to address climate Resiliency challenges; (3) Design a Capacity Building Program to mainstream the Planning and Management of the Biodiversity and Ecosystem Services in Tourism Destination, including climate resiliency; (4) Carry out Capacity Building Activities with specific application to sustainable tourism planning, development and management.</p>	<p>Capacity building needs ascertained; Cross-Institutional Framework established for the Planning, Development and Management of Biodiversity, Ecosystem Services, and Climate Resiliency in coastal Tourism Development; Capacity building program developed and executed; and, Technical Personnel capacity enhanced in both Ministries of Government with specific application to the mainstreaming of biodiversity, ecosystem services and climate resiliency into tourism planning, development, and management.</p>	<p>Increased institutional capacity in analytical approaches to tourism investments, as it relates to the integration of biodiversity, ecosystem services and coastal resiliency.</p>

IV. Budget

4.1 The total budget for this technical cooperation has been estimated at US\$450,000 (of which US\$350 would be financed from the Biodiversity and Ecosystem Services Program) as shown in the following table.

Indicative Budget

Component	Description	IDB/Fund Funding US\$	Counterpart Funding	Total Funding US\$
Activities				
Component 1: Technical and feasibility analysis studies for BL-L1020	<p>Activity 1: Conduct an Assessment of the Biodiversity and Ecosystem Services, and coastal resiliency, in Emerging Tourism Destinations.</p> <p>Activity 2: Conduct a Potential Tourism Demand Study in Emerging Destination.</p> <p>Activity 3: Carry out an ex-ante Economic Analysis of the Investments being proposed for BL-L1020, including their potential to promote poverty reduction and equity.</p> <p>Activity 4: Prepare detailed feasibility designs of selected investments for BL-L1020, including the integration of biodiversity, ecosystem service and coastal resiliency into the plans.</p>	235,000		235,000
Component 2: Institutional and Capacity building in analytical approaches to sustainable tourism investments, as it relates to the mainstreaming of biodiversity, ecosystem services and climate resiliency in tourism destinations.	<p>Activity 1: Conduct a Capacity Needs Assessment in the interest of mainstream the Planning and Management of the Biodiversity and Ecosystem Services in Tourism Destination, including the risk reduction and adaptation measures necessary to address coastal resiliency challenges.</p> <p>Activity 2: Develop a Implementation Plan to mainstream the Planning and Management of the Biodiversity and Ecosystem Services in Tourism Destination, including the risk reduction and adaptation measures necessary to address coastal resiliency challenges.</p> <p>Activity 3: Design a Capacity Building Program to mainstream the Planning and Management of the Biodiversity and Ecosystem Services in Tourism Destination, including coastal Resiliency.</p> <p>Activity 4: Carry out Capacity Building Activities with specific application to sustainable tourism planning, development and management.</p>	100,000	50,000	150,000
Audit/Evaluation		15,000	-	15,000
TOTAL		350,000	50,000	400,000

V. Executing agency and execution structure

- 5.1 The Executing Agency for this operation will be the Ministry of Tourism, Culture and Civil Aviation (MTCCA), with technical support from its Planning and Project Development Unit (PPDU). The PPDU will liaise and coordinate closely with other line agencies of the MTCCA, especially the Belize Tourism Board (BTB) and the National Institute of Culture and History (NICH). In addition, the Ministry of Forestry, Fisheries and Sustainable Development (MFFSD) will be engaged as strategic partners for the Project, especially as it relates to tourism development in protected areas, and the integration of biodiversity and ecosystem services management into the plans for tourism development in emerging destinations. Other close working relations will be developed with the Ministry of Natural Resources and Agriculture, BELTRAIDE¹⁰, the Ministry of Finance and Economic Development, the Ministry responsible for Local Government and Rural Development, The Ministry of Energy, Science, Technology and Public Utilities, and the municipalities of the three selected emerging destinations.
- 5.2 A Technical Advisory Committee (TAC) will be established under the MTCCA in order to provide technical guidance in the execution of the operation, validate the alternative development scenarios and results, review and comment on consultants' interim results and draft reports. The membership of the TAC includes representatives of MTCCA (and Belize Tourism Board), MFFSD (and representatives to be nominated from the Forest Department, Fisheries Department, Coastal Zone Management Authority), Ministry responsible for Local Government, BELTRAIDE, Ministry of Energy, Science, Technology and Public Utilities, Department of Lands and Survey, and the Ministry of Finance and Economic Development.
- 5.3 INE/RND will take on the role of overall supervision of the Project through the natural resource specialist (RND/CBL), based in Country Office. Procurement will be carried out in accordance with the Policies for the Procurement of Works and Goods financed by the IDB (GN-2349-9) and the Policies for the Selection and Contracting of Consultants financed by the IDB (GN-2350-9).

VI. Project risks and issues

- 6.1 There are two potential risks, both of which are mitigated by the execution arrangements proposed above. First, there is a risk of a lack of participation of key stakeholders in Belize in the review of alternative development scenarios and the physical planning process. This risk is mitigated by including a robust program of communications and local engagement in scoping of the alternative development scenarios and reviewing the results of the spatial analysis. Second, there risk could exist of a lack of coordination among key stakeholders in Government involved in development planning. This risk is mitigated by the creation of the Technical Advisory Committee (TAC) which will ensure coordination among key institutions. The risk is further mitigated by assigning one Project Execution coordinator for this operation.

¹⁰ Belize Trade and Investment Development Service, statutory body of the Ministry of Trade, Investment Promotion, Private Sector Development and Consumer Protection.

VII. Environmental and Social Classification

- 7.1 It is not anticipated that the activities to be financed in this TC will have negative direct or indirect social or environmental effects. According to the Bank's Safeguards Screening Toolkit, this operation was classified with "C": ([See Link](#)).