

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**NATIONAL TOURISM DEVELOPMENT PROGRAM –
RIO DE JANEIRO
PRODETUR NACIONAL – RIO DE JANEIRO
(BR-L1210)**

LOAN PROPOSAL

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Electronic Links
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ACRONYMS AND ABBREVIATIONS

ABIH	Associação Brasileira da Indústria de Hotéis [Brazilian Hotel Industry Association]
ACT	Activity characteristic of tourism
AWP	Annual work plan
CETUR	Conselho Estadual do Turismo [State Tourism Board]
EMBRATUR	Instituto Brasileiro de Turismo [Brazilian Tourism Institute]
ESMR	Environmental and social management report
GDP	Gross domestic product
ICAS	Institutional Capacity Appraisal System
IRR	Internal rate of return
PCU	Program Coordination Unit
PDITS	Plano de Desenvolvimento Integrado do Turismo Sustentável [Integrated Sustainable Tourism Development Plan]
PRODETUR Nacional	Programa Nacional de Desenvolvimento do Turismo [National Tourism Development Program]
PV	Present value
RevPAR	Revenue per available room
RJ	State of Rio de Janeiro
SEA	Strategic environmental assessment
SETE	Secretaria de Estado de Turismo, Esporte e Lazer [Department of Tourism, Sport and Leisure of the State of Rio de Janeiro]
TurisRio	Companhia de Turismo do Estado do Rio de Janeiro [State of Rio de Janeiro Tourism Corporation]

PROJECT SUMMARY
BRAZIL
NATIONAL TOURISM DEVELOPMENT PROGRAM - RIO DE JANEIRO
PRODETUR Nacional – Rio de Janeiro
(BR-L1210)

Financial Terms and Conditions			
Borrower: State of Rio de Janeiro (RJ)		Amortization period	25 years
Guarantor: Federative Republic of Brazil		Grace period:	4 years
Executing agency: Department of Tourism, Sports, and Leisure of the State of Rio de Janeiro (SETE)		Disbursement period:	4 years
Source	Amount (US\$ millions)	Interest rate:	LIBOR
		Inspection and supervision fee	*
IDB (OC)	US\$112,000,000	Credit fee:	*
Local	US\$ 75,000,000	Currency: U.S. dollars drawn from the Single Currency Facility of the Bank's Ordinary Capital.	
Other cofinancing			
Total	US\$187,000,000		
Program at a glance			
<p>The program's objective is to help increase employment, revenue, and foreign exchange generated by the tourism sector by consolidating and diversifying the supply of tourism services in the State of Rio de Janeiro. The purpose is to increase tourism expenditure in the program areas.</p>			
<p>Special contractual conditions: Special conditions precedent to the first disbursement: The borrower must provide evidence that: (i) the Program Coordination Unit (PCU) has been created, and the unit's General Coordinator and other specialists have been selected, according to the profiles agreed upon with the Bank (paragraph 3.2); (ii) a short list has been prepared for selection of the management firm that will assist the PCU with program implementation (paragraph 3.3); (iii) the program operating manual has been officially adopted and entered into force as agreed with the Bank and has been posted on the SETE website (paragraph 3.8); and (iv) there is interest in the selection of the firm to implement the program management system (paragraph 2.7).</p>			
<p>Special execution conditions: (i) a condition precedent to the start of civil works will be the entry into force of the technical cooperation agreement between the borrower/SETE and the relevant sector administration (paragraph 3.4); (ii) a condition precedent to bidding on the works in a município will be the entry into force of the cooperation agreement between the borrower/SETE and the respective município, under the terms agreed upon with the Bank (paragraph 3.5); and (iii) within 180 days after signature of the loan contract, the borrower must demonstrate that the program management system has been implemented (paragraph 2.7).</p>			
<p>Exceptions to Bank policy: None</p>			
<p>Project consistent with the Country Strategy: Yes [X] No []</p>			
<p>Project qualifies as: SEQ [] PTI [] Sector [] Geographic [] Headcount []</p>			
<p>Procurements: All program procurements will be undertaken in accordance with the Bank's policies and procedures set out in documents GN-2349-7 and GN-2350-7. No exceptions to the Bank's policies are foreseen.</p>			

(*) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Tourism in Rio de Janeiro

- 1.1 **Current context.** The State of Rio de Janeiro is one of Brazil's most well established tourist destinations; according to estimates of the Rio de Janeiro Data and Information Center (CIDE), tourism contributes 38% of state GDP. Data for 2007 from the Brazilian Tourism Institute (EMBRATUR) show that Rio de Janeiro accounts for 24% of the nation's accommodation establishments and 41% of all tourist guides. Although domestic demand exceeds foreign demand (55% in 2007),¹ the state capital is one of the main entry points for international visitors to Brazil: in 2008, over 1.5 million tourists visited the city of Rio de Janeiro — 30.7% of the country's tourism arrivals.² Although one half of these foreign visitors come from Europe, the United States and Argentina are the two leading countries of origin (32% of the total). The reasons for international travel to the state are mainly sun and beach tourism (44%) and business (28.5%).³ Statistics published by the International Congress and Convention Association (ICCA) show that Rio de Janeiro is one of the world's nine most sought-after cities for international conferences. Apart from the city of Rio itself, there are the tourist enclaves of Armação de Buzios, Paraty, Angra dos Reis and Petrópolis, which are identified as untapped destinations with potential in the Brazilian Ministry of Tourism's Regionalization Program because of their capacity to attract international demand: 42% of foreign tourists arriving in Rio de Janeiro visit at least one of these destinations.
- 1.2 Over the next few years, the trend of tourism growth is expected to continue and strengthen, in the run-up to the 2014 World Cup and the 2016 Olympic Games, among other events, supported by associated investment in urban infrastructures and hotel, telecommunications, highway and marketing facilities. The State Department of Sport, Tourism and Leisure (SETE) forecasts revenue of US\$7.1 billion from the 79,000 tourists expected for the World Cup; and US\$17.8 billion is expected to be channeled to the city from an estimated 196,000 visitors to the Olympic Games. In addition, recent discoveries of oil deposits along the RJ coastline should stimulate business demand in the state starting in 2010.
- 1.3 **Challenges.** Although the state expects significant growth in tourist flows in connection with these mega-events, there are also structural challenges that need to be addressed to generate better conditions for receiving tourists in the years ahead, and ensure a legacy for the image of the State of Rio de Janeiro as a reliable tourism destination of choice.

¹ On a hotel nights basis, Brazilian Hotel Industry Association (ABIH).

² Ministry of Tourism: Study of international tourist demand.

³ EMBRATUR, 2007.

- 1.4 **Tourist product strategy.** Tourism in Rio de Janeiro has developed around the metropolitan area, which generates 80% of formal tourism jobs in the state, supported by a number of coastal enclaves. This concentration of activity has until now made it impossible to tap the potential of spreading tourism activities to new inland areas, and thereby alleviate pressure on coastal destinations and optimize the geographic distribution of the benefits of tourism. Moreover, some parts of the metropolitan region and certain destinations along the RJ coastline (*franja marítima fluminense*) are showing signs of age and exhaustion: (i) areas suffering from urban congestion in which there is no longer any physical space available for new enterprises, or land prices are too high for hotel investors; (ii) little diversification of existing tourism products, owing to the prevalence of sun and beach tourism and business travel; (iii) a drop in the quality of supply with many obsolete facilities unable to meet minimum international quality standards, despite recent efforts at renewal by a number of hotel chains; and (iv) increasing difficulties in differentiation, owing to stronger competition from destinations in the North-East and Southern areas of the country, which are exploiting the same sun and beach tourism segments.
- 1.5 **Promotion and marketing strategy:** As the state's tourist image is focused on the city of Rio de Janeiro, efforts are needed to expand this image through new differentiated tourism possibilities. New market segments also need to be explored to reduce reliance on a few dominant markets of origin (the United States and Argentina internationally, the State of São Paulo domestically), and diversify tourism marketing channels to optimize resource allocation. There are currently no mechanisms to monitor and evaluate the effectiveness and efficiency of the different promotion and marketing channels used by the various public tourism entities.
- 1.6 **Accessibility and basic services:** There are shortcomings in terms of access to tourism attractions, efficient connectivity between tourism zones, including public transport systems and nonmotorized transport systems, as well as integration between the various modes of transport (intermodality). There are also deficiencies in sanitation and waste management services, and in the provision of certain core services (street lighting, telecommunications, etc.) which do not provide adequate coverage for current or potential visitor volumes (see section 5.5 of the Integrated Sustainable Tourism Development Plan (PDITS), [Coastal](#) and [Sierra Zones](#), **Analysis of Basic Infrastructures and General Services**).
- 1.7 **Public governance in tourism:** Limited local capacities for tourism planning and sector supervision, compounded by interagency coordination difficulties, result in high levels of informality in the tourism sector (estimates by the Institute for Applied Economic Research (IPEA) show that 47% of jobs in typical tourism activities in the state are informal), which does nothing to maximize the benefits of tourism at the municipal level, or to consolidate tourist activity in new areas of the state with tourist potential. Strategies for integration between the public state and local spheres need to be reviewed and stimulated to bring them closer together.

- 1.8 **Environmental management:** Some destinations show evidence of environmental degradation, caused by growing pressure on environmental resources and inefficient land management in tourism areas, and also in public management and use plans along seafronts and in fragile ecosystems. Greater incentives need to be provided to the private sector to implement actions and proposals leading to education processes and responsible socioenvironmental practices (see section 5.7 of the PDITS [Coastal](#) Zone, **Analysis of Socioenvironmental Issues**).

B. Bank actions in the sector and lessons learned

- 1.9 The proposed program consolidates the Bank's strategic support for tourism development in Brazil (see [Tourism Sector Note for Brazil](#) for further details), which began in 1994 with the approval of the first of two operations targeting socioeconomic development in the country's north-east region — PRODETUR/NE I (841/OC-BR), costing a total of US\$700 million, of which the Bank financed US\$400 million. Based on this experience, in March 2002 the Bank approved PRODETUR/NE II (1392/OC-BR) for a total of US\$400 million, the main objective being to improve the quality of life of communities living in tourist zones by increasing employment and municipal income, and setting up mechanisms to guarantee sustainable and responsible tourism. In March 2010, 63% of the Bank financing of US\$240 million had been disbursed. The last disbursement date is scheduled for September 2010.
- 1.10 Other operations in the sector include: the Ecotourism Development Program in Amazônia Legal (1216/OC-BR), with Bank funding of US\$13.8 million, which concluded in February 2008; and the Ecotourism Development Program in São Paulo's Atlantic Forest (1681/OC-BR), with financing of US\$9 million, of which 27% has been disbursed. Lastly, there is the program to support PRODETUR Nacional (BR-L1195) approved in 2009, with Bank financing of US\$15 million, the purpose of which is to give the Ministry of Tourism tools to strengthen its capacity to support tourism planning and investment at the state and municipal levels. One of the beneficiaries of this operation will be Rio de Janeiro.
- 1.11 Taking into account the various assessments and the recommendations contained in the 2000-2008 Country Program Evaluation, the main lessons learned and how they have been integrated into the design of the proposed operation, are outlined below.

Lesson learned	Reflected in program design
Projects should be implemented as close as possible to the final beneficiary, avoiding intermediaries and ensuring that designs are consistent with local capacities and needs.	The borrower in this program will be the subnational government, which gives flexibility to grade the program's objectives, targets, deadlines and investments, in line with its capacity.
Investment planning and scaling are needed to prevent, mitigate, and minimize the potential negative impacts associated with rapid tourism growth in a given area.	The local planning instrument is the PDITS (paragraph 3.7). For the proposed program, the PDITS has prioritized 83 of 161 projects for the development and competitiveness of tourism products with the greatest potential; and investment sequencing has been planned in line with the load-bearing capacity of the selected areas to provide core services.
To avoid scattered, specific and low-impact investments, tourism projects should form part of a strategic development model, targeting destinations and products with capacity for successful positioning.	Municipios in selected tourism zones are classified according to their potential to attract demand, the development status of tourism supply, and the current phase in the destination's life cycle. The program covers 23 municipios, including 11 considered as tourism-inducing destinations, with capacity to project international and regional tourist flows towards the other municipios in the same region.
The PDITS should include a tangible environmental commitment, making the environment one of the plan's strategic platforms, cutting across all proposed actions.	The Environmental and Social Planning and Management Handbook sets forth management guidelines and requirements to be observed by the operation, including strategic environmental assessments (SEAs) of the beneficiary zones, together with environmental impact assessments (EIAs), supervision of construction firms, and environmental audits for selected works. Lastly, activities in the environmental management component will include specific measures to promote environmental conservation and the sustainable use of natural and cultural resources of tourist interest.
Tourism development programs should balance investments in basic infrastructures with others to exploit resources and structure the tourism sector's productive chain.	The tourist product is the backbone of the program and forms the basis for other investments, since this is what motivates and justifies tourist travel. The proposed operation strikes an appropriate balance between investments to improve infrastructures and core services for tourist arrivals (29.5%), investments in the tourist product and marketing (50.9%), and institutional strengthening and environmental management (11.5%).

1.12 Country strategy. The proposed program is consistent with the priorities set out in the current Country Strategy (document GN-2327) insofar as: (i) it will help promote tourism investment under uniform parameters of economic, environmental, and social sustainability, addressing the priority of stable and environmentally sustainable growth; (ii) it will foster greater regional equity and opportunities for inclusion through economic diversification and the provision of infrastructure and core services, responding to the priorities of poverty reduction, promotion of social inclusion, and greater social and regional equity; and (iii) it will support operations to strengthen tourist institutions at the state and municipal levels, as well as mechanisms for private sector and civil society participation, consistent with the priority to support institutional strengthening and promote democracy and citizen participation.

- 1.13 **The state's strategy in the sector.** RJ has prepared an integrated Sustainable Tourism Development Plan (PDITS) based on tourism zoning and the guidelines of the state's Tourism Master Plan (2001-2004).⁴ This classifies tourism municípios by their potential to capture demand, the development status of their supply of tourism services, and whether the município in question is an established or emerging destination. Under this classification, 11 municípios are considered untapped tourist destinations with potential (i.e. with capacity to radiate tourism flows towards other municípios in the same region); and five of these belong to the 65 untapped tourist destinations identified by the Ministry of Tourism nationally, owing to their capacity to attract significant international demand. In the proposed program, 23 municípios, including the untapped tourist destinations, form the geographical target of an intervention that integrates the two tourist zones proposed for the program: the sierra zone, consisting of the Costa Verde, Vale do Café, and Agulhas Negras subzones; and the coastal zone, divided into the Metropolitan, Costa Verde and Costa do Sol subzones. The PDITS aims to generate synergies and complementarities between the two zones, thereby acting as a catalyst in helping to spread tourist flows from the coast towards inland areas of the state. The PDITS prioritizes tourist products based on tourism demand and supply criteria: sun and beach, cultural and nautical, in the coastal zone; and rural tourism, ecotourism, and adventure tourism in the sierra zone.

C. Conceptualization of the program

- 1.14 Over the next few years Rio de Janeiro will host a number of world events including the 2014 FIFA World Cup and the 2016 Olympic Games. During this period, the main challenge facing the proposed program will be to ensure that the expansion opportunities provided by these events are fully exploited, thereby strengthening a strategic view of tourism development in the state of Rio de Janeiro. This also entails addressing the challenges posed, namely concentration and exhaustion of the tourism product, an overly focused tourism image, shortcomings in access and core services, and limited tourism management capacity (paragraphs 1.4 and 1.8) — for which the program will be based on five strategic actions. First, it aims to upgrade the supply of tourism services in the coastal zone, which encompasses the metropolitan region and the Rio de Janeiro coastline, where the majority of tourism demand and current investments are concentrated. Steps will be taken to improve the existing sun-and-beach tourism model and strengthen its sustainability, and to diversify tourism attractions by theme and geography, to enrich the current range of tourism products, ease pressure on coastal destinations, and optimize the geographic distribution of tourism-generated benefits. The program will promote convergence between public-sector investments and cultural-tourism organizers, through thematic threads making it possible to prioritize investment in new tourism services. For example, in the metropolitan region, priority has been given to two Brazilian international icons, the Bossa Nova and the architect Niemeyer, to guide the strategy of urban upgrading and refurbishment of

⁴ The plan was prepared with SETE coordination in 2008 and 2009, with technical support from MINTUR, and validated by the State Tourism Council.

run-down spaces, and to generate new investment opportunities and capture culture tourists and visitors with a higher propensity to spend. In the remainder of the coastal areas, the natural environment has a key role to play in upgrading the sun-and-beach model and encouraging investments in nautical tourism. In the sierra zone, the program is based on the potential to expand rural tourism, ecotourism, and adventure tourism, by tapping the area's natural heritage and intangible wealth.

- 1.15 Second, the program aims to put a state tourism marketing and promotion policy in place that will minimize proactively through efficient design and evaluation mechanisms, the displacement of traditional tourists during the forthcoming mega-events,⁵ and make it possible to identify and attract new demand segments in terms of geographic origin and travel motive. Third, the program seeks to improve local tourism planning and management capacity; generate the mechanisms for interagency coordination in the state and municipal public sectors; maximize tourism benefits at the local level; consolidate tourism associations and support the comprehensive management of tourist destinations, to achieve organized and consensus-based development, guaranteeing effective management capacity before, during, and after the events. Fourth, the program would overcome the constraints on access and connectivity in these selected destinations, facilitating visitor arrival and movement throughout the year, generating tourism circuits and corridors, and providing adequate public services to meet the needs of tourists during their stay, which exceed current installed capacity to attend the resident population. Lastly, the program aims to support the sustainable development of the sector, with actions to promote the conservation and sustainable use of the natural and cultural resources that form the basis of tourist activity; and will implement measures to prevent or mitigate any potential negative impacts that the various tourism investments might have on the local area and population.

D. Objectives, components and costs

- 1.16 The program's objective is to help increase employment, revenue and foreign-exchange generated by the tourism sector, by consolidating and diversifying the range of tourism services available in the state of Rio de Janeiro. The purpose is to increase tourism expenditure in the program areas. The program will be divided into five components
- 1.17 **Component 1. Tourist product US\$86.2 million).** This component has two specific purposes: (i) to support the upgrading and thematic diversification of tourism services in the coastal zone, with a consequent increase in average tourist expenditure; and (ii) to support the spread of tourist activity towards inland areas of the state, creating new tourism jobs in the sierra zone. This component includes: (i) implementation and strengthening of urban tourism centers — Bossa Nova, the Caminho de Niemeyer Panoramic Tower; (ii) development of the network

⁵ Negative consequences that stem from the perception of a saturated, high-priced destination, which has the effect of displacing traditional tourists in favor of sports fans. [*Olympic Report. Olympics and Tourism Report 2006*](#)

- management model for the museums in the metropolitan region; planning and implementation of new thematic circuits, based on differentiated travel motives, thereby making it possible to optimize the distribution of tourist flows in the two zones; (iii) development of the Tourist Service Center Network, under uniform management criteria, and the implementation of pilot centers; (iv) development and implementation of visitor centers, thematic museums, cultural centers, and exhibition halls; and (v) urbanization of areas and borders; restoration and tourist interpretation of historical centers; (vi) incentives to classify tourism supply and enterprises under prioritized themes and tourism types; (vii) professional qualification and business training; (viii) updating of the state's Tourism Master Plan; and (ix) tourist signposting and interpretation at destinations.
- 1.18 **Component 2. Promotion and marketing (US\$9.0 million).** This component will implement actions to diversify the state's current tourist image and guarantee the effectiveness and efficiency of the selected promotion and marketing channels. It will finance the preparation and implementation of the marketing plan in the selected areas, including investments in online marketing. The state's tourism communication strategy will be designed to remind people that the tourism industry remains open for traditional tourists during the mega-events, and not only for sports fans, and to deal with perceptions of saturation and rising prices at destinations. A system will be set up to monitor and evaluate the impact of public investments in tourism promotion.
- 1.19 **Component 3. Institution strengthening (US\$9.0 million).** This component includes the following activities: (i) regularization of informal private-sector activities in the localities chosen for the program; (ii) projects for institutional strengthening in SETE and the State of Rio de Janeiro Tourism Corporation (TurisRio), training for public sector managers, strengthening of state, municipal, and regional governance participation mechanisms, and a legal framework proposal to implement a new tourism management model at the state level, based on best international practices; (iii) the development of integrated management systems to include the various public entities in joint design and marketing schemes (thematic tourist loyalty cards, such as the Rio Cultura card); and (iv) creation of a tourism studies and research unit, including physical infrastructure, hardware and software to implement an information system, and support for the collection of data to feed into the system, through the following studies and research activities: questionnaires in tourist zones to evaluate the program's impact (data to be collected in the first and last year of program implementation); studies of current and potential supply and demand in the national and international markets of origin for tourism destinations in the coastal and sierra zones; survey of the business environment in the coastal and sierra zones, to obtain indicators on the health of the activity (e.g. revenue per available room (RevPAR) in the hotel network, etc.).
- 1.20 **Component 4. Destination access infrastructure and core services (US\$55.1 million).** This component includes feasibility studies and detailed designs, as well as civil works to improve access (Capelinha park road in Visconti de Maúa (Resende) - RJ163, Visconti de Maúa park road - (Maromba) RJ151,

tourist service center at Búzios, Mangaratiba and Angra), and sanitation and drainage systems (historical center in Paraty, Vila de Abraão-Ilha Grande - Angra dos Reis).

- 1.21 **Component 5. Environmental management (US\$12.6 million).** Actions in this component will include: (i) implementation of the recommendations prioritized in the strategic environmental assessment (SEA) of the program areas; (ii) environmental impact assessments (EIAs) and socioenvironmental supervision of selected works; (iii) plans for the conservation, management, and public use of vulnerable natural and cultural resources of touristic interest; (iv) socioenvironmental audits and environmental monitoring in the main tourist attractions; (v) studies of the load-bearing capacity of the most fragile attractions, for public use and the implementation of tourist flow management systems; and (vi) restoration of degraded areas.

E. Key outcomes indicators

- 1.22 The program's expected outcomes are: (i) greater tourist expenditure; and (ii) an increase in formal employment in the sector. The results framework (Annex II) sets out the outcome and output indicators, with their respective midterm and final targets.

II. STRUCTURE OF FINANCING AND MAIN RISKS

A. Financing instrument

- 2.1 The total cost of the program amounts to US\$187 million, of which the Bank will finance US\$112 million (60%) from the Single Currency Facility of the Ordinary Capital. The local counterpart funding, equivalent to US\$75 million (40%), will be provided by the government of the State of Rio de Janeiro.

Table II-1: Program Costs and Financing (US\$ millions)

Investment Component	IDB	Local	Total	%
I. Management, supervision, and monitoring	11.12	-	11.12	5.95
II. Direct costs	96.90	75.00	171.90	91.93
2.1 Tourist product	53.80	32.40	86.20	46.10
2.2 Marketing	9.00	-	9.00	4.81
2.3 Institutional strengthening	9.00	-	9.00	4.81
2.4 Destination access infrastructure and core services	15.0	40.10	55.10	29.47
2.5 Environmental management	10.10	2.50	12.60	6.74
III. Other costs	3.98	-	3.98	2.12
3.1 Audit	0.48	-	0.48	0.26
3.2 Works supervision	3.00	-	3.00	1.60
3.2 Impact evaluation	0.40	-	0.40	0.21
3.3 Publications	0.10	-	0.10	0.05
Total	112.00	75.00	187.00	100
Percentage	60	40	100	

* Interest will be paid by the borrower outside the program.

- 2.2 The program has been structured as a global multiple-works loan. The executing agency will submit a financial plan when requesting advances of funds from the Bank. Program resources are expected to be disbursed as shown in the consolidated financial plan below:

Table II-2: Consolidated Financial Plan (US\$ millions)

Source	Year 1	Year 2	Year 3	Year 4	Total	%
IDB	24.3	63.1	21.6	3.0	112.0	60
Local	60.2	14.8	0.0	0.0	75.0	40
Total	84.5	77.9	21.6	3.0	187.0	100.0

B. Technical and economic viability

- 2.3 With Bank support, SETE has prepared the technical studies needed for the program components: (i) terms of reference for the studies and technical assistance to be undertaken in the first 18 months of the program (US\$7.4 million); and (ii) feasibility studies for the civil works in the sample: Bossa Nova Park; paving of park road RJ163; and sanitation works in Vila de Abrão - Ilha Grande. These feasibility studies are being undertaken in compliance with the requirements of the technical annexes of the program operating manual (paragraph 3.6). These works will cost a total of US\$65.7 million.
- 2.4 **Economic viability.** The program seeks to expand on a sustainable basis tourism revenue in regions with an existing or potential tourism base. The rationale for public investment in this sector is its potential to act as an engine of regional economic development, creating jobs and generating income for the local population. To estimate the full range of the direct, indirect, and induced socioeconomic impacts expected from the program in its subzones (Serra Verde,

Vale do Café, Agulhas Negras, Metropolitano, Costa Verde, Costa do Sol), an integrated modeling system was used to generate time scenarios for 2010-2020, using an inter-regional computable general equilibrium model as the core model (see the [economic evaluation](#) for further details). The program's potential impacts are measured in terms of marginal deviations from the trend (baseline) GDP in the subzones studied, supported by tourist flow matrices and estimates of the profile of domestic and international tourist expenditure and average length of stay. The following table shows that even in the most conservative scenario (scenario1/A), the program will generate 1.4 additional units of state GDP per dollar invested, plus significant employment and tax revenue, with a rate of return in excess of 17%.

Scenarios	Marginal productivity ^b		Job creation (MYE) ^c		ICMS revenue ^d		% of state GDP ^e		IRR (%) ^f	
	A ^a	B	A	B	A	B	A	B	A	B
Scenario 1*	1.4	1.8	8,582	9,816	8,864	9,931	0.14	0.18	17.2	27.3
Scenario 2**	2.0	3.2	16,254	19,337	15,258	17,767	0.20	0.31	29.2	43.1
Scenario 3***	2.1	3.3	17,040	20,303	16,000	18,668	0.21	0.32	30.5	45.0
<p>* From 2013: a gradual increase in tourist flows, amounting to 10% and 5% in 2020 for Costa Verde/Costa do Sol and the sierra subzones, respectively; a gradual 10% increase in tourist expenditure on trips and attractions, and an increase in the average length of stay from 9.79 to 10 days in the metropolitan region.</p> <p>** Scenario 1, gradual increase in average length of stay from 2013: Costa Verde (6.45 to 7.00 days); Costa do Sol (6.68 to 7.00); sierra subzones (3.40 to 3.60).</p> <p>*** Scenario 2, larger increases in tourist flows for the Costa Verde and Costa do Sol subzones (12% in 2020), and for the sierra subzone (6% in 2020).</p> <p>^a A: The additional spending by domestic tourists would be financed by equivalent reductions in consumption expenditure in their regions of origin. B: Financed out of savings.</p> <p>^b The ratio of present value (PV) of marginal GDP flows in the State of Rio de Janeiro, to the PV of program investment (in 2010 discounted at a rate of 12%).</p> <p>^c Annual average for the period 2013-2020 in man-year equivalent (MYE).</p> <p>^d PV of marginal flows of value-added tax (US\$000s in 2008 prices).</p> <p>^e The ratio of the PV of marginal state GDP flows to the value of state GDP in 2010.</p> <p>^f Based on the PV of the marginal GDP flow and PV of the costs of investments anticipated in the period 2010-2014, and subsequent operating and maintenance costs (US\$12.3 million/year).</p>										

- 2.5 In addition, the borrower is currently completing cost-benefit analyses, considering alternatives of works projects in the program sample, pursuant to the guidelines set out in the technical annexes to the program operating manual. All investment projects eligible for financing must have an IRR > 12%.

C. Socioenvironmental safeguard risks

- 2.6 This operation was accorded a “B” classification under the Bank’s Environment and Safeguard Policy guidelines (OP-703). The strategic environmental assessment (SEA) of the selected zones is still in progress and should be completed before the first disbursement. During preparation, the necessary environmental impact studies were undertaken for the sample projects; the required environmental permits were obtained, and specific oversight and management measures were established and will be applied in the planning and organization stages of these tourist destinations.

As specified for PRODETUR Nacional operations, the planning, design, and execution of program investments will adhere to the requirements and guidelines set out in the Environmental and Social Planning and Management Handbook attached as an annex to the program Operating Manual that will consolidate all instructions and requirements of Bank policies applicable to this operation (OP-703, OP-710, OP-704, and OP-102), and the specific works requirements set out in the technical annexes of the manual (paragraph 3.6). The environmental management component (paragraph 1.21) provides resources for management, conservation, and environmental safeguard activities that prioritize the results of the SEA. The environmental and social management report (ESMR) includes information on potential impact, institutional capacity, and proposed measures to avoid, mitigate, or offset negative impacts, as well as the contractual conditions to ensure the Bank's safeguards are fulfilled.

D. Fiduciary risks

- 2.7 During preparation of the program, the institutional capacity of SETE was assessed using the Institutional Capacity Appraisal System (ICAS), with a focus on programming and organization, management and control. The weighted risk of these three systems was classified as low. In addition, the risk analysis (Analytic Hierarchy Process) performed also confirmed moderate-to-low risk. The results of these evaluations show that the identified risks can be mitigated through: (i) training for the executing agency in the accounting, administrative, and financial procedures required by the Bank; (ii) specification of provisions in the program's operating manual for administrative-financial, accounting, and disbursement controls, settlement of expenditures and payments, and audits; and (iii) implementation of a program management system with a financial and accounting management module for filing accounts with the Bank. **The Expressions of interest in the selection of the firm to implement the program management system must be demonstrated as a condition precedent to the first disbursement.** Within 180 days after signature of the loan contract, the borrower must demonstrate that the program management system is being implemented as agreed with the Bank.
- 2.8 **Audits.** SETE will engage an independent firm of external auditors. The firm will perform the annual external audit of the program financial statements, according to the terms of reference approved by the Bank and the regulations for selection and contracting of auditors. The annual audit report must be submitted to the Bank within four months after the end of the fiscal year. The State Audit Department may perform the program audit, provided it has previously been certified by the Bank.
- 2.9 **Procurement.** Goods and services will be procured in accordance with the Bank's policies (GN-2349-7 and GN-2350-7) approved in July 2006, as detailed in Annex III (Summary Procurement Plan). Goods and works and consulting services will be procured out of program financing, with ex ante review until such time as the Bank authorizes ex post review.

- 2.10 **The state's financial situation.** The [analysis](#) shows that the state government has implemented a sound fiscal policy over the last five years, and sufficient fiscal slack exists to assume this loan.
- 2.11 **Recognition of expenses.** Expenses incurred prior to start up of the program works may be recognized as counterpart funding to a maximum of US\$10.5 million and as Bank financing to a maximum of US\$2.8 million (OP-504). Retroactive recognition of expenses will apply only to expenses incurred after the date on which project profile is approved (3 December 2009).

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Program implementation and management

- 3.1 The borrower will be the state of Rio de Janeiro, with SETE acting as executing agency, through the PCU to be created for the purpose. SETE will have full responsibility for general administration, supervision, and evaluation of the program. The sector administrations and municípios will help prepare, bid on, and supervise the operation, and to maintain the various investments for which they have responsibility. Civil society will play the same active role during execution as it did in preparing the operation, working through the State Tourism Board (CETUR). SETE has the authority to execute the program and administer the loan.
- 3.2 The PCU will have the following responsibilities: (i) implement the program in accordance with the contractual conditions; (ii) submit operational work plans; (iii) submit bids; (iv) prepare all program reports; and (v) disseminate program outcomes, monitoring and evaluation reports. To fulfill its brief, the PCU will have an executive coordinator, who reports directly to the SETE Secretary; technical managers (tourism, projects and works, environmental, archaeological heritage), responsible for presentation of operating plans and for program monitoring and evaluation; a procurement specialist, responsible for presenting bidding processes; and a financial management specialist. **Creation of the PCU and selection of the general coordinator and technical specialists with the profile agreed upon with the Bank are conditions precedent to the first disbursement.**
- 3.3 A [management](#) firm will assist the PCU and sector administrations with technical, administrative, financial, and bidding procedures, and supervision of the works. **Evidence that a short list has been prepared for the selection of the management firm that will assist the PCU with program execution must be presented as a condition precedent to the first disbursement.**
- 3.4 SETE will receive technical support from sector administrations with responsibility in program areas of activity for: (i) preparation of studies and projects; (ii) bidding; (iii) technical and environmental supervision; and (iv) acceptance, operation, and maintenance of the works upon completion. Entry into force of the agreement

- between the borrower/ SETE and the corresponding sector administration will be a condition precedent to execution of the civil works under its jurisdiction.
- 3.5 The program [beneficiary municípios](#) will formalize their participation in the program through agreements on terms agreed with the Bank. Entry into force of the agreement between the borrower/SETE and the corresponding município, on terms agreed with the Bank, will be a condition precedent to works bidding in that município.
- 3.6 **Program Operating Manual.** Program implementation will be governed by an operating manual that sets out the procedures and responsibilities of entities participating in the planning and project cycle, including: (i) preparation, content, and approval of the PDITS; (ii) beneficiary selection criteria; (iii) formulation of individual projects; (iv) technical review (see box I); and (iv) works supervision requirements.
- 3.7 The executing agency may select new tourist areas and prepare the corresponding PDITS in consultation with the communities, stakeholders, local governments, and the private tourism sector. The PDITS will contain a study of the tourist market based on current demand and estimates of potential demand in the target markets, to justify the selection of destinations and products. The study will also include a justified investment plan. The PDITS will be submitted to CETUR for discussion and validation prior to approval. Once approved, it will be forwarded to the Bank for its no objection and subsequently be posted on the executing agency's website. Once the PDITS has been approved, the sector administrations and municípios, supported by the management firm, will help prepare technical documentation for the selected projects within their jurisdictions, fulfilling the technical eligibility criteria (box I).

Box I: Project Eligibility Criteria

A project is eligible for program financing if:

- i. it is included in the Integrated Sustainable Tourism Development Plan as approved; and
- ii. it satisfies the technical, economic, financial, and socioenvironmental criteria set out in the technical annexes of the program's operating manual.

In addition, for civil works, the project must include:

- iii. evidence of public hearings, with participation by the local community, as required by the law; all environmental permits and authorizations; and inclusion of the appropriate socioenvironmental safeguards;
- iv. in the event of involuntary resettlement, a resettlement plan consistent with Bank policies;
- v. an adequate cost recovery plan.

In addition, for drinking water and sanitation projects, evidence must be provided that:

- vi. the service provider has a net positive cash flow when the project is included in the program; the fees collected for the drinking water service are sufficient to cover all operating and maintenance costs.

- 3.8 The sector administrations and municipios will participate in the technical and environmental supervision of activities within their jurisdiction, to be hired by SETE. The latter will prepare semiannual supervision reports and perform environmental audits of selected infrastructure works, in accordance with the criteria outlined in the operating manual. The manual also sets out the procedures the executing agency must follow for activities programming, financial-accounting management, procurement and contracting, audits, and monitoring and evaluation. **Evidence that the program operating manual has been officially adopted and is in force on the terms agreed with the Bank and has been posted on the SETE website must be presented as a condition precedent to the first disbursement.**

B. Monitoring and evaluation arrangements

- 3.9 **Monitoring.** SETE must send a consolidated program status report to the Bank, within 60 days after the end of each semiannual period for the duration of the program. The executing agency will use a computerized monitoring system (project management system), which will encompass the operation's financial-accounting management and attainment of its outputs (paragraph 2.7). The reports will focus on fulfillment of output indicators and progress made in terms of outcomes established in the Results Framework; they will also analyze all problems encountered and describe the corrective measures adopted. The second semiannual report of each year will include in addition the annual work plan for the following calendar year and an updated procurement plan. Monitoring reports will be posted on the program's webpage on the SETE website.
- 3.10 **Evaluation.** As part of program evaluation, SETE will present to the Bank a preliminary evaluation report 18 months after the effective date of the loan contract. This will be followed by a midterm evaluation 90 days after the date on which 50% of the loan proceeds have been committed; and a final evaluation report, 90 days after the date on which 90% of the loan proceeds have been disbursed. These reports will include: (i) an analysis of the program's financial execution, by component and source of financing; (ii) progress towards achieving the outputs, outcomes, and impacts indicated in the Results Framework, and the results of a comparison with the program baseline; (iii) effectiveness in implementing the operating manual in all its dimensions; (iv) the level of compliance and effectiveness of environmental control and protection measures; (v) the degree of compliance with contractual clauses; and; (vi) a summary of the results of program audits of financial statements, procurement, disbursements, and internal oversight systems. The final evaluation report will also publish the findings of the impact measurement of the proposed program, in accordance with the agreed [impact evaluation plan](#).
- 3.11 The program has earmarked resources for independent evaluations. Such evaluations will be commissioned by the executing agency, and financed out of the loan proceeds. Once accepted by the Bank, each evaluation report will be posted on the program webpage on the SETE website. The reports, including supporting

documentation and statistical data, will be kept available for an ex post evaluation, should the borrower or the Bank decide to undertake one after program completion.

Development Effectiveness Matrix
Summary

Indicator	Score	Maximum Score
I. Strategic Relevance	Low	
1. IDB Strategic Development Objectives	4.3	10
Country Diversification	0.7	2
Corporate Initiatives	2.5	2.5
Harmonization and Alignment	1.1	3.5
Beneficiary Target Population	0.0	2
2. Country Strategy Development Objectives	4.6	10
Country Strategy Sector Diagnosis	4.2	6
Country Strategy sector objective & indicator	0.4	4
II. Development Outcomes - Evaluability	Highly Satisfactory	
3. Evidence-based Assessment & Solution	10.0	10
4. Evaluation & Monitoring Plan	7.6	10
5. Cost-Benefit or Cost-Effectiveness	10.0	10
6. Risks & Mitigation Monitoring Matrix	10.0	10
III. IDB's Role - Additionality		
7. Additionality	10.0	10
Technical Assistance provided prior the project	3.0	3
Improvements in management of financial, procurement, monitoring or statistics internal controls	4.0	4
Improvements in environmental, health and labor performance	3.0	3

I. Strategic Relevance: This project is executed in Brazil, an A country in South America. The program has an emphasis on infrastructure investment to promote tourism, but does not target poverty. Government Procurement and Environmental Management systems will be used. The current country strategy is out of date, but the project is shown to be relevant to the country's development challenges.

II. Evaluability: The project is clear in its objectives and there is consistency in its logic of intervention. It presents the factors that contribute to the development of the problem and there is empirical evidence of the problem and factors. It considers specific indicators. The program has a clear evaluation plan using a simulation approach (quasi-experimental) to evaluate impact of the components of the project and the project as a whole. There is an economic analysis for individual components and the project as a whole. This initial analysis provides a baseline for future evaluation. Mitigation measures have been identified but there are no indicators to follow up the implementation of these mitigation measures.

III. Additionality: The program will contribute to the improvement of the tourism ministry's management systems. The program will improve the ability of the public sector to evaluate individual tourism investments as well as to assess the broader impact of tourism on employment and income generation.

NATIONAL TOURISM DEVELOPMENT PROGRAM - RIO DE JANEIRO
PRODETUR NACIONAL – RIO DE JANEIRO
(BR-L1210)

RESULTS FRAMEWORK

Objective: To help increase employment and revenue in the tourism sector in the state of Rio de Janeiro

Specific program objectives	Strategic outcome/indicator	Baseline	Incremental target for 2014	Comments / Means of verification
Development of inland tourism targeting the sierra zone	Greater employment in the tourism sector - number of formal jobs in activities characteristic of tourism (ACTs) in the municípios of the sierra zone	18,254 (year 2007) - Statistical Yearbook of the State of Rio de Janeiro 2009 (Table 28.2)	1,069 (based on the projections of the program's economic evaluation study -Scenario 2A)	Given the incipient tourism activity in the zone, this indicator measures the expansion of tourism activity and movement of tourists towards the sierra zone. Given the localized impact of megaevents in the city of Rio and the coastal zone, and the fact that 80% of jobs in the sector are concentrated in the coastal zone, increases recorded in this indicator in the sierra zone should be more closely linked to the program's impact. ACT as defined by the World Tourism Organization (UNWTO).
Improvement in the profile of international tourism demand, particularly in the coastal zone.	Increase in tourism expenditure - average daily spending per international tourist (US\$)	Subzone: Metropolitan - 83.43 Costa Verde - 50.83 Costa do Sol - 59.79 (FIPE/EMBRATUR study)	Metropolitan - 85.93 Costa Verde - 52.35 Costa do Sol - 61.58	The program supports the development of cultural attractions, which are expected to affect the travel motive and profile of the tourist, associated with higher spending capacity and a longer stay. The economic evaluation shows that a gradual increase of 10% by 2020 in average tourism spending would have a significant impact in terms of job creation and the marginal contribution to state GDP.

Component I: Tourist product strategy									
Zone	Product	Current situation (2010)	Indicator	Year 1	Year 2	Year 3	Year 4	Target	Comment
Coast	Urban tourism parks: Bossa Nova Park (PBN); Panoramic tower-Caminho Niemeyer	<p>PBN: The land for the PBN is under concession. The basic project has been designed, and the prior environmental permit has been obtained. The management model has been identified, using the concession to social organizations (Law No. 5498).</p> <p>Tower: Detailed designs have been prepared, and the environmental permit obtained. The other Caminho Niemeyer facilities are either completed or well advanced.</p>	Works execution status (budget \$)	Tendering and contracting and 50% advance (\$) PBN and Tower	100% (\$). Tower management scheme implemented	Tower open for visitors PBN management under concession to a social organization	PBN: Open for visitors	The PBN and the tower are ranked among the 10 most visited tourist attractions in the city, in the second year after their opening to the public.	<p><u>Periodicity of measurement</u> Annual.</p> <p><u>Means of verification</u> Program management documentary reports Control of visits and comparative studies</p> <p><u>Agency responsible</u> PCU</p>
Coast	Planning and implementation of thematic circuits in the city of Río to stimulate small businesses associated with the cultural product: PBN and Caminho Niemeyer.	There are currently no thematic circuits related to Bossa Nova or Caminho de Niemeyer.	Activity status	Development of the circuit and business incentive system.	Promotion, dissemination, and marketing of the circuit.	Number of businesses associated with the PBN, Caminho Niemeyer circuit	Number of businesses associated with the PBN, Caminho Niemeyer circuit	At least eight new businesses associated with the PBN, Caminho Niemeyer circuit.	<p><u>Periodicity of measurement</u> Annual.</p> <p><u>Means of verification</u> Program management documentary reports</p> <p><u>Agency responsible</u> PCU</p>

ALL	Development and implementation of tourist service center networks. Rio de Janeiro, Búzios, Nova Friburgo, and Valença	The tourist service centers currently do not offer homogeneous services or project a unique image of the state.	Activity status	Agreements with four municípios and development of network image and corporate culture	Development of homogeneous information technology support and contents and selection and preparation of sites.	Training of staff and development of intranet implementation of four centers	Centers operating and offering homogeneous services and information.	Network of tourist service centers adopted by the state. Four centers operating, interconnected by intranet and providing homogeneous support and content.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU
All	Centers: Memory, cultural, events and exhibitions, and museums.	Viability studies, including economic and financial, being prepared to determine the first viable centers eligible for financing. The following have been identified: Vale do Café-Museo de Café and Juparanã Station; Cultural Center, events and exhibitions in Nova Friburgo, Cabo Frio, and Paraty.	Center implementation status	Signing of agreements with the beneficiary município. Preparation of final designs and viability studies.	Start-up of works in at least three centers. Business plan validated.	Completion of work and equipping of at least three centers with management under concession.	Opening for visitors and use.	At least three centers operating with a flow of visitors making it possible to recover operating and maintenance costs.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU

<p>II</p>	<p>Development of a works instructional manual to adapt seafronts and historic centers. Based on the manual: Adaptation of sea fronts and historic centers to receive tourists: Improvement of road surfaces, green spaces, street lighting, interpretation and signposting, etc.</p>	<p>The following have been identified: Arraial do Cabo, Valença, Petropolis, Cabo Frio, Nova Friburgo and Paraty.</p>	<p>Works implementation status.</p>	<p>Development and implementation of manual as PCU technical document. Signing of agreements with the beneficiary município. Preparation of final project and viability studies.</p>	<p>Start-up of works in at least two historic centers and two seafronts.</p>	<p>Completion of works in at least two historic centers and two seafronts.</p>	<p>Opening for visitors and use.</p>	<p>At least two historic centers and two seafronts. The improvements are consistent with the stipulations of the manual, and the beneficiary municípios have adopted measures (included as budgetary items) for adequate operation and maintenance of the restored areas.</p>	<p><u>Periodicity of measurement</u> Annual <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU</p>
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All	Professional qualification and business training.	<p>Business training. Number of tourism firms and services registered by EMBRATUR: 6,227; of these, 2,968 are firms providing services such as tourism agencies, accommodation, tourism transport providers and event organizers. The other 3,259 are tourist guides. Assuming an average of two managers per tourist establishment, the total universe is 9,195 entrepreneurs.</p> <p>Professional qualification. According to the Statistical Handbook of the State of Rio de Janeiro: Coastal zone 215,376 Sierra zone 18,254</p>	Activities status	Preparation of qualification and training projects	5,000 professionals qualified and 2,000 entrepreneurs trained	5,000 professionals qualified and 2,000 entrepreneurs trained	Development of course sustainability proposal through partnerships with education centers.	10,000 professionals from the program's zones have gained qualifications in tourist services, and 4,000 entrepreneurs have received business training.	<p><u>Periodicity of measurement</u> Annual.</p> <p><u>Means of verification</u> Program management documentary reports</p> <p><u>Agency responsible</u> PCU</p>
Sierra	Increase in average length of stay in the zone	Average number of nights spent by tourist arrivals at accommodation: 2.1	Average number of nights spent by tourist arrivals at accommodation:	2.1	NA	NA	2.7	Average number of nights spent by tourist arrivals at accommodation 2.7	<p><u>Periodicity of measurement</u> Annual</p> <p><u>Means of Verification</u> Program market study</p> <p><u>Agency responsible</u> PCU</p>
Coast	Increased demand for cultural tourism in the coastal zone.	11% of current tourists claim their main motive is cultural.	% of tourists declaring their main motive for travel is cultural	11%	NA	NA	15%	By the end of the program, 20% of tourists state that their main travel motive is cultural, according to surveys undertaken as part of the study of demand.	<p><u>Periodicity of measurement</u> Annual</p> <p><u>Means of Verification</u> Program market study</p> <p><u>Agency responsible</u> PCU</p>

Component II: Marketing strategy									
Zone	Product	Current situation (2010)	Indicator	Year 1	Year 2	Year 3	Year 4	Target	Comment
All	Preparation of strategic plan and implementation of two annual work plans (including online marketing strategy).	The state's promotion strategy has shortcomings in terms of knowledge of potential markets and does not have a monitoring system to evaluate and provide feedback on the strategy.	Budget status in relation to plan execution	Tendering and contracting	100%	Implementation of 100% of first work plan activities	Implementation of 100% of second work plan activities	Promotion and marketing actions in the five main potential markets for the two zones.	<u>Periodicity of measurement</u> Annual <u>Means of Verification</u> Program management documentary reports <u>Agency responsible</u> PCU
	More efficient and effective public investment in tourism promotion.	There are currently no indicators monitoring the results of public investment in tourism promotion. As a result, there are no objective criteria for allocating resources. In 2008, state budget expenditure on tourism promotion abroad amounted to R\$531,644, and, according to EMBRATUR data, 1.56 million foreign tourists visited Rio de Janeiro that year.	(i) Effectiveness of publicity campaigns in origin markets measured through the recall index (% of current visitors who remember advertising campaigns in their origin markets). (ii) Efficiency: Return on public investment in tourism promotion (ROI), measured through the ratio: No. of new visitors per origin market/promotional budget in that market	NA	In the framework of the marketing plan – monitoring system implemented: Effectiveness and efficiency base level.	Resource allocation based on effectiveness and efficiency indicators in year 2.	Trend of effectiveness and efficiency indicators.	Knowledge of the level of effectiveness and efficiency of public expenditure on tourism promotion and consequent resource allocation.	<u>Periodicity of measurement</u> Annual <u>Means of Verification</u> Plan monitoring system <u>Agency responsible</u> PCU

Component III: Institutional strengthening									
Zone	Product	Current situation (2010)	Indicator	Year 1	Year 2	Year 3	Year 4	Target	Comment
	Institutional strengthening actions targeting: SETE, public sector managers, mechanisms for participation in state, regional, and municipal management.	<p>Estimate of eligible universe: 91 municípios (except RJ) x7 (average number of staff per tourism secretariat) = 637 professional staff. 91 municípios (except RJ) x 5 (other secretariats involved in the sector) = 455 professional staff.</p> <p>Total eligible public sector managers - 1,232.</p>	Activity status - number of professionals trained	Preparation of a diagnostic study of strengthening needs and preparation of professional education and training projects.	800 public sector managers trained. 100% of technical staff allocated to TurisRio/SETE and PCU.	Actions taken to strengthen CETE, the State Forum, three regional and 23 municipal mechanisms.		<p>Training in tourism for 800 public sector managers.</p> <p>Training of 100% of technical staff assigned to TurisRio/SETE and the PCU;</p> <p>Strengthening of the State Tourism Board, the State Forum of Municipal Tourism Secretariats, three regional and 23 municipal governance mechanisms in four years</p>	<p><u>Periodicity of measurement</u> Annual.</p> <p><u>Means of verification</u> Program management documentary reports</p> <p><u>Agency responsible</u> PCU</p>

	Establishment of the state tourism information system and specific studies to be fed into the system.	SETE does not have tourism information system to give orientation and make strategic decisions based on knowledge of the main sector trends.	Progress in implementing the system and studies.	Physical infrastructure, hardware and software of the system installed. Demand and supply studies performed. Surveys undertaken for impact evaluation.	Study of the business climate undertaken, and information obtained to calculate RevPAR	NA	Surveys undertaken in the two zones to evaluate the program's impact	State information system functioning, with demand and supply data informing the state's strategic decisions.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU
	Project to regularize the informality of tourism activity in selected municípios.	SETE estimates that over 50% of tourism enterprises operate informally.	Project implementation status.	Project contracting and start-up of data collection.	Completion of mapping and start of regularization and registration actions in Ilha Grande, Visconde de Mauá Conservatória and Búzios.	Completion of registration in Ilha Grande, Visconde de Mauá Conservatória and Búzios	Study of lessons learned and regularization plans in other municípios.	Regularization and registration of 25% of enterprises identified in the municípios.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU

	Improvement in management and public supervision capacity in the sector	IPEA estimates show that 47% of ACT jobs in the State are informal.	% of informal jobs in the sector	NA	NA	NA	NA	5% reduction in informality among ACT jobs.	<u>Periodicity of measurement</u> By the end of the program. <u>Means of verification</u> Program management reports based on annual IPEA studies of the tourism sector labor market. <u>Agency responsible</u> PCU
Component IV: Destination access infrastructure and core services									
Zone	Product	Current situation (2010)	Indicator	Year 1	Year 2	Year 3	Year 4	Target	Comment
Sierra	Capelinha-Visconde de Mauá park road - RJ163: upgrading and surfacing of 15.8 km.	The park road (Estrada Parque) will link Capelinha, which gives access to Federal Highway BR116, and the locality of Visconde de Mauá, an area chosen for its tourism potential in the sierra zone. The existing road is unpaved with many curves, thereby making access difficult year-round, with ensuing effects on the seasonal nature of the destination. The basic road project would maintain the current layout.	Works implementation status - km paved	7 km	15.8 km	In use	In use	15 km paved, and complying with park road requirements in terms of signposting and animal crossings.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU
Sierra	Visconde de Mauá-Maromba park road - RJ151: upgrading and paving of 5.2 km.	The park road will link the municípios of Vale de Mauá - Resende and Itatiaia, chosen for their tourism potential in the sierra zone. The existing road is unpaved, making access difficult year-round, with ensuing effects on the seasonal nature of the destination. The basic road project would maintain the current layout	Works implementation status - km paved	2 km	3.2 km	In use	In use	5.2 km paved, and complying with park road requirements in terms of signposting and animal crossings.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU

Coast	Sanitation, drainage, urban development - Vila do Abraão-Ilha Grande-Angra dos Reis	Vila do Abraão is the largest population center on Ilha Grande, and its population doubles in the high season. Sewerage and drainage systems do not currently have the capacity to serve the resident and fluctuating population.	Works execution status (\$ budget executed).	50%	100%	In use	In use	Sewerage and drainage system capacity are sufficient for collection and adequate treatment, avoiding environmental problems.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU
Sierra	Park roads -reduction in vehicle maintenance costs and seasonality of access.	The economic viability study, currently in preparation, will provide information on current traffic and vehicle operating costs under existing conditions (unpaved road).	Reduction in vehicle operating costs by the end of the program.	NA	NA	NA	XX	By the end of the program, it is estimated that the park road improvements will reduce vehicle operating costs by XX per year (to be completed with the economic viability study currently being prepared).	<u>Periodicity of measurement</u> By the end of the program. <u>Means of verification</u> Program management documentary reports; based on the updated traffic flow and study undertaken by the State Roads and Highways Department. <u>Agency responsible</u> PCU
	Sanitation and drainage in Ilha Grande (Vila do Abraão) in the coastal zone - increase in minimum efficiency in removing organic load pursuant to directive DZ215 of 2007, issued by the Rio de Janeiro State Environment Institute, which sets a minimum efficiency rate of 85%.	The system's current efficiency is 60%.	Efficiency of treatment (%).	60%	60%	75%	85	The sewerage treatment station attains 85% efficiency in organic load removal.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports; according to reports issued by the Rio de Janeiro State Environment Institute. <u>Agency responsible</u> PCU

Component V: ENVIRONMENTAL MANAGEMENT									
Zone	Output	Current situation (2010)	Indicator	Year 1	Year 2	Year 3	Year 4	Year 5 Target	Comment
Coast and sierra	Implementation of priority recommendations of the Strategic Environmental Assessment (SEA)	The SEA is currently in preparation. US\$2 million have been earmarked to implement the priority recommendations.	% implementation of priority recommendations of the SEA (% of budget executed)	20%	20%	30%	30%	All SEA priority recommendations have been satisfactorily implemented.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU
	Environmental supervision of selected works.	Not currently applicable.	Annual number of socioenvironmental audits performed in each selected work.	1	1	1	1	Environmental supervision of selected works performed at least annually.	Works satisfying the guidelines in the program operating manual will be supervised. <u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU
Coast and sierra	Studies of public use in conservation units (capacity to support attractions and resources from conservation units)/implementation of recommendations. Parque de Ilha Grande, Parque Fluvial Itaipava, and Parque dos Três Picos.	There are no studies of public use of conservation units to guide the management of visitor flows to ensure these do not jeopardize the environmental quality of the sites and their attractiveness.	Activity implementation Status	NA	Studies and implementation in Parque da Ilha Grande	Preparation and conclusion of studies and implementation of Parque Fluvial de Itaipava	Studies and implementation of Parque dos Três Picos	There are studies of public use of conservation units that can be used to guide visitor flow management to ensure the environmental quality of the sites and that their attractiveness is not jeopardized.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU

Eastern coast and Sierra	Better environmental management of the tourist attraction in vulnerable areas, measured through the number of conservation units with updated public use plans (identification of areas suitable for visiting, with their corresponding load-bearing levels)	There are no studies of public use of conservation units to guide the management of visitor flows to ensure these do not jeopardize the sites' environmental quality and attractiveness.	State decree formalizing public use plans	NA	NA	1	3	The three conservation units selected for the program: Ilha Grande, Parque Fluvial Itaipava, and Parque dos Três Picos have public use plans formally approved by state decree by the end of the program.	<u>Periodicity of measurement</u> Annual. <u>Means of verification</u> Program management documentary reports <u>Agency responsible</u> PCU
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NATIONAL TOURISM DEVELOPMENT PROGRAM - RIO DE JANEIRO
PRODETUR NACIONAL – RIO DE JANEIRO
(BR-L1210)

SUMMARY PROCUREMENT PLAN

Main program procurements		Estimated cost (US\$x1000)	Procurement method	Source of Financing		Prequali- fication	Review by the Bank	Estimated date		Current status*
				IDB (%)	Local (%)	(Yes/ No)		Publication of SPN or MI	Completion of works	
1 - GOODS										
1.1	Computers, peripheral devices and off-the-shelf software, as part of the institutional strengthening plan for SETE, TurisRio and the PCU.	400.00	PR	100	0	No	Prior	17/07/10	14/12/10	Pending
1.2	Information technology infrastructure of pilot centers	250.00	PR	100	0	No	Prior	17/11/11	16/04/11	Pending
1.3	Content of the memory and museum centers (Vale do Café - Valença -Coffee Museum and Juparanã Station)	1,500.00	PR	100	0	No	Prior	14/01/11	13/06/11	Pending
1.4	Functional implementation of the PCU	900.00	PR	100	0	No	Prior	17/12/10	16/05/11	Pending
2 WORKS										
2.1 Component 1										
2.1.1	Bossa Nova Park works execution (exhibition center and urbanization)	21,000.00	NCB	0	100	Yes	Prior	05/05/10	02/10/10	Pending
2.1.2	Panoramic tower works execution in Caminho Niemeyer - Niterói	11,000.00	NCB	0	100	Yes	Prior	05/05/10	02/10/10	Pending
2.1.3	Development of the tourism service network; implementation of pilot centers (Rio de Janeiro, Búzios, Nova Friburgo and Valença - Conservatória)	3,000.00	NCB	100	0	Yes	Prior	17/07/10	14/12/10	Pending

2.1.4	Memory and museum centers (Vale do Café - Valença -Coffee Museum and Juparanã Station)	1,650.00	NCB	75	25	Yes	Prior	14/01/11	13/06/11	Pending
2.1.5	Urban development of Vizconde de Mauá - Second stage, Maromba and Maringá	3,500.00	NCB	100	0	Yes	Prior	14/07/11	11/12/11	Pending
2.1.6	Urbanization of Rua Teresa	3,000.00	NCB	100	0	Yes	Prior	17/06/11	14/11/11	Pending
2.1.7	Urbanization of Lumiar and São Pedro	2,900.00	NCB	100	0	Yes	Prior	18/06/11	15/11/11	Pending
2.1.8	Urbanization works in Ramblas, historical centers and scenic areas (Arraial do Cabo, Valença, Petrópolis, Cabo Frio, Nova Friburgo and Paraná)	9,600.00	NCB	100	0	Yes	Prior	17/01/11	16/06/11	Pending
2.1.9	Cultural, events and exhibitions center (Nova Friburgo, Cabo Frio and Paraty)	13,000.00	NCB	100	0	Yes	Prior	14/06/10	11/11/11	Pending
2.1.10	Implementation of tourist signposting in the coastal and sierra zones	3,500.00	NCB	100	0	Yes	Prior	14/01/11	13/06/11	Pending
2.2 Component 4										
2.2.1	Works execution on the Capelinha-Vizconde de Mauá park road - RJ 163 - Resende	32,000.00	NCB	0	100	Yes	Post	14/01/10	13/06/10	Awarded
2.2.2	Works execution on the Vizconde de Mauá-Maromba park road - RJ 151 - Resende and Itatiaia	10,600.00	ICB	60	40	Yes	Prior	20/01/11	19/06/10	Pending
2.2.3	Sanitation, urbanization and drainage works - Vila do Abraão - Ilha Grande - Angra dos Reis	5,000.00	NCB	0	100	Yes	Prior	20/06/10	17/11/10	Pending
2.2.4	Station/pier and tourist service center (Búzios, Mangaratiba, Angra dos Reis)	4,000.00	NCB	100	0	Yes	Prior	20/01/12	18/06/12	Pending
2.2.5	Sanitation facilities in the historical center and urbanization of Rambla and the Saveiros pier in Paraty	3,500.00	NCB	100	0	Yes	Prior	20/01/11	19/06/11	Pending

2.3 Component 5										
2.3.1	Implementation of recommendations made by the strategic environmental assessment (SEA) including potential private natural heritage reserves (RPPNs)	2,000	NCB	100	0	Yes	Prior	20/10/2010	19/3/2011	Pending
2.3.2	Studies and implementation in the Ilha Grande park	4,000	NCB	100	0	Yes	Prior	17/01/2011	16/6/2011	Pending
2.3.3	Studies and implementation in the Três Picos park	2,000	NCB	100	0	Yes	Prior	20/7/2010	17/12/2010	Pending
3 - Consulting services										
3.1 Support for the PCU										
3.1.1	Works supervision	3,000.00	QCBS	100	0	Yes	Prior	17/06/10	14/11/10	Pending
3.1.2	Program management, monitoring and evaluation support	10,285.00	QCBS	100	0	Yes	Prior	17/06/10	14/11/10	Pending
3.1.3	Independent external program audit	480.00	QCBS	100	0	Yes	Prior	17/06/10	14/11/10	Pending
3.1.4	Procurement notices	100.00	PR	100	0	Yes	Prior	01/06/10	29/10/10	Pending
3.2 - Component 1										
3.2.1	Planning and implementation of thematic circuits in the city of Rio de Janeiro to encourage related small businesses	700.00	QCBS	100	0	Yes	Prior	17/07/10	14/12/10	Pending
3.2.2	Preparation of the contents of the pilot tourist information centers	700.00	QCBS	100	0	Yes	Prior	17/10/10	16/03/11	Pending
3.2.3	Identification of new tourism business opportunities in Vale do Café for the INVESTERIO development program	200.00	QCBS	100	0	Yes	Prior	17/07/10	14/12/10	Pending
3.2.4	Business training in the areas of accommodation, food and drink, tourist services, and tourist operations in the sierra and coastal zones. Indicators: %progress of business training % progress of professional qualification	2,000.00	QCBS	100	0	Yes	Prior	17/01/11	16/01/11	Pending

3.2.5	Interpretive planning of the Capelinha - Mauá park road	100.00	QCBS	100	0	Yes	Prior	17/06/10	14/11/10	Pending
3.2.6	Updating of the State Tourism Master Plan	500.00	QCBS	100	0	Yes	Prior	17/06/11	14/11/11	Pending
3.2.7	Identification of new tourism business opportunities in Vizconde de Mauá (Resende) and Ilha Grande (Angra dos Reis) for the INVESTERIO development program	200.00	QCBS	100	0	Yes	Prior	17/07/10	14/12/10	Pending
3.2.8	Urbanization manual for tourist and historical villas	100.00	QCBS	100	0	Yes	Prior	18/06/10	15/11/10	Pending
3.2.9	Tourist signposting project in the coastal and sierra zones	500.00	QCBS	500	0	Yes	Prior	14/01/11	13/06/11	Pending
3.3 - Component 2										
3.3.1	Preparation of the strategic plan (years 1 to 4) + (online marketing strategy)	1,000.00	QCBS	100	0	Yes	Prior	17/07/10	14/12/10	Pending
3.3.2	Preparation and implementation of annual work plans (2 plans)	8,000.00	QCBS	100	0	Yes	Prior	17/07/10	14/12/10	Pending
3.4 - Component 3										
3.4.1	Strengthening of tourism as an economic activity - regularization of informal activities (Ilha Grande, Vizconde de Mauá, Conservatória and Búzios)	1,200.00	QCBS	100	0	Yes	Prior	17/03/11	14/08/11	Pending
3.4.2	Institutional strengthening of tourism in the state – training for public sector managers	900.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending
3.4.3	Institutional strengthening of SETE and TurisRio	300.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending
3.4.4	Integrated destination management systems - Design and implementation of the Rio de Janeiro pilot project (tourist and cultural loyalty card)	1,500.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending

3.4.5	Identification of best practices, proposal of legal frameworks for tourism at the state level, and a new management model	500.00	QCBS	100	0	Yes	Prior	17/07/10	14/12/10	Pending
3.4.6	Strengthening of state, regional, and municipal participation mechanisms	500.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending
3.4.7	Physical infrastructure, hardware, software, and information system	1,000.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending
3.4.8	Research in the zones to monitor and evaluate the program (years 1 to 5)	300.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending
3.4.9	Study of current and potential demand in national and international markets of origin, for tourism destinations in the coastal and sierra zones	1,700.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending
3.4.10	Study of tourist destination supply in the coastal and sierra zones	500.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending
3.4.11	Research into the business environment in the sierra and coastal zones (hotel network RevPAR)	600.00	QCBS	100	0	Yes	Prior	18/12/10	17/05/11	Pending
3.5 - Component 5										
3.5.1	Environmental supervision of selected works	600.00	QCBS	100	0	Yes	Prior	17/07/10	14/12/10	Pending
3.5.2	Study of load-bearing capacity and public use of Ilha Grande, and implementation of the tourist flow management and monitoring system	500.00	QCBS	100	0	Yes	Prior	17/06/10	14/11/10	Pending
3.5.3	Studies and implementation in Parque Fluvial Itaipava	2,500.00	QCBS	100	0	Yes	Prior	18/01/11	17/06/11	Pending
3.5.4	Midterm and final project evaluations	400.00	QCBS	100	0	Yes	Prior	17/12/11	15/05/12	Pending
3.5.5	Studies and implementation in Parque da Ilha Grande	1,000.00	QCBS	100	0	Yes	Prior	18/01/11	17/06/11	Pending

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-____/10

Brazil. Loan ____/OC-BR to the State of Rio de Janeiro
National Tourism Development Program – Rio de Janeiro
PRODETUR Nacional – Rio de Janeiro

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the State of Rio de Janeiro, as Borrower, and the Federative Republic of Brazil, as Guarantor, for the purpose of granting the former a financing to cooperate in the execution of the National Tourism Development Program – Rio de Janeiro (PRODETUR Nacional – Rio de Janeiro). Such financing will be for an amount of up to US\$112,000,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.