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BELIZE

**IMPROVING SMALL BUSINESS COMPETITIVENESS IN THE TOURISM
INDUSTRY**

BL-M1001

DONORS MEMORANDUM

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PREPARATION:

- Letter of Request
- Government no objection letter
- BTIA By-laws
- BTB Act
- Institutional Assessments of BTB and BTIA
- BTIA Financial Statements 2001-2004
- Letters of counterpart commitment from the executing agencies
- Belize Tourism Sector Diagnostic 1998-2004 (BTB)
- Human Resource Needs Assessment (2004), contracted by IDB
- Belize Cruise Ship Policy (BTB)
- CHA Cruise Tourism Impact Forum Presentations
- Belize CAS Donor Coordination Program Matrix

EXECUTION:

- Project Operating Regulations
- Main points of Terms of Reference for key consultants
- Gantt project execution chart
- Cost Recovery and Sustainability preliminary estimates
- Project Activities and Results Plan
- BTIA/BTB Agreement Checklist

ABBREVIATIONS

BBB	Belize Business Bureau
BCSIA	Belize Cruise Ship Industry Association
BNTOA	Belize National Tour Operators Association
BTB	Belize Tourism Board
BTIA	Belize Tourism Industry Association
CESI	Committee on Environment and Social Impact
CBOs	Community Based Organizations
COF/CBL	Country Office of Belize
IDB	Inter-American Development Bank
MSEs	Micro and Small Enterprises
NICH	National Institute of Culture and History
OCTA	Ocean Conservation and Tourism Alliance
PC	Project Council
OR	Project Operational Regulations
PCU	Project Coordination Unit

IMPROVING SMALL BUSINESS COMPETITIVENESS IN THE TOURISM INDUSTRY (BL-M1001)

EXECUTIVE SUMMARY

Executing Agencies:	Belize Tourism Industry Association (BTIA) and Belize Tourism Board (BTB).		
Beneficiaries:	The proposed project will directly benefit: 600 micro and small enterprises (MSEs) and community-based organizations (CBOs) ¹ , which will receive a diagnostic identifying their key strengths/weaknesses, and individualized plans to improve business performance and product quality. Among these, 300 MSEs will benefit from training and 150 MSEs will receive tailored technical assistance in areas such as, management, marketing, environmental management, accounting, and sustainable product development. Seventy-five MSEs will be effectively integrated horizontally or vertically, and 3 integrated tourism circuits will be established, creating opportunities for MSE to sell new and improved sustainable tourism products. The BTIA, which will be strengthened in its strategic orientation and attain a wider membership base among MSEs, will also directly benefit.		
Financing:	Modality:	Non-reimbursable	(Facility III-A)
	MIF ²	US\$	580,000 (69% ³)
	Executing agencies	US\$	253,000 (31%)
	Total	US\$	833,000 (100%)
Objectives:	The goal of the project is to contribute to increase the competitiveness of the MSEs and CBOs that are linked with the cruise ship tourism sector in Belize. Its purpose is to strengthen the capability of MSEs and CBOs to offer sustainable tourism products and improve their participation in integrated tourism business chains.		
Description:	This will be accomplished through three components: (i) strengthening MSE technical and managerial skills; (ii) improving MSE participation in tourism business supply chains; and (iii) improving information and institutional capabilities for MSE integration to the tourism industry.		

¹ MSEs are defined as businesses with fewer than 10 employees and less than US\$30,000 in assets. CBOs are organizations of low-income individuals, who live in the vicinity of key tourist sites, and who collaborate in selling goods services to tourists. Throughout the document, for simplicity, the term MSEs is used to represent both MSEs and CBOs.

² The MIF contribution includes US\$15,000 for *Sustainable Tourism Cluster* activities.

³ Excludes MIF *Sustainable Tourism Cluster* activities.

Execution schedule:	<p>Execution period: 36 months</p> <p>Disbursement period: 42 months</p>
Special contractual conditions:	<p>The following will be conditions prior to the first disbursement of project funds: (i) an agreement has been signed between BTB and BTIA detailing the coordination mechanisms for project execution; (ii) the Project Council (PC) has been established and has approved the project's Operating Regulations; and (iii) the Project Director has been selected.</p>
Exception to Bank policy	<p>None.</p>
Social and Environmental Review:	<p>The Committee on Environment and Social Impact (CESI) reviewed the project at its session CESI 29-04, held on July 16, 2004, and its recommendations were incorporated into the project design (see paragraph 8.1), and specifically in the Operating Regulations (OR).</p>
Coordination with other Official Development Agencies (ODA):	<p>No similar projects are being financed by other ODA. The project will be complemented by on-going initiatives in the tourism sector supported with external funding. The most relevant are: the Organization of American States' (OAS) Small Tourism Enterprise Program for Sustainability (STEP), which targets the small hotel sector by providing assistance (through a volunteers' program) to market aggressively their properties and services with a brand associated with standards that meet internationally recognized requirements; the Caribbean Program for Economic Competitiveness (CPEC) which focuses on policy and legislative initiatives; and Conservation International's Environmental Walk-Through (EWT), funded by the Summit Foundation, that encourages sustainable policies in the hotel sector.</p>

II. BACKGROUND

A. Sector Background

- 2.1. The tourism industry represents a large and growing opportunity for small businesses in Belize. The tourism industry has become a major contributor to economic growth in Belize, with tourism expenditures representing 16 percent of Gross Domestic Product in 2004 and generating one out of six jobs in the country. It is the leading gross generator of foreign exchange and makes a significant contribution to government revenues. The industry has experienced remarkable growth in the past several years. Statistics published by the Belize Tourism Board (BTB) show that between 1998 and 2004, cruise-ship passenger volume rose from 14,183 to 851,436, and hotel occupancy grew at an annual rate of 5%. Hotel industry revenues increased by 17.2% in 2004, and hotel employment by 71% between 1998 and 2004.
- 2.2. The major categories of tourist attractions in Belize are the marine sporting activities at the country's barrier reef and the country's land-based natural and Mayan archaeological attractions. These appeal to a combination of adventure and nature/heritage/cultural tourist market. As a result of an IDB-funded tourism development project, executed under loan 1250/OC-BL, several major Mayan sites, managed by the National Institute of Culture and History (NICH), are being developed for large-scale tourism in a manner that is archeologically and environmentally sustainable. In addition to Belize City, the most visited sites in 2004 were: the *Altun Ha*, *Xunantunich* and *Lamanai* Mayan sites, the *Caves Branch* river-cave system and the *Hol Chan* Marine Reserve, which together with other 8 sites drew about 75% of visitors. These sites are all located within driving distance of Belize City, allowing cruise passengers – who typically spend only one day in the country–, and overnight tourists, to visit them. These sites constitute destinations of growing importance and have the potential to expand into a more integrated tourism cluster.
- 2.3. Most services around the key attractions visited by cruise and overnight visitors are arranged by the cruise lines and by large firms operating in the tour operation, hotel/accommodation and transportation businesses. Besides the services provided by the larger firms, most goods and services offered to tourists are supplied by micro and small enterprises (MSEs) and by Community Based Organizations (CBOs)⁴. The Belize Tourism Industry Association (BTIA) estimates that around 1,350 of Belize's 1,500 tourism-related businesses are MSEs. Of these, an important proportion operates in Belize City and in or near the key sites visited by cruise passengers.
- 2.4. The rapid increase in visitors, particularly from cruise-ships, however, is posing a major challenge to the tourism industry and straining the ability of local enterprises to offer attractive quality products to the surging demand. Besides some excursions to the sites and a few somewhat structured packages organized by the large hotels and tour operators, the range and quality of tourist products offered at or near the key attraction

⁴ MSEs are defined as businesses with fewer than 10 employees and less than US\$30,000 in assets. CBOs are organizations of low-income individuals, who live in the vicinity of key tourist sites, and who collaborate in selling goods services to tourists. Throughout the document, for simplicity, the term MSEs is used to represent both MSEs and CBOs.

sites is very limited. Cruise passengers and overnight visitors arriving in Belize will find only fragmented and substandard tourism product offerings. Tourists who visit the natural or archaeological sites will find neither well-organized cultural, entertainment, adventure, dining or shopping experiences. Souvenir offerings are limited, show little variety, and are dominated by imported products.

- 2.5. As a consequence, the large and growing flow of visitors arriving daily in the country have little opportunity to exercise their demand for goods and services and use their purchasing power, promoting a sub-optimal level of economic activity in the sector, thus reducing the potential benefits to the Belizean economy from the explosive growth in this segment of the industry. Currently, cruise passengers spend only US\$45/day in Belize, less than half of the average US\$104 daily expenditure they make in other Caribbean ports, and the lowest expenditure rate in the region. Moreover, the lack of quality ancillary tourist services to complement the country's main attractions constitutes a competitive disadvantage vis-à-vis neighboring Caribbean countries, in the highly competitive tourism market, as visitors define their preferences based on their overall experience. Exit surveys show that many tourists are reporting negative experiences, including a lack of quality and attractive products.
- 2.6. Large firms and MSEs face the challenge of improving the overall tourism offer of the country in key destination areas. To achieve this, however, there are limitations that they have to overcome. MSEs face several limitations in the process of conducting their businesses, which limit their competitiveness and ability to respond to the opportunities posed by the rapid growth in tourism. Most MSEs have weaknesses in the design and production/operation of tourism goods and services, in achieving the quality levels required by international visitors, and in accessing delivery/distribution channels to market their products. These weaknesses are complicated by the difficulty MSEs face in accessing technical services appropriate to their size and needs. Similarly, accessing credit is often a lengthy and cumbersome process, given that most local credit institutions (mainly credit unions) lack proper methodologies to analyze loan requests coming from small tourism-related businesses, despite their general interest to lend to this sector. MSE limitations reduce the ability of larger firms to market the country's tourist attractions, with built-in enhancements (i.e. related to culture, entertainment, adventure, eco-tourism, heritage or other areas) and complements to the products they currently offer, and thus position Belize in a better footing vis-à-vis other countries in the region. Poor design and product quality constrain MSEs integration into circuits catered by larger firms. This seriously affects MSEs ability to market their products, as a large proportion of incoming tourists book their visits through larger companies. In addition, articulation of MSEs with the overnight and cruise-ship segments of the industry, and between the latter, needs to be improved in order for them to achieve a common vision of the sector that will improve their operation as a successful cluster.
- 2.7. Aversion to reputation risks, particularly among those operators catering to cruise passengers, coupled with concerns about the capacity of MSEs to deliver quality products, have led many of the larger tour companies to opt for vertically integrating important parts of their "product" chain, although this limits the range of offerings available to market to tourists. These companies, however, generally recognize the potential benefits of integrating MSEs into larger tourist circuits and their business

chains, as a way to improve the variety of their offerings and to ensure that the overall experience of tourists in the country remains positive.

B. Project approach and justification

- 2.8. The proposed project aims at taking advantage of the opportunities posed by the high flow of visitors to the country, particularly those generated by cruise ships, by helping to organize and improve the provision of quality tourism products in the most important destinations visited by this client segment. MSEs are currently unable to offer products that meet the visitors' standards and thus remain largely marginalized from the benefits generated in the tourism value chains. The project will contribute to the development of MSEs as reliable providers of quality tourism products, as well as to improve their collaboration with larger tour companies to build more integrated business chains, and improved business linkages, around tourist circuits. This will allow the provision of more complete and attractive tourist product offerings, helping to improve sector competitiveness. It will also help to expand the stakeholder base, leading to a greater distribution of tourism economic benefits. To achieve these goals it will support the provision of training and technical assistance services to MSEs operating in the sector, aimed at: (i) improving their skills to design, develop and operate successful tourism products; (ii) upgrading MSE business linkages with other players in the industry; and (iii) enhancing the institutional framework and information flow to improve MSE integration within the industry. The project will build on the experience of BTIA and BTB to engage MSEs and larger enterprises working in the industry.
- 2.9. **Justification.** The proposed project lays out an innovative framework for stimulating the development of a competitive cluster around key tourism anchor sites. It will combine training and technical assistance tools, with cluster and value chain development techniques. The project will strengthen local community and small business capabilities to improve and broaden their tourism product offerings around integrated circuits, marketing them to both land-based visitors and cruise passengers and help link them to dynamic business chains, enhancing MSEs and cluster competitiveness. It will contribute to bring together a range of players spanning the spectrum of the industry: small and large businesses, land-based tourism and cruise tourism. The project will be part of MIF's *Sustainable Tourism as a Development Strategy 'cluster'* and, as such, will seek to spur the sustainable development of tourism to increase benefits for local communities, preserve cultural and environmental integrity, and improve protection of ecologically sensitive areas and the nation's cultural and natural heritage. It is expected that the project's approach can generate lessons that can be beneficial to the *MIF 'cluster'* and add to its knowledge base.

C. Compatibility with Bank Strategy and MIF Sustainable Tourism Cluster

- 2.10. The proposed project fits within the Bank's country strategy, which seeks to support private sector capacity-building, as one of its two key strategic areas. The strategy singles out tourism as one of the key areas for Bank intervention, following prior support to this sector. The project complements earlier Bank/MIF efforts in the sector, and will build on the hard and soft infrastructure developed by prior interventions. It will target MSEs that are currently operating along key cruise tourism circuits, particularly those surrounding archaeological sites that were restored and rehabilitated under loan 1250/OC-BL (due to expire in May 2005), contributing to spread the

benefits of these investments in the local economy and among small businesses. It will also complement the recently completed *Ecotourism Training Program* (ATN/MH-7092-BL) funded by the MIF. That program formed a cadre of about 60 qualified tourism trainers and consultants, and provided specialized ecotourism instruction to more than 1,200 individuals nationwide, consisting largely of tour guides and of medium and large-sized tourism company employees. The proposed project will aim at strengthening MSEs and integrating them into more dynamic tourism business chains, thus focusing on a different, but equally relevant, segment of the tourism industry. The project, however, will take advantage of the cadre of qualified experts, and make use of them for the provision of specialized training and technical assistance to MSEs, after training them on MSE-specific modules and methodologies (to be developed). The project will also continue the efforts initiated by the *Ecotourism Program* of encouraging private sector organizations to participate more actively in the industry, and to build a stronger private-public partnership between BTB and BTIA.

III. PROJECT OBJECTIVES AND COMPONENTS

A. Goal and purpose

- 3.1. The **goal** of the project is to contribute to increase the competitiveness of the MSEs and CBOs that are linked with the cruise ship tourism sector in Belize. Its **purpose** is to strengthen the capability of MSEs and CBOs to offer sustainable tourism products and to improve their participation in integrated tourism business chains.

B. Components

- 3.2. The project consists of three components, which will be executed simultaneously: (i) strengthening MSEs technical and managerial skills; (ii) improving MSEs participation in tourism business supply chains; and (iii) improving information and institutional capabilities for MSEs integration to the industry.

1. Component 1: Strengthening MSE Technical and Managerial Skills and Product Development (MIF: US\$223,300; counterpart: US\$62,100)

- 3.3. The purpose of this component is to strengthen the technical and managerial skills of MSEs to design and operate sustainable tourism products. The project will facilitate access to training and specialized consultant support, to enable MSEs to improve the variety and quality of their offerings, and thus, be in a better position to benefit from tourist demand. Strengthened MSEs will also be in a better position to engage in meaningful business linkages with larger firms in the tourism sector.
- 3.4. The project will finance the following activities: (i) identification, through market research and validation, of tourism products with high demand potential and characterization of the product improvement needs for successful marketing; (ii) the development of a *rapid assessment tool* to diagnose MSEs and the quality (or “market readiness”) of their products; (iii) diagnostic of 600 MSEs and preparation of individualized plans to improve business performance and product quality; (iv) development of training modules customized to MSEs and training of tourism trainers/consultants; (v) provision of cost-shared specialized technical assistance and training services to MSEs to develop marketable, sustainable tourism products (i.e. in

areas such as product design, pricing, quality assurance, marketing, financial skills, customer service, etc.); and (vi) provision of specialized technical services to raise MSEs environmental awareness and eco-friendly practices in product development and operation. The project will also fund: (i) the development of a database at BTIA to register MSEs into a product development network and to facilitate MSE monitoring; and (ii) the design and implementation of a quality control system for the services provided to MSEs.

- 3.5. As result of this component, MSEs will have developed new tourism products and will be trading them in the tourism market, which will contribute to an increase of about 20% in gross sales for 225 MSE (sales indicator to be validated by the baseline consultant, see paragraph 6.3). Other expected results include: (i) a *rapid assessment tool* for MSE will be developed; (ii) 600 MSEs will be diagnosed with the tool and complete individualized improvement plans to develop market ready products; (iii) training and technical services geared to MSEs in tourism sector will be improved with MSE-appropriate training modules developed and 50 consultants/ trainers trained; (iv) 33 cost-shared training courses provided to 400 participants from approximately 300 MSEs, and individualized technical assistance to 150 MSEs; and (v) a data base of tourism MSE will be developed.

2. Component 2: Improving MSE Participation In Tourism Business Chains
(MIF: US\$115,300; counterpart: US\$74,500)

- 3.6. The component's purpose is to promote and strengthen business linkages between MSEs and larger companies serving the tourism sector (i.e., hotels, cruise-ship, tour operators, etc.) and among MSEs themselves. The component aims at contributing to the development of better-integrated tourism-related business chains, around circuits spanning key archeological and natural attractions with high flow of cruise passengers. The incorporation of MSEs into these chains will help them overcome limitations in size and improve their ability to access wider networks to market their products. Better vertical and horizontal linkages among businesses serving the tourism sector will help to enhance the value and attractiveness of the tourism circuits through more complete product offerings, and thus lead to the development of more competitive tourism clusters. This, in turn, should help to improve the overall attractiveness of Belize as a destination country for both cruise-ship and overnight land-based tourism.
- 3.7. The component will finance technical assistance and training to: (i) map business chains in at least three key destinations and assess their current challenges, gaps and opportunities for product enhancement, through building vertical and horizontal linkages and collaboration arrangements around integrated circuits; (ii) develop concrete integration strategies and action plans between MSEs and larger operators and among MSEs; (iii) promote business encounters, encourage commercial interaction and facilitate agreements to integrate MSEs to more dynamic business chains (i.e. through market days, familiarization trips, fair participation involving cruise line); (iv) provide direct assistance for the coordination and consolidation of pilot projects and for fostering long-term businesses relationships between MSE and larger enterprises and among MSEs; (v) provide organizational support and strengthen local CBOs to enhance their ability to engage in dynamic business chains; (vi) develop and promote a tourism market brand to be used by qualifying MSEs; and (vii) provide technical assistance to

strengthen the analysis and methodological capabilities of selected credit institutions that lend to MSEs in the tourism sector.

- 3.8. The component's expected results are: (i) a diagnostic study of business chains located around at least 3 key anchor destination sites; (ii) integration strategies for these 3 business chains are developed and endorsed by key stakeholders; (iii) 3 integrated tourism chains strengthened for 3 tourist circuits in key cruise passenger destination regions, with increased MSE participation (at least 75 MSEs are participating in the 3 chains and have increased their tourism-related sales by more than 20%); (iv) at least 10 large tourism firms are participating actively in the chain generating direct business for MSEs; (v) at least 10 pilot projects have been jointly initiated by MSEs and larger companies under the auspices of the project; (vi) 6 CBOs are integrated into dynamic tourism business chains and report increased sales volumes; and (vii) at least 100 MSEs have adopted a new sustainable tourism brand promoted by the project.

3. Component 3: Improving information and institutional capabilities for MSE integration to the industry (MIF: US\$27,100; counterpart US\$40,400)

- 3.9. The component's purpose is to ensure the adequate representation and participation in industry organizations of the MSEs that will be targeted with the proposed project, and indirectly strengthen the institutional capabilities of the BTIA. The component also aims to disseminate the benefits, lessons learned and best practices of participating in this process among other MSEs to widen the industry's representation.
- 3.10. The activities to be financed are: (i) dissemination of information about the Project's goals, purpose and services among MSEs, CBOs, and other stakeholders to encourage their active involvement its activities; (ii) development of a strategic plan for private sector involvement in Belize's tourism development based on a shared vision of the private sector role in the tourism industry; (iii) training of BTIA staff on improving services to MSEs and on supporting the newly formed (business chain) alliances; and (iv) dissemination among MSEs on lessons and best practices among MSEs on the benefits of participating in associations.
- 3.11. As a result of this component: (i) a dissemination campaign on the benefits of participating in associations, aiming MSEs, will be conducted; (ii) a BTIA private sector strategic plan will be developed; (iii) at least 30 new MSEs will join BTIA; and (iv) 5 BTIA staff members will have received training on how to continue to support the gains made by MSEs in linking them to the tourism supply chains.

IV. COST AND FINANCING

A. Cost and financing

- 4.1. The cost of the project is estimated at US\$833,000. The MIF will contribute US\$580,000 on a non-reimbursable basis. The executing agencies will be responsible for US\$253,000 of local counterpart contribution, of which at least 50% will be in cash. BTB will be responsible for the local counterpart's cash contributions. Training and technical assistance to be funded by the Ocean Conservation and Tourism Alliance

(OCTA)⁵ and by NICH, will constitute part of the in-kind contributions (See Annex II).

- 4.2. MIF funds will finance technical assistance and training services, computer equipment, a portion of administrative costs needed for project coordination, as well as project base line, evaluation, audit and *Sustainable Tourism Cluster* monitoring activities. Counterpart funds will finance local consulting and in-kind technical assistance, a portion of the administrative costs and other logistics and overhead expenses. Following lessons learned from previous MIF operations in Belize, project coordination expenses are budgeted at the minimum level that would ensure quality; percentage-wise, however, they appear high due to the size of the overall budget.

Estimated Project Budget (US\$)

Components/budget headings	MIF contribution Facility III-a	Local contribution	Total
1. Strengthening MSE technical and managerial skills	223,300	62,100	285,400
2. Improving MSE participation in tourism business chains	115,300	74,500	189,800
3. Improving info. and institutional capabilities for MSE	27,100	40,400	67,500
5. Project Coordination personnel expenses	94,500	38,500	133,500
6. Equipment and logistics	32,700	37,500	70,200
4. Contingencies	32,100		32,100
7. Baseline, evaluations and audit	40,000		40,000
Total	565,000	253,000	818,000
<i>MIF 'cluster' activity coordination</i> ⁶	15,000		15,000
Grand total	580,000	253,000	833,000
Percentage (of Total, excluding <i>MIF 'cluster'</i> activities)	69%	31%	100%

B. Sustainability

- 4.3. Training and technical assistance services to be facilitated to MSE under Component 1 will be partially sustained by payments from MSEs for a portion of the service costs they receive. The project's contribution to these services will phase out gradually, reaching, on average, between 40% to 50% of the variable costs of the services by the end of the project. Some MSEs, and particularly CBOs around key attraction sites, may require larger subsidies. A detailed *Cost Recovery and Sustainability Plan* will be prepared as part of the project, which will include annual cost recovery targets, and cost recovery percentages for various project-supported services (a basic model prepared for the project is available in the Technical Files). The fee structure will take into consideration market conditions to avoid generating distortions where services are available. The monies recovered from service charges to MSEs will be accumulated in a special account and will be used at the end of the project for project related activities. The project contemplates a Sustainability Workshop to be undertaken one year prior to project completion, in order to evaluate the progress attained thus far and examine prospects for project continuity. At the business level, MSEs will benefit from new skills to design and produce marketable, sustainable tourism products, and enhanced links to business chains. Once linked into these chains, MSEs will have better access to

⁵ OCTA is a joint initiative of the International Council of Cruise Lines (ICCL) and Conservation International (CI) with four priority areas: establish destination partnerships; promote environmental education; promote vendor environmental education, and best practices for wastewater management.

⁶ The amount for *MIF 'cluster'* coordination (US\$15,000) will be deducted from the MIF contribution at the time of signing of the Technical Cooperation Agreement, to be used by the MIF for *'cluster'* activities.

market information on trends, product innovations, new suppliers, and new buyers. The project will contribute to the creation of a network of contacts and a framework of business chain linkages that will open channels of market communication and sales. The involvement of key international cruise line organizations in the project is expected to facilitate integration of MSEs to the markets.

V. EXECUTING AGENCIES AND EXECUTION MECHANISM

A. Executing Agencies

- 5.1. The **principal Executing Agency** of the project will be BTIA, and BTB will act as a co-Executing Agency. These agencies will sign an agreement as a condition prior to first disbursement, detailing, among others, coordination mechanisms and the flow of counterpart contributions. BTIA is the umbrella private sector organization for the tourism industry. It was formed in 1985 with the mission to “promote sustainable tourism, while maintaining the natural and cultural integrity of Belize.” It has a membership of over 400, including representatives from key players in the tourism industry, such as the Belize Hotel Association, the Belize National Tour Operators Association (BNTOA) and the Belize Cruise Ship Industry Association. BTIA’s budget, of US\$400,000 in 2004, has been growing steadily for several years. Its dedicated funding streams include commissions from publication, advertising, membership dues, and rental income. In the institutional analysis developed by the Bank, it was established that although BTIA will contribute with its experience and leadership in the tourism private sector, which is needed for the success of the project, BTIA has limited experience in the execution of projects funded by multilateral organizations and insufficient surpluses for counterpart funds. Thus, in order to ensure counterpart financing and obtain the technical expertise necessary, BTB will act as a co-executing agency and will sign, jointly with BTIA, the Technical Cooperation Agreement with the Bank. Both organizations have collaborated earlier in the implementation of a MIF-funded project (the *Ecotourism Training Program* executed by BTB) and are expected to continue maintaining good communication and coordination links as partners in a project of great interest to both organizations. The involvement of both entities provides an added strength to project execution, as the concerted effort of the private and public organizations will increase credibility among key stakeholders and facilitate implementation of project activities.
- 5.2. BTB is a statutory board within the Ministry of Tourism, whose mission is to function as a strategic partner between government and private sector to develop, market and implement tourism programs that will fulfill the emerging needs of local industries and the international tourism marketplace. In operation in its current form for 15 years, this body is the preeminent public sector tourism development organization. It is staffed with qualified professionals. Its principal activities are marketing Belize as a tourism destination and encouraging the development of new products. Its 2004/05 budget of US\$5 million is funded from tourism taxes and government contributions. It has executed MIF’s *EcoTourism Training Program* (in cooperation with BTIA), has partnered with the *Caribbean Program for Economic Competitiveness* focusing on policy, legislative initiatives and training, and has an ongoing partnership with NICH to develop and preserve the nation’s history, heritage, and natural assets. BTB will

provide the local cash counterpart and bring to the project a staff with considerable experience administering sustainable tourism development projects.

B. Project coordination, supervision and execution

- 5.3. **Project Coordination Unit (PCU).** BTIA and BTB have agreed to establish a PCU, housed at BTIA, which will be responsible for the day-to-day planning, programming, operation, procurement, reporting and control of project activities. The PCU will execute the project according to the Project's Operational Regulations (OR) (see project technical files) and coordinate the activities necessary for the fulfillment of the Project's objectives and performance indicators, as laid out in the logical framework (Annex I). The PCU will be headed by a Project Director (PD), and staffed with an administrative assistant, and an accountant. The PD will be responsible for executing program activities and meeting program objectives. The PCU will report to a project steering committee in which BTIA and BTB are represented. The details of the executing arrangements between BTIA and BTB will be defined in an agreement to be signed prior to first disbursement of project funds.
- 5.4. **Project Council.** A Project Council, which will be integrated initially by a representative from each of the following entities: BTIA, BTB, NICH, BNTOA, OCTA, the National Handicraft Center, the Belize Business Bureau, and the PD who will serve as its secretary, with no voting rights—, will be created as an ad-hoc council, prior to first disbursement. The Project Council will serve as a policy and technical resource on project activities and approach. The specific responsibilities of the Council are described in the OR. To support its work, the Council may establish working groups or special technical committees and invite any specialists or technical experts it deems necessary to serve on them. A **Steering Committee** will be established within the Council as the project's decision-making body, and composed by the PD (with voice but no voting rights) and representatives from BTIA, BTB, NICH, the local cruise industry and other persons that the PC decides to incorporate. The Steering Committee will select and recommend the hiring or removal of the PD; approve and modify the administrative manual; approve and oversee the execution of annual project work plans and budgets; and monitor compliance with project objectives.
- 5.5. **Selection criteria for MSEs.** Technical assistance and training services will be opened to all eligible MSE selling goods or services in cruise passenger destination areas served by the project. The eligibility criteria includes: (i) being an MSE characterized as: (a) employing 1 to 10 persons; (b) having assets of less than US\$30,000; and (c) gross annual sales of US\$120,000 or less; or a being a CBO characterized as being: (a) formed by at least 10 members, earning annual incomes of no more than 50% of the country's per-capita gross domestic product; (b) established in the vicinity of key natural and heritage sites; and (c) engaged in economic activities directly or indirectly linked to the tourist market; (ii) be willing and able to pay for at least a portion of training or technical assistance services (except CBO's at key natural and heritage sites, who may not necessarily fulfill this condition or compromise); and (iii) be a registered business or be in the process of becoming registered. Beneficiary MSEs will be initially identified through a market research exercise and reached out through a promotion campaign. MSEs will be selected on a *first come first served* basis, and, after a rapid assessment diagnostic, on an analysis of their business potential. The

training and most technical assistance services provided to the MSEs will be co-paid by the beneficiaries, to provide incentives for quality control of the services and to ensure a trend towards sustainability. Some services, such as the Rapid assessments will be provided free of charge to MSEs.

- 5.6. **Project readiness.** The OR and the terms of reference for the PCU staff and project consultants have been drafted. In addition, BTB and BTIA have pledged in writing to provide local counterpart cash and in-kind contributions. The executing agencies have developed the necessary internal procedures and control systems for the PCU, which include an operations manual, a chart of accounts and an accounting system.
- 5.7. **Execution and disbursement period.** The project has an expected execution period of 36 months and a disbursement period of 42 months.
- 5.8. **Procurement.** The selection and procurement of project goods and services, will be made according to the Bank's policies stipulated in documents GN-2349-4 and GN-2350-4, respectively. The PCU will present a procurement plan (see OR), detailing the items, selection modalities and amounts of the goods and services to be procured. The Bank will make an ex-ante review of the selection and procurement procedures for goods and consultant services. The procurements and contracts will be open to all MIF member countries and developing countries that are members of the Bank. The Project Team requests the recognition of the costs incurred after March 1st, 2005, in the development of an administrative manual and of an accounting system, after the project analysis mission, estimated in US\$3,000.

VI. MONITORING AND EVALUATION

- 6.1. The Bank's Country Office in Belize (COF) will be responsible for performing oversight, monitoring fulfillment of contractual conditions, processing disbursement requests, and receiving audited financial statements.
- 6.2. **Monitoring.** The PCU, with Steering Committee approval, will submit semiannual progress reports, to the Bank's satisfaction, in accordance with the Bank's standard reporting requirements as provided for in the OR, within 30 days of the end of each semester. These reports will follow a format previously agreed with COF and will address project activities and finances, as well as results, measured in terms of the indicators and benchmarks identified in the project's logical framework. PCU, with Steering Committee approval, will present a final report within sixty (60) days after the final disbursement. COF will utilize these reports to monitor project implementation progress and to prepare a Project Completion Report within 3 months of the last disbursement. The project will be monitored according to the provisions of the annual work plans.
- 6.3. **Baseline and Evaluations.** At project start-up, the PCU, with the Steering Committee's agreement, will hire an expert to develop baseline indicators and a monitoring system for evaluating project outputs (see terms of reference in the technical files). An intermediate and a final evaluation of the project will be undertaken by external consultants to be contracted directly by the Bank, through its country office. The mid-term evaluation will be prepared when 50% of the project resources have been disbursed. A final evaluation will be conducted at the end of

project execution or when 95% of the Bank's contribution has been disbursed. The evaluations will be paid for with the funds from the project budget. The executing agencies, through the PCU, will provide access to all the information and documentation needed to conduct these evaluations. The consultant will participate in the closing workshop, scheduled towards the end of the project to evaluate outcomes and identify activities that will be required to increase project impact. Emphasis will be placed on lessons learned and how to bring such lessons to bear on other MIF projects.

VII. BENEFITS AND RISKS

- 7.1. **Beneficiaries.** By project completion, it is expected that around 600 MSE will have received a rapid assessment of their business, 400 individuals (from approximately 300 MSEs) will have been trained and 150 MSE received tailored technical assistance in areas such as management, marketing, environmental management, accounting, and sustainable product development. 75 MSE will have been effectively integrated horizontally or vertically, and 3 integrated tourism circuits will have been established, generating opportunities to sell new and improved sustainable tourism products.
- 7.2. **Risks.** One of the risks facing the project is that public and private stakeholders may be unwilling to interact and participate in the project. This risk is mitigated through intense, broad-based design-phase interviews that elicited a unanimous commitment to actively participate in the project, and by the creation of a Steering Committee and Project Council that offer vital stakeholders a voice in the project. A second risk is that demand for technical services might be low among MSEs, not used to pay for these services. This risk will be mitigated through a series of sensitization activities provided for under Component 3 and by linking these services to concrete market opportunities, identified in the demand characterization to be undertaken at project start up. A third risk is that tour operators and cruise lines may not engage actively in commercial linkages involving MSEs, preferring vertical integration. This risk is addressed by incorporating tour operators and cruise line representatives in the Project Council (including representatives from ICCL and FCAA, through OCTA), to gain their technical expertise and buy-in, as well as designing a market-oriented project focused on developing products that meet industry needs.

VIII. SOCIAL AND ENVIRONMENTAL IMPACT

- 8.1. The Committee on Environment and Social Impact (CESI) recommended that attention be paid to socio-cultural, environmental, gender, and ethnic heritage considerations in project activities. Socio-cultural considerations, environmental protection, and proactive inclusion of MSEs owned by females and people of native ethnic heritage have been duly taken into account (see Logical Framework). The design and management of sustainable tourism products, services, and activities is the ultimate goal of the project, sustainable tourism being defined as a leisure activity that ensures environmentally viable, long-term socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

**Improving Small Business Competitiveness in the Tourism Industry
(BL-M1001)**

LOGICAL FRAMEWORK			
	INDICATORS *	MEANS OF VERIFICATION	ASSUMPTIONS
A. GOAL			
Contribute to increasing the competitiveness of MSEs and CBOs in the tourism industry in Belize.	<p>Three years after project completion:</p> <ul style="list-style-type: none"> • 3 percent annual real growth in expenditures by tourists in Belize. • 20% increase in level of satisfaction by visitors on exit, and perception of value for money in pilot destination circuits. • In pilot destination circuits at least 100 MSEs and 20 large tourism firms have formed and are operating business supply chains. <p><i>*Baseline and projected targets to be refined by the baseline consultant, who will be hired as first project activity.</i></p>	<ul style="list-style-type: none"> • Ex-post/impact evaluation. • Central Bank and World Travel and Tourism Council [Tourism Satellite Account] statistics. • Exit visitor satisfaction surveys. • Project reports on MSE expenditures on training and TA. 	<p>The tourism industry in Belize maintains its levels of growth.</p> <p>The Belizean economy remains stable.</p>
B. PURPOSE			
Strengthen the capability of MSEs and CBOs to offer sustainable tourism products and to improve their participation in integrated tourism business chains	<p>At the end of the project:</p> <ul style="list-style-type: none"> • 225 MSEs have increased their gross sales by 20%. • 20% real growth in average-expenditure-per-day by cruise passengers (from base of US\$45/day) in pilot destination circuits. • 100 MSEs have developed a new stable business chain links (stable sales, contracts, joint purchasing) with larger firms or other MSEs for sale of goods and services to tourists in the 3 pilot regions. • 450 MSEs have made investments in training (300) or technical assistance (150). • BTIA and BTB are recovering costs for provision and brokering of technical assistance and training services. <p><i>*Baseline and projected targets to be refined by the baseline consultant, who will be hired as first project activity. This will include targets for women and native ethnic groups incorporation as project beneficiaries.</i></p>	<ul style="list-style-type: none"> • Rapid Assessments of MSEs and individualized technical assistance consultant's reports. • PPMR (Project Performance Monitoring Report). • Progress and final project report (PCR). • Consultant reports • Midterm and final evaluations. • Closing workshop minutes or report. 	<ul style="list-style-type: none"> • Tourism industry in the Caribbean continues to grow. • Private and public stakeholders are willing to interact and participate in the project. • Legal framework continues to facilitate economic activity. • BTIA continues as an economically viable entity and leader of the tourism private sector.

C. COMPONENTS			
Component 1: Strengthening MSE Technical and Managerial Skills and Product Development	<ul style="list-style-type: none"> At project completion, 450 market-ready tourism products are being offered by MSEs and regularly traded in the tourism market in Belize. The supply of training and technical services geared to MSEs in tourism sector is better qualified and has developed new tools: 50 specialized tourism trainers/consultants have been trained as MSE instructors. Rapid assessment and individualized improvement plans setting minimum product quality goals completed for MSEs: 120 by Yr 1, 320 by Yr 2, 600 by Yr 3 (cumulative totals). MSE participants receive cost-shared training: 81 by Yr 1, 214 by Yr 2, 400 by Yr 3 (cumulative). MSEs receive specialized receive cost-shared technical assistance: 30 by Yr 1, 80 by Year 2, 150 by Yr 3. (cumulative) A reserve fund is in place, at BTIA, nurtured by MSE contributions and service fees. 	<ul style="list-style-type: none"> Information from Rapid Assessment diagnostics and MSE database developed by project. PPMR (Project Performance Monitoring Report). Progress and final project report (PCR). Consultant reports. Midterm and final evaluations. Training course and TA evaluations. Project financial records. 	<p>There is demand from MSEs and CBOs and willingness to pay for product development and managerial services.</p>
Component 2: Improving MSE Participation In Tourism Business Chains	<ul style="list-style-type: none"> At project completion, 100 MSEs have developed business chain links with at least 10 larger firms or with other MSEs in project pilot regions. MSE supply chain links developed: 20 by Yr 1, 53 by Yr 2, and 100 by Yr 3. By month 18, three (3) chains are commercially interacting MSEs sales through these links have increased by 20%. CBOs integrated into tourism supply chains: 1 by Yr 1, 2 by Yr 2, and 3 by Yr 3 Credit institutions report increased lending to new tourism MSEs members/customers. MSEs adopt new sustainable tourism brand promoted by project: 45 by Yr 1, 90 by Yr 2, 120 by Yr 3. 	<ul style="list-style-type: none"> Rapid Assessments of MSEs and individualized technical assistance consultant's reports. Progress reports Midterm and final evaluations Baseline MSE Register Project MSE database. PPMR (Project Performance Monitoring Report). Progress and final project report (PCR). Credit Institutions Annual reports MSE Supply Chain Facilitator and consultant reports. Midterm and final evaluations. 	<p>Tour operators and cruise lines are willing to engage in commercial linkages involving MSEs</p> <p>Financial institutions are willing to provide credit to MSEs for working capital and investment needs at reasonable terms and rates</p>

Component 3: Improving information and institutional capabilities for MSE integration to the industry	<ul style="list-style-type: none"> • 30 new MSEs have become members of BTIA. • Strategic plan for private sector involvement in tourism development completed by year 2. • 5 BTIA staff members on MSE services and supporting newly formed business chain alliances. • Dissemination campaign on benefits of participating in associations, aiming MSEs conducted. 	<ul style="list-style-type: none"> • PPMR (Project Performance Monitoring Report). • Progress and final project report (PCR). • Midterm and final evaluations • BTIA membership rolls. 	<p>Stakeholders continue to have a shared vision of the industry</p> <p>The PCU is able to identify and disseminate lessons learned and best practices to participating MSEs</p>
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D. ACTIVITIES			
<p>Component 1</p> <p>1.1. Identify demand and supply for sustainable tourism products and services</p> <p>1.2. Develop, market and implement cost-shared training and technical assistance to MSEs and startups</p> <p>1.3. Raise MSE environmental awareness in product design with emphasis on sustainable tourism products</p>	<p>In Quarters 1 and 2:</p> <ul style="list-style-type: none"> • Secondary market research from Belize and the region collected and MSE opportunities identified • MSE Rapid Assessment methodology developed • MSE Register database designed • Cost-sharing scheme reviewed and revised as necessary • 5 local consultants trained to conduct rapid assessments <p>In Quarters 3 and 4:</p> <ul style="list-style-type: none"> • Initial group of existing products with high potential to meet market demand identified • Seminar held to disseminate market opportunities information to MSEs • At least 3 training modules developed or adapted • Raising environmental awareness elements incorporated into training and TA • Sustainable brand guidelines determined and incorporated into training and TA, and brand logo designed. • At least 5 trainers trained to present training modules. 	<p>Project progress reports</p> <p>Annual work plan</p> <p>Baseline MSE Register</p> <p>Mid-term and final evaluations</p> <p>Consultant contracts and reports</p> <p>Course materials</p> <p>Course evaluations</p> <p>Seminar materials</p>	<p>High quality research and information exists</p> <p>Products with potential to meet demand exist</p> <p>Demand for training and technical assistance is maintained</p> <p>There is a competitive (quality and price) supply of TA and training</p>

<p><u>Component 2</u></p> <p>2.1. Assess the current challenges, limitations and shortfalls facing the tourist supply chains</p> <p>2.2. Develop integration strategies among MSEs, and between them and the rest of the supply chain</p> <p>2.3. Support pilot projects and long-term alliances among MSEs and between MSEs and higher supply chain links</p> <p>2.4. Strengthen Community-based Organizations at selected destinations</p> <p>2.5 Provide TA to credit institutions</p>	<p>In Quarters 3 and 4:</p> <ul style="list-style-type: none"> • Subsector study conducted and 3 supply chains identified and mapped • Integration strategy for 2 chains developed; strategy developed by month 15 for 3rd chain • MSE Supply Chain Engagement Workplan developed by consultant • Credit institutions identified and TA provided <p>In Quarters 5-12:</p> <ul style="list-style-type: none"> • MSE Supply Chain Engagement Workplan implemented, pilot projects supported and long-term alliances developed • 6 Market Days held to engage tour operator buy-in and build supply chain linkages • Catalog of MSE products and services printed • BTB and BTIA web sites disseminated information on MSE products and services • NICH identified CBO opportunities in tourism supply chains and provided technical support 	<p>Project progress reports</p> <p>Annual work plan</p> <p>Baseline MSE Register</p> <p>Mid-term and final evaluations</p> <p>Consultant contracts and reports</p>	<p>Marketable supply chains exist</p> <p>Tourism industry participants are willing to engage MSEs in integration strategies</p> <p>CBOs see benefits of integrating into tourism supply chains</p> <p>Credit institutions have adequate liquidity and continue to see benefits from tourism lending</p>
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<p><u>Component 3</u></p> <p>3.1. Promote project services among MSEs and other stakeholders</p> <p>3.2. Develop BTIA's strategic plan</p> <p>3.3. Disseminate lessons learned and best practices among MSEs on the benefits of participating in associations</p> <p>3.4. Provide training on incorporating MSEs into the tourism supply chain</p>	<p>In Quarter 1:</p> <ul style="list-style-type: none"> • 3 communication tools produced to elicit MSE involvement in project • Conference on project services held <p>In Quarters 4 - 6:</p> <ul style="list-style-type: none"> • 4 workshops/focus groups held to develop Strategic Plan • Strategic Plan drafted • Seminar held to launch Strategic Plan <p>In Quarters 9-12:</p> <ul style="list-style-type: none"> • Seminar held, publication printed, web site operational, to disseminate MSE best practices in participating in associations • 5 BTIA staff members trained on supporting MSEs in supply chains • 5 BTIA staff trained in incorporating MSEs into tourism business chains. • 30 new MSEs have become members of BTIA. 	<p>Project services promotion materials</p> <p>Project progress reports</p> <p>Annual work plan</p> <p>Baseline MSE Register</p> <p>Mid-term and final evaluations</p> <p>Consultant contracts and reports</p> <p>Conference, seminar materials</p> <p>BTIA membership rolls.</p>	<p>MSEs continue to be willing to invest in training and technical assistance</p> <p>BTIA continues to play leadership role in tourism community</p> <p>The project is capable of producing lessons learned and best practices for engaging MSEs in tourism supply chains</p> <p>BTIA continues to see value in incorporating MSE members</p>
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ANNEX II
DETAILED PROJECT BUDGET (US\$)

Description	Total	MIF	Counterpart		
			Cash	In kind	Subtotal
Component 1: Strengthening MSE Technical and Managerial Skills and Product Development					
1.1. Identification of demand and supply for sustainable tourism products					
1.1.1. Int'l Consultant - <i>Research available data and compile existing studies, and Market research at trade fairs</i>	8,000	8,000			
<i>Travel (\$700) and perdiem (12d x \$170)</i>	2,700	2,700			
1.1.2. Local consultant to identify high potential products available, and validate them with stakeholders	11,300	11,300			
1.1.3. Seminars to present results of research (1 seminars x 3 regional cluster areas)	7,500	2,500	2,500	2,500	5,000
1.2. MSE Technical skills to develop tourism products					
1.2.1. Develop Rapid Assessment of Market Readiness methodology, and assess MSEs <i>International consultant (6d)</i>	2,500	2,500			
<i>Travel (\$700) and perdiem (5d x \$170)</i>	1,550	1,550			
1.2.2. Conduct individualized MSE rapid assessments and assistance plans <i>Local consultant (5 assessments/day x 600 assessments=100 days)</i>	20,000	16,300		3,700	3,700
<i>Travel (40 trips x 1d=\$75) and perdiem (60d x \$15)</i>	3,900		2,000	1,900	3,900
1.2.3. Adapt and/or develop training modules for MSEs <i>Local consultant (training design expert)</i>	7,500	7,500			
1.2.4. Train trainers/consultants	2,000	2,000			
1.2.5. Training, TA to strengthen MSE capabilities to provide sustainable tourism products <i>Consultant to design the cost sharing scheme</i>					
<i>International consultant (6d)</i>	2,400	2,400			
<i>Travel (\$700) and perdiem (5d x \$170)</i>	1,550	1,550			
<i>500 participants trained (300 MSEs) (\$1500/course of 15 persons, 33 courses of 3d x 8hrs)</i>	65,000	59,000		6,000	6,000
<i>150 MSEs receiving TA over 3 years (average TA 3d x \$200/d: \$600)</i>	90,000	83,000	7,000		7,000
<i>Perdiem of TA (150 MSEs, 3days each)</i>	6,750	6,750			
1.3. Raise MSE Environmental Awareness in product design with emphasis on sustainable tourism products					
1.3.1. In-kind technical assistance/training to MSE (CI/OCTA)	20,000			20,000	20,000
1.3.2. Raising MSE environmental and cultural awareness in product design <i>(Seminars and workshops 1 x cluster x 2 years)</i>	15,000	6,000	3,000	6,000	9,000
1.4. Development of database catalog to register MSEs into product development network					
<i>Data collection agent</i>	1,500			1,500	1,500
<i>Consultant (system analyst)</i>	3,750	3,750			
<i>Data input person</i>	3,000			3,000	3,000
<i>Server</i>	5,000	5,000			
<i>PC</i>	1,500	1,500			
1.5. Design and implementation of quality control system for services provided to MSEs <i>Local consultant (5 assessments/day x 600 assessments=100 days)</i>	3,000		3,000		3,000
Sub-Total	285,400	223,300	17,500	44,600	62,100
Component 2: Improving MSE Participation In Tourism Business Chains					
2.1. Assess the current challenges, limitations and shortfalls facing tourist business chains					
2.1.1. Map subsector <i>Local consultant to map the subsector and accompany activity 2.2. (12d x 3 chains x 250)</i>	9,000	9,000			
2.2. Develop integration strategies among MSEs and between MSE and larger operators					
2.2.1. Develop integration strategies and facilitate agreements <i>International consultant (6 days x 600/d)</i>	3,600	3,600			
<i>Travel and perdiem (6 x \$175)+700</i>	1,750	1,750			
<i>Market Days (6, 3/pilot region) to engage tour operator buy-in</i>	15,000	5,000	5,000	5,000	10,000
2.3. Assistance for consolidation of pilot projects and long-term business relationships among MSEs and between MSEs and larger tour enterprises					
2.3.1. Support MSE supply chain engagement <i>1 local consultant to support 3 pilot regions (starting month 6, for 30 months)</i>	64,000	34,000	15,000	15,000	30,000
2.3.2. Market and promote new products developed in each pilot region <i>Design of catalog and printing of 2,500 copies</i>					
<i>Design</i>	5,000	5,000			
<i>Printing</i>	15,000		15,000		15,000
<i>Develop pages in BTIA and BTBs web sites</i>	2,500			2,500	2,500
2.3.3. Expert in project coordination and business chain management <i>(36 months p/t)</i>	45,000	45,000			
2.4. Strengthen Community-based Organizations at selected destinations					
2.4.1. In-kind technical assistance on community organization and management. Sensitization to product quality and design issues. (NICH)	15,000			15,000	15,000
2.5. Develop and promote a tourism market brand					
2.5.1. TA for defining and disseminating brand rules and guidelines <i>International consultant (6d)</i>	2,400	2,400			
<i>Travel (\$700) and perdiem (5d x \$170)</i>	1,550	1,550			
2.5.2. Graphic design and production and promotion of brand logo <i>(500 design + 5000 promotion + 2000 printing)</i>	7,500	5,500	2,000		2,000
2.6. Provide TA to credit institutions on analysis, methodology					
2.5.1. Advise on tailored analyses and methodologies necessary to support tourism lending <i>Local consultant (10d x 250/d)</i>	2,500	2,500			
Sub-Total	189,800	115,300	37,000	37,500	74,500

DETAILED PROJECT BUDGET (US\$)

Description	Total	MIF	Counterpart		
			Cash	In kind	Subtotal
Component 3: Improving Information and Institutional Capabilities for MSE Integration to Tourism Industry					
3.1. Promote project services among MSEs and other stakeholders					
3.1.1. Conference/launching	5,000	1,600	1,500	1,900	3,400
3.1.2. Communication tools					
<i>Develop communication plan and promotional products</i>	10,000	10,000			
<i>Implementation of campaign (TV, print media, radio, direct mail)</i>	30,000		30,000		30,000
3.2. Develop BTIA private sector strategic plan					
3.2.1. Develop and validate plan with stakeholders					
<i>Local consultant to develop and validate plan (30d x 250)</i>	9,000	9,000			
<i>4 Workshop (focus groups)</i>	2,000			2,000	2,000
<i>1 Seminar to present results</i>	2,500			2,500	2,500
3.3. Provide training on incorporating MSEs into tourism supply chains					
3.3.1. Training at BTIA for management, adm and tech staff (5 people x 2 areas x 150)	1,500	1,500			
3.4. Disseminate lessons and best practices among MSEs on the benefits of participating in associations					
3.4.1. Prepare a publication on best practices	5,000	5,000			
3.4.2. Seminars, publications, web to support MSE membership drive	2,500			2,500	2,500
Sub-Total	67,500	27,100	31,500	8,900	40,400
Project Coordination Unit: Project Administration					
Project coordination and business chain management expert	45,000	45,000			
Administrative assistant	36,000		36,000		36,000
Accountant	49,500	49,500			
Preparation of Project Coordination Unit's administrative Manual	2,500		1,000	1,500	2,500
Equipment and Logistics					
Equipment: 3 PC + 1 laptop + 2 printer + overhead projector + photocopier	11,000	11,000			
Project accounting software	500			500	500
Furniture	3,000			3,000	3,000
Office supplies and general expenses	10,800	10,800			
Communication	10,800	10,800			
Rent	18,000			18,000	18,000
Travel (transportation inkind)	15,000			15,000	15,000
Perdiem (2 trips per month x 1d each)	1,100	100	1,000		1,000
Sub-Total	203,200	127,200	38,000	38,000	76,000
Monitoring and Evaluation					
Audit	10,000	10,000			
Base line & monitoring system	10,000	10,000			
Mid/final evaluations	20,000	20,000			
Contingencies	32,100	32,100			
Sub-Total	72,100	72,100	0	0	0
TOTAL PROJECT BUDGET	818,000	565,000	124,000	129,000	253,000
Cluster Activities	15,000	15,000			
GRAND TOTAL	833,000	580,000	124,000	129,000	253,000
Percentages		70%	15%	15%	30%

**IMPROVING SMALL BUSINESS COMPETITIVENESS IN THE TOURISM INDUSTRY
(BL-M1001)
Table of Related Projects**

A. Table of Similar and Related MIF Projects

Project number and date of approval	Project name, executing agency, and amount	Date of signature and disbursement period in months	Percentage disbursed	Comments
ATN/MH-7092-BL July 14, 2000	Programa Capacitación Ecoturismo Belize Tourism Board MIF Contribution: US\$700,000	August 10, 2000 42 months original 46 months extended	89%	This project has a satisfactory classification. Most of the targets of this project particularly relating to Training Program Design and Training of Trainers have been achieved and in some cases surpassed. Institutional Strengthening of BTIA has not met the same level of success. Final evaluation attributes this to design rather than execution. Tourism Training Unit will continue to be run by the BTB.

B. Table of Similar and Related Bank Projects

PR Number	Type	Project name	Executing Agency	Amount Approved (millions)	Comments
1250/OC-BL	Loan	Préstamo Línea de Actividad Turismo Ambiental	Ministry of Tourism, Ministry of Works	11.00	
ATN/SU-7608-BL	TC	Apoyo Proyectos Toledo Ecoturismo	Toledo Eco-tourism Association (TEA)	0.15	

C. Projects under MIF's Sustainable Tourism Cluster.

Project number and date of approval	Project name, executing agency, and amount	Date of signature and disbursement period in months	Percentage disbursed	Comments
ATN/ME-8382-RG July 30, 2003	Sistema Acreditación Internacional y Consolidación en Mercados de Acceso. Asociación Alianza del Bosque Lluvioso (Rainforest Alliance) US\$3,020,000	October 27, 2003 49 months	21%	As of 12/2004 there are 6 pilot operations in execution in Costa Rica's south Caribbean coast and 12 in Ecuador. The project seems to have found a great demand for training services in better management best practices; demand which has reaffirmed the importance of continuing with the drawn-up strategy of training trainers and establishing strategic alliances.
ATN/ME-8867-PE September 22, 2004	Competitividad de Mipymes Consolidando el Desarrollo del Destino CTN. CARETUR Cajamarca and ALAC US \$798,431	March 18, 2005	0.00%	Generally satisfactory classification. Both organizations have been active in fulfilling prior of the previous conditions, particularly in conforming the Directive Council. Although there are certain difficulties in two project regions, it is very likely that they will be solved satisfactorily, without affecting the viability of the project.
ATN/ME-8977-SU December 1, 2004	Desarrollo del Turismo Sostenible Conservation International Suriname (CIS) US \$845,000	March 10, 2005	0.00%	Satisfactory classification in general. Great potential for satisfaction. It is fulfilling prior conditions.
ATN/ME-8987-RG December 8, 2004	Desarrollo Competitivo del Turismo Rural en los Andes. Fundación CODESPA US\$2,028,190	March 11, 2005	0.00%	Satisfactory classification in general. Great obstacles have not appeared. It is fulfilling prior conditions.

D. Projects in MIF portfolio in Belize

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
1	MIF/AT-109	TC9505499	ATN/ME-5443-BL	Promoción Comercial y Desarrollo Negocios	BIM	IIIa	11-Dec-96	Completed	1,089,646	100.00
2	MIF/AT-125	TC9505465	ATN/MH-5590-BL	Programa de Capacitación para Jóvenes	PIJ	II	4-Jun-97	Completed	490,022	100.00
3	MIF/AT-288	TC9906010	ATN/MT-6670-BL	Modernización Sector Portuario	MUPTC	I	22-Sep-99	Completed	52,500	100.00
4	MIF/AT-310	TC9811945	ATN/MT-6805-BL	Apoyo Adquisición Servicios de Salud	MHPS	I	8-Dec-99	Completed	669,245	100.00
5	MIF/AT-343	TC9902062	ATN/MH-7092-BL	Programa Capacitación Ecoturismo	JTB	II	9-Aug-00	Completed	619,849	100.00
6	MIF/AT-501	TC0107015	ATN/MT-8047-BL	Fortalecimiento de la Capacidad de Promoción del Comercio e Inversiones - Beltraid	BELTRAIDE	I	4-Oct-02	In execution	490,000	71.07
7	MIF/AT-564	TC0305001	ATN/MT-8538-BL	Supervisión de Instituciones Bancarias y No Bancarias	BCB	I	9-Dec-03	In execution	500,000	9.91
8	MIF/AT-592	TC0003026	ATN/MT-8701-BL	Fortalecimiento de la Comisión Reguladora de Servicios Públicos	PUC	I	3-May-04	In execution	500,000	20.62
Total MIF Amount									4,411,262	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION MIF/DE-___/___

Belize. Nonreimbursable Technical Cooperation ATN/___-____-BL for Improving Small Business Competitiveness in the Tourism Industry

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Belize Tourism Industry Association, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-_____ with respect to nonreimbursable technical cooperation program for the improving small business competitiveness in the tourism industry.

2. That up to the amount of US\$580,000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

(Adopted on __ ____ 200__)