

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BELIZE

SUSTAINABLE TOURISM PROGRAM II

(BL-L1020)

PROJECT PROFILE

This document was prepared by the project team consisting of: Michele Lemay (INE/RND); Team Leader; Sybille Nuenninghoff (RND/CBL); co-Team Leader. Members: Cassandra Rogers (RND/CBA); Mercedes Velasco; Onil Banerjee; Kelsey Schueler (INE/RND); Andres Suarez Sandoval, (FMP/CCR); John Primo (FMP/CBL); Maria Landazuri-Levey (LEG/SGO); Elizabeth Ayala (CID/CBL); and Elizabeth Chavez (INE/RND).

Under the Access to Information Policy, this document is subject to Public Disclosure.

PROJECT PROFILE

BELIZE

I. BASIC DATA

Project Name:	Sustainable Tourism Program II
Project Number:	BL-L1020
Borrower:	Government of Belize (GoB)
Executing Agency:	Ministry of Tourism, Culture and Civil Aviation (MTCCA)
Project Team:	Michele Lemay (INE/RND); co-Team Leaders Sybille Nuenninghoff (RND/CBL); Members: Cassandra Rogers (RND/CBA); Mercedes Velasco; Onil Banerjee; Kelsey Schueler (INE/RND); Andres Suarez Sandoval, (FMP/CCR); John Primo (FMP/CBL); Maria Landazuri-Levey (LEG/SGO); Elizabeth Ayala (CID/CBL); and Elizabeth Chavez (INE/RND).
Financial Plan:	IDB: US\$ 15 million
	Local: US\$ 1.5 million
	Total: US\$ 16.5 million
Safeguards:	Policies triggered: OP-765,OP-704, OP-102, OP-761 and OP-703(B.01, B.02, B.03, B.04, B.05, B.06, B.07, B.09, B.17)
	Classification: B

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 Belize's Horizon 2030 Strategy¹ puts forth the economic goal of a sustainable and profitable tourism sector. Several strategies are identified to attain this goal such as development of a vibrant business sector and support for responsible and socially inclusive tourism as an alternative, including in areas where poverty rates are high and opportunities in agriculture and fisheries are limited. The National Sustainable Tourism Master Plan 2012-2030 (NSTMP) endorsed by the GoB in 2012 affirms these strategic priorities and sets out ambitious sector targets necessary for Belize's economy to grow by 5% per annum in the medium term.²
- 2.2 Tourism is one of Belize's two most important economic sectors³ and the largest earner of foreign exchange. It accounted for 40% of total exports of goods and services (2008-2012)⁴. Tourist expenditures were 18% of GDP (2008-2012), average relative to other tourism-oriented Caribbean countries, but far higher than Belize's Central American neighbors. In the absence of tourism satellite accounts, the World Tourism and Travel Council (WTTC) estimated that tourism contributed 13.5% of GDP directly and 36.6% including indirect and induced

¹ GoB. 2010. National Development Framework for Belize (2010-2030).

² Real GDP growth is reported as 0.7% in 2013 by the Central Bank of Belize.

³ Agriculture is second, accounting for 29% of total exports of goods and services in 2012 and 26% in 2013.

⁴ Central Bank of Belize balance of payments data, website.

- effects (2013).⁵ The Belize Tourism Board (BTB) estimated that tourism generated 18,850 jobs directly in 2013 (formal and informal; 14.7% of total employment)⁶. WTTC estimated total employment, including indirect and induced effects, as 47,000 jobs (formal and informal; 33% of total employment). The tourism sector grew steadily in the last 15 years. Total arrivals increased from 795,770 in 2001 to 971,527 in 2013 (2.8%, average annual growth rate)⁷. Since 1984, Belize's share of the Caribbean overnight market (1.2%) increased fourfold.
- 2.3 Despite the sector's significance, welfare in terms of revenue and jobs has not been maximized. Although overall tourism expenditures (US\$375 million [M], 2013) have more than doubled since 2003, this has been insufficient given: (i) the prevalence of cruise ship visitors, which generate lower expenditures than overnight visitors (70% of total visitors, 13% of total expenditure); (ii) the low average expenditure per tourist (US\$1,194) compared to other countries in the region (e.g., US\$1,696 in Bahamas and US\$2,000 in Panama); and (iii) the small multiplier effect of tourism expenditure (1.64) compared to other countries where tourism contributes less to GDP (e.g. Colombia, Jamaica and Dominican Republic's multiplier is equal or higher than 2).
- 2.4 Since 1996, the Bank has worked closely with the GoB to develop the tourism sector.⁸ Recently, the Bank supported the Sustainable Tourism Program (STP I), aimed at consolidating the overnight tourism market. The loan successfully supported: (i) NSTMP design, including locally driven destination plans; (ii) a study of taxation in the sector, with findings now being considered as part of a wider discussion on tax reforms; (iii) the review of the existing hotel classification and standards system; and (iv) the development of key tourist destinations (Belize City, Ambergris Caye, Cayo and Placencia). Sites such as the Cayo Welcome Center are fully operational⁹ and sustainable¹⁰, with a permanent management structure. Other sites were deemed probably sustainable with management structures still needing consolidation. The STP I also supported small enterprises, targeting minority groups (Garifuna, Maya), through a cultural matching-grant fund. The final evaluation of STP I¹¹ recommended that future project design consider interpretation and conservation of natural and cultural heritage; improved hotel standards; capacity building and institutional strengthening; matching grant funding emphasizing gender; communications and outreach; and structured and appropriately staffed monitoring and evaluation (M&E) systems.
- 2.5 In 2014, GoB reiterated its interest for a Sustainable Tourism Program II (STP II) to expand distribution of tourism benefits to less developed overnight destinations. Four destinations have been identified¹² based on: (i) alignment with the NSTMP; (ii) assets for tourism development with potential to diversify the

⁵ WTTC. 2014. Travel and Tourism: Economic Impact – Belize.

⁶ BTB, 2014, customized data request.

⁷ Overnight arrivals increased from approximately 216,932 in 2001 to 294,177 in 2013.)

⁸ Tourism Development Project, 2000-2004, US\$ 11.0 M; and STP I, 2008-2013, US\$ 13.2 M.

⁹ The new Cayo Welcome Center receives approximately 800 visitors per month (BTB 2014)

¹⁰ Geban, K. 2014. The Sustainable Tourism Program: An assessment of the current management agreements.

¹¹ STP I Project Completion Report (IDB, May 2014)

¹² The following sites have been preliminarily identified: Corozal District, Toledo/Punta Gorda, Chiquibul Complex; and Caye Caulker). Market and other preparation studies will confirm final site selection.

- existing tourism product; (iii) higher poverty rates¹³; and (iv) clear opportunities to maintain natural capital¹⁴. In addition STP II would support mainstreaming climate resilience in the tourism sector, a limitation of the NSTMP.
- 2.6 Despite the sector's national performance and achievements of past operations, tourism in the sites under consideration faces the following challenges:
- 2.7 **Limited development of natural and cultural heritage assets.** 80% of overnight visits are concentrated in San Pedro/Ambergris Caye, San Ignacio/Cayo, Placencia and Belize City. Other sites receive low visitation despite significant natural and cultural tourism assets with the potential to provide a competitive and differentiated product that can help increase average expenditures, as called for by the NSTMP. These attractions include mangroves and riparian forests such as the Shipstern Wildlife Reserve and the Corozal Bay wildlife sanctuary, the coral reefs and estuaries of Port Honduras Marine Reserve, numerous Maya heritage sites and the Chiquibul cave system, Central America's longest and largest known cave network. However, these assets are undeveloped for visitor use with few or no visitor facilities, poor access or services for recreational activities and limited private investment.
- 2.8 **Limited local capacity for inclusion in the tourism value chain (VC).** Despite the sector's contribution to total employment in Belize, private sector and low income household participation in the tourism VC in the target destinations is low. Thus, tourism in these destinations has yet to reach its potential to generate opportunities for private businesses and low income households to deliver goods and services to a high standard of quality, consistency and reliability of supply.
- 2.9 **Increasing pressures on natural capital and climate resilience.** All four destinations are endowed with significant natural capital which represents the foundation for future tourism development. Pressures from competing uses such as agriculture, logging, overfishing and poorly-planned development contribute to environmental degradation, including deforestation, other habitat loss, land-based pollution, coastal erosion and flooding, and disruption of other ecosystem services. Natural disasters, climate variability, climate change and predicted sea level rise compound the threats to the tourism sector's medium and long-term sustainability in these destinations. Tourism development can help contain these pressures by enabling land use patterns in line with the existing natural capital.
- 2.10 **Weak public sector governance of tourism.** Tourism's legal and institutional framework is still incipient. Despite the NSTMP's prominence, policy, functional and operational linkages are needed to ensure the sector is fully integrated with other strategies (e.g., infrastructure, environment, climate change). Regulations and norms need to be developed to orient private sector investments to ensure product and service quality, including compliance with local interests and social and environmental safeguards. Absence of fully developed national and regional accounts, input output data and a tourism satellite account impedes informed decision making. Local governments in the four target destinations need to engage

¹³ Poverty rates in Toledo (46.4%) and Corozal (46.1%), are higher than national average (42%) (Belize Country Poverty Assessment, 2009).

¹⁴ GoB has chosen Corozal and Toledo/Punta Gorda for solid waste management improvement (BL-T1067)

with the private sector to develop socially inclusive, environmentally sustainable and climate resilient tourism products that match market requirements.

2.11 **Consistency with the Country Strategy, Ninth General Capital Increase (GCI-9) and Sector Framework Document (SFD) for Tourism of the Bank.**

The IDB Country Strategy with Belize (2013-2017; GN-2746) identified tourism as a priority areas for support, related to the strategic objective to increase overnight visitor expenditure sustainably. A 2014 Programming Mission confirmed STP II. The program will contribute to GCI-9 (AB-2764) lending priorities: (i) small and vulnerable countries; (ii) poverty reduction and equity enhancement, as Corozal and Toledo's poverty rates are above the national average and Program beneficiaries will be local small and medium-sized-enterprises, fishers, small farmers, artisans, other suppliers and less-skilled employees in key segments of the inclusive tourism VC; and (iii) climate change, sustainable energy and environmental sustainability, as STP II will contribute to protected area management including climate resilience, energy efficiency and climate-proof its public works investments. It will also contribute to regional development goals of increasing the proportion of terrestrial and marine protected areas to total territorial area by expanding areas under formal protection and to the products: (i) number of projects with components contributing to improved management of terrestrial and marine protected areas; and (ii) jobs added to formal sector, as defined in the Results Framework. The program is also aligned with the dimensions of success prioritized in the SFD for Tourism (GN-2779)¹⁵.

2.12 Building on the results of STP I, STP II aims to increase the tourism sector's contribution to socioeconomic development of destinations selected for their high tourism potential, higher poverty rates, and opportunities to maintain natural capital and improve local economic resilience. Its objectives are to increase tourism employment, income and revenues generated by the sector, through increased overnight tourism expenditures in the selected destinations while improving sector governance and creating enabling conditions for private sector investment in overnight tourism¹⁶. The loan consists of three components: (i) **Enhancement of the tourism product US\$10.5 M**, including improvements in natural and cultural tourist attraction facilities (historical restoration, interpretive centers, trails, signage, waterfront beautification) and associated basic services; (ii) **Promoting climate resilient tourist destinations and environmental sustainability (US\$2.25 M)**, through improved diagnostics, planning, conservation and restoration of ecosystem services including coastal protection and M&E; (iii) **Institutional strengthening and capacity building (US\$2.25 M)**, through technical assistance for improved policy and planning including addressing key information gaps via improved tourism data collection and analysis and a phased approach to the design and implementation of a tourism satellite account, capacity and awareness building of local government and private

¹⁵ The tourism SFD gives priority to: (i) supporting development and innovation in tourism products; (ii) placing poor and/or vulnerable local population groups at the heart of tourism development strategies; (iii) reinforcing the competitive position of local firms and human resources throughout the tourism VC; and (iv) strengthening tourism governance and environmental management in the destinations.

¹⁶ BL-T1054 includes design of conceptual plans for private investment promotion of large-scale tourism projects

- sector partners for destination plan implementation, promotion of public-private partnerships for investment¹⁷ and support for social inclusion in the tourism VC.
- 2.13 The MTCCA will execute STP II through the Planning and Project Development Unit (PPDU), in close coordination with the BTB, the National Institute of Culture and History (NICH), the Ministry of Forestry, Fisheries and Sustainable Development (MFFSD) and other agencies. As the NSTMP suggests, the PPDU, a CEO-level technical team in the MTCCA, will coordinate actions of NSTMP implementation agencies and strategic partners. During Program implementation, the PPDU will be responsible for administration of the procurement of goods and consulting services, supported by the MTCCA administrative and financial officers to ensure proper management of loan resources. Partner agencies will provide technical support related to (i) destination planning, marketing and industry relations (product development, capacity building of local government and private sector associations) and quality assurance (BTB); (ii) cultural heritage (NICH) and (iii) environmental sustainability and coastal resilience (MFFSD).

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 The Program is being designed based on the Bank's ample experience in the tourism sector and the best practice in the Bank's SFD for Tourism. Two technical cooperations, already approved and in implementation¹⁸ will examine technical issues including: (i) institutional strengthening; (ii) ecosystem services and resilience in targeted destinations; (iii) market analysis, including existing and potential demand; (iv) destination plans for targeted destinations and strategic investment designs; (v) pro-poor VC analysis; and (vi) ex-ante economic analysis.

IV. SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 In accordance with the Environmental and Social Safeguards Compliance Policy (OP-703) of the Bank, a "B" classification was given to this Operation. Thus, an Environmental and Social Analysis (ESA) will be undertaken. The Program is expected to have positive social impacts in terms of increased rural incomes due to improved market access and employment opportunities. Positive environmental benefits are expected via improved management and natural and cultural asset enhancement. A disaster risk assessment will be conducted as part of the ESA and a fiduciary risk assessment will be undertaken to determine the fiduciary risks and define modalities for project management.

V. RESOURCES AND TIMETABLE

- 5.1 An estimated of US\$107,406 from the Bank's administrative budget will be needed in order to prepare this operation (consulting services and four missions). POD distribution to the QRR is expected on July 23, 2015; approval of the DLP by the OPC on August 31, 2015; and approval of the Loan Proposal by the Board of Executive Directors on September 30, 2015 (see Annex V).

¹⁷ BL-T1054 includes development of strategic road map for the inclusion of Public Private Partnership (PPP) models

¹⁸ Support for Implementation of National Sustainable Tourism Masterplan (NSTMP)/ATN/FI-14394-BL; Mainstreaming Biodiversity, Ecosystem Services and Coastal Resilience in Tourism Development/ATN/OC-14723-BL and ATN/OC-14724-BL. Additionally, the Bank approved related operations in solid waste management (BL-T1067) and to develop bird-watching at two sites in Belize (RG-M1238).

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.

SAFEGUARD SCREENING FORM

PROJECT DETAILS	
IDB Sector	SUSTAINABLE TOURISM-DEVELOPMENT TOURISM DESTINATION & PRODUCT MANAGEMENT
Type of Operation	Other Lending or Financing Instrument
Additional Operation Details	
Country	BELIZE
Project Status	
Investment Checklist	Tourism Development
Team Leader	Lemay, Michele H. (MICHELEL@iadb.org)
Project Title	Sustainable Tourism Program II (STP II)
Project Number	BL-L1020
Safeguard Screening Assessor(s)	Schueler, Kelsey Hope (kelseys@IADB.ORG)
Assessment Date	2014-12-15

PROJECT CLASSIFICATION SUMMARY		
Project Category: B	Override Rating:	Override Justification:
		Comments:
Conditions/ Recommendations	<ul style="list-style-type: none"> • Category "B" operations require an environmental analysis (see Environment Policy Guideline: Directive B.5 for Environmental Analysis requirements). • The Project Team must send to ESR the PP (or equivalent) containing the Environmental and Social Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) as well as the Safeguard Policy Filter and Safeguard Screening Form Reports. • These operations will normally require an environmental and/or social impact analysis, according to, and focusing on, the specific issues identified in the screening process, and an environmental and social management plan (ESMP). However, these operations should also establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.) where necessary. 	

SUMMARY OF IMPACTS/RISKS AND POTENTIAL SOLUTIONS	
Identified Impacts/Risks	Potential Solutions
The project might impact critical cultural sites, or significantly affect non-critical cultural sites	Protection of Cultural Sites: Where impacts to critical cultural sites are anticipated, the borrower shall take, acceptable to the project team, measures to mitigate such impacts and integrate into the project's ESMP. Where noncritical cultural sites are significantly impacted, appropriate measures to protect, mitigate, or compensate the noncritical cultural sites

	<p>need to be integrated into the ESMP. Projects likely to encounter chance finds, should develop and implement specific procedures to handle chance finds occurrences, integrated into the project's ESMP. Category A projects should include in their EIA, when applicable, an analysis of the archeological potential of the areas of direct influence, and, as necessary, propose chance find procedures, based on internationally accepted practices.</p>
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DISASTER RISK SUMMARY	
Disaster Risk Category: High	
Disaster/ Recommendations	<ul style="list-style-type: none"> • The reports of the Safeguard Screening Form (i.e. of the Safeguards Policy and the Safeguard Classification Filters) constitute the Disaster Risk Profile to be summarized in and annexed to the Environmental and Social Strategy (ESS). The Project Team must send the PP (or equivalent) containing the ESS to the ESR. • The Borrower should consider including disaster risk expertise in the organization of project oversight, e.g. in the project's panel of experts. For the Bank's requirements, the Borrower addresses the screened disaster risks in a Disaster Risk Management Summary reviewing disaster and climate change risks associated with the project on the basis of a Disaster Risk Assessment (DRA). Based on the specified hazards and the exposure of the project area, it demonstrates the potential impact of the rapid onset events and/or slow inset changes for the project and its area including exacerbated risks for people and environment, given local vulnerability levels and coping capacities. Furthermore the DRM Summary presents proposed measures to manage or mitigate these risks in a Disaster Risk Management Plan (DRMP). The DRA /DRMP to which the DRM Summary refers may be a stand-alone DRA document (see Directive A-2 of the DRM Policy OP-704) or included in other project documents, such as feasibility studies, engineering studies, environmental impact assessments, or specific natural disaster and climate change risk assessments, prepared for the project. These documents should be accessible for the Project Team. • The Project Team examines and adopts the DRM summary. The team remits the project risk reduction proposals from the DRMP to the engineering review by the sector expert or the independent engineer during project analysis or due diligence, and the financial protection proposals to the insurance review (if this is performed). The potential exacerbation of risks for the environment and population and the proposed risk preparedness or mitigation measures are included in the Environmental and Social Management Report (ESMR), and are reviewed by the ESG expert or environmental consultant. The results of these analyses are reflected in the general risk analysis for the project. Regarding the project implementation, monitoring and evaluation phases, the project team identifies and supervises the DRM approaches being applied by the project executing agency. • Climate change adaptation specialists in INE/CCS may be consulted for information regarding the influence of climate change on existing and new natural hazard risks. If the project

	requires modification or adjustments to increase its resilience to climate change, consider (i) the possibility of classification as an adaptation project and (ii) additional financing options for climate change, and consult the INE/CCS adaptation group for guidance.
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SUMMARY OF DISASTER IMPACTS/RISKS AND POTENTIAL SOLUTIONS	
Identified Impacts/Risks	Potential Solutions
Significant storm surge may occur in the project area and the likely severity of impacts is major or extreme.	The Disaster Risk Management Plan should secure a design for the project at an acceptable level of the coastal flood risks for the project and address potential exacerbated risks for people and the environment during construction and operation, as specified in the Disaster Risk Assessment, which must take into consideration changes in the frequency and intensity of extreme events that could occur with climate change. The DRMP includes risk reduction measures (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as the financial protection (risk transfer, retention) of the project. The DRM Plan takes into account existing vulnerability levels and coping capacities, the country's disaster alert and prevention system, general design standards, coastal retreat and other land use regulations and civil defense recommendations in coastal areas. However, the options and solutions are sector- and even case-specific and are selected based on a cost analysis of equivalent alternatives. The amplified uncertainties due to climate change may be considered in hazard scenarios and an efficient combination of measures in the DRMP.
Storm surge , strong tidal waves or lesser tsunamis are prevalent in the project area and the likely severity of impacts is moderate.	The Disaster Risk Management Plan should secure a design for the project at an acceptable level of the various moderate coastal risks for the project and address potential exacerbated risks for people and the environment during construction and operation. Appropriate measures to reduce risks (predominantly engineering), prepare for impact (predominantly environmental and social safeguards) and to include financial protection will need to be included.
Significant hurricane and other winds may occur in the project area and the likely severity of impacts is major or extreme.	The Disaster Risk Management Plan should secure a design for the project at an acceptable level of the storm and flood risks for the project and address potential exacerbated risks for people and the environment during construction and operation, as specified in the Disaster Risk Assessment, which must take into consideration changes in the frequency and intensity of tropical storms that could occur with climate change. The DRMP includes risk reduction measures (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as the financial protection (risk transfer, retention) of the project. The DRM Plan takes into account existing vulnerability levels and coping capacities, the country's disaster alert and prevention system, general design standards, coastal retreat and other land use regulations and civil defense recommendations in coastal areas. However, the options and solutions are sector- and even case-specific and are selected based on a cost analysis of equivalent alternatives. The amplified uncertainties due to climate change may be considered in hazard scenarios and an efficient combination of measures

	in the DRMP.
Tropical Storms are prevalent in the project area and the likely severity of impacts is moderate.	The Disaster Risk Management Plan should secure a design for the project at an acceptable level of storm risks for the project and address potential exacerbated risks for people and the environment during construction and operation, which must take into consideration changes in the frequency and intensity of tropical storms that could occur with climate change. Appropriate measures to reduce risks (predominantly engineering), prepare for impact (predominantly environmental and social safeguards) and to include financial protection will need to be included.
Riverine flooding is prevalent in the project area and the likely severity of impacts is moderate.	The Disaster Risk Management Plan should secure a design for the project at an acceptable level of flood risks for the project which must take into consideration changes in the frequency and intensity of precipitations that could occur with climate change. Flood risks may be exacerbated by the project outside the project boundary by modifying flood plains and draining patterns during construction and operation, and increase risks for people and the environment. Appropriate measures to avoid and reduce risks (predominantly engineering), prepare for impact (predominantly environmental and social safeguards) and to include financial protection will need to be included. to include financial protection will need to be included.
Area flooding from sustained rainfall is prevalent in the project area and the likely severity of impacts is moderate.	The Disaster Risk Management Plan should secure a design for the project at an acceptable level of areal flooding risks for the project which must take into consideration changes in the frequency and intensity of precipitations that could occur with climate change. Areal floods may be exacerbated by the project outside the project boundary by modifying draining patterns for heavy precipitations and increase risks for people and the environment during construction and operation. Appropriate measures to reduce risks (predominantly engineering), prepare for impact (predominantly environmental and social safeguards) and to include financial protection will need to be included.
Sea level rise combined with wave movement and storm surges may lead to erosion of coast line and coastal defenses in the project area and the likely severity of impacts is moderate.	The risk of accelerated coastal erosion should be addressed, and appropriate adaptation measures (predominantly alternative project design and engineering) will need to be examined, evaluated and selected
Sea level rise may lead to salinization of groundwater and drinking water sources in the project area and the likely severity of impacts is moderate.	Groundwater salination risks should be addressed and appropriate adaptation measures (predominantly alternative project design and engineering) will need to be to be examined, evaluated and selected
Reduction or prolongation of rainy season in the project area and the likely severity of impacts is moderate.	Possible future modified seasonal water availability for residential consumption and use, hydropower, irrigation, etc., should be adequately addressed in the hydrological assessment, with risks for the project's viability taken into account. Appropriate adaptation measures (predominantly alternative project design and engineering) will need to be examined, evaluated and selected.

DISASTER SUMMARY	
<p>Details</p> <p>The Project should include the necessary measures to reduce disaster risk to acceptable levels as determined by the Bank on the basis of generally accepted standards and practices. Alternative prevention and mitigation measures that decrease vulnerability must be analyzed and included in project design and implementation as applicable. These measures should include safety and contingency planning to protect human health and economic assets. Expert opinion and adherence to international standards should be sought, where reasonably necessary.</p>	<p>Actions</p> <p>The project triggered the Other Risks policy (B.04): climate risk. Please include sections on how climate risk will be dealt with in the ESS as well as client documents (EIA, EA, etc); Recommend addressing risks from gradual changes in climate for the project in cost/benefit and credit risk analyses as well as TORs for engineering studies.</p>

ASSESSOR DETAILS	
Name of person who completed screening:	Schueler, Kelsey Hope (kelseys@IADB.ORG)
Title:	
Date:	2014-12-15

SAFEGUARD POLICY FILTER REPORT

PROJECT DETAILS	
IDB Sector	SUSTAINABLE TOURISM-DEVELOPMENT TOURISM DESTINATION & PRODUCT MANAGEMENT
Type of Operation	Other Lending or Financing Instrument
Additional Operation Details	
Investment Checklist	Tourism Development
Team Leader	Lemay, Michele H. (MICHELEL@iadb.org)
Project Title	Sustainable Tourism Program II (STP II)
Project Number	BL-L1020
Safeguard Screening Assessor(s)	Schueler, Kelsey Hope (kelseys@IADB.ORG)
Assessment Date	2014-12-15

SAFEGUARD POLICY FILTER RESULTS		
Type of Operation	Loan Operation	
Safeguard Policy Items Identified (Yes)	Is this project specifically designed to address indigenous peoples issues?	(B.01) Indigenous People Policy– OP-765
	Does this project offer opportunities for indigenous peoples through its project components?	(B.01) Indigenous People Policy– OP-765
	Activities to be financed by the project are in a geographical area and sector exposed to natural hazards* (Type 1 Disaster Risk Scenario).	(B.01) Disaster Risk Management Policy– OP-704
	The Bank will make available to the public the relevant Project documents.	(B.01) Access to Information Policy– OP-102
	Is this project specifically designed to address gender equality or women's empowerment issues?	(B.01) Gender Equality Policy– OP-761
	Does this project offer opportunities to promote gender equality or women's empowerment through its project components?	(B.01) Gender Equality Policy– OP-761
	The operation is in compliance with environmental, specific women's rights, gender, and indigenous laws and	(B.02)

	regulations of the country where the operation is being implemented (including national obligations established under ratified Multilateral Environmental Agreements).	
	The operation (including associated facilities) is screened and classified according to their potential environmental impacts.	(B.03)
	The Borrower/Executing Agency exhibits weak institutional capacity for managing environmental and social issues.	(B.04)
	The project is specifically designed to increase the capacity of human social and ecological systems to adapt to a changing climate.	(B.04)
	The project includes activities to close current “adaptation deficits” or to increase the capacity of human social and ecological systems to adapt to a changing climate.	(B.04)
	An Environmental Assessment is required.	(B.05)
	Consultations with affected parties will be performed equitably and inclusively with the views of all stakeholders taken into account, including in particular: (a) equal participation of women and men, (b) socio-culturally appropriate participation of indigenous peoples and (c) mechanisms for equitable participation by vulnerable groups.	(B.06)
	The Bank will monitor the executing agency/borrower’s compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations.	(B.07)
	Environmental or culturally sensitive areas, defined in the Policy as critical natural habitats or critical cultural sites in project area of influence (please refer to the Decision Support System for more information).	(B.09)

	Suitable safeguard provisions for procurement of goods and services in Bank financed projects may be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.	(B.17)
Potential Safeguard Policy Items(?)	No potential issues identified	
Recommended Action:	<p>Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.</p> <p>The project triggered the Disaster Risk Management policy (OP-704). A Disaster Risk Assessment (DRA) may be required (see Directive A-2 of the DRM Policy OP-704) in case of high risk, a limited DRA in case of moderate risk. Next, please complete a Disaster Risk Classification along with Impact Classification.</p> <p>The project triggered the Other Risks policy (B.04): climate risk. Please include sections on how climate risk will be dealt with in the ESS as well as client documents (EIA, EA, etc); Recommend addressing risks from gradual changes in climate for the project in cost/benefit and credit risk analyses as well as TORs for engineering studies.</p>	
Additional Comments:		

ASSESSOR DETAILS	
Name of person who completed screening:	Schueler, Kelsey Hope (kelseys@IADB.ORG)
Title:	
Date:	2014-12-15

Environmental and Social Strategy

- 1.1 The Program is aimed at increasing income and employment for local populations in strategic parts of the country's Corozal and Toledo districts, Chiqibul/Caracol complex and Caye Caulker through sustainable development of emerging tourism destinations. The Program consists of three components, all with explicit environmental and social dimensions: (a) enhancement of the tourism product in the emerging destinations, including improvements in natural and cultural tourist attractions; (b) promoting coastal resilience¹ and environmental sustainability through improved diagnostics, planning, conservation and restoration of ecosystem services including coastal protection, monitoring and evaluation; and (c) institutional strengthening and capacity building for improved policy and planning, capacity building of local government and private sector, support for social inclusion in the tourism value chain and environmental and disaster risk management and climate change adaptation. As agreed between the Government of Belize and the Bank in a mission conducted in November 2014², the operation will finance activities to complement the Sustainable Tourism Program I in emerging destinations while addressing specific economic, social and environmental priorities highlighted in Belize's National Sustainable Tourism Master Plan.
- 1.2 The operation is expected to have positive environmental and social impacts given that the activities to be financed will strengthen government's capacity for: (i) integrated policy and planning in the tourism, environment, natural resources, disaster risk management and climate change adaptation sectors; (ii) enhancement of natural and cultural tourism assets in a manner that integrates biodiversity, ecosystem services and climate resilience; (iii) controlling the sustainable development of the tourism industry; and (iv) incorporating the local population, including lower income households, into the development of the emerging destination. This investment program is envisaged to be the Bank's first tourism loan that fully mainstreams biodiversity, climate change and coastal resilience into program design.
- 1.3 Potential negative environmental impacts will be temporary in nature and of limited geographic scope. The latter will be associated primarily with (i) small-scale infrastructure for enhancing natural and cultural assets (historical restoration, interpretive centers, visitor facilities trails, signage and waterfront beautification) and (ii) improvements in basic services benefitting both local communities and nearby tourism areas. The works which are limited in scale are expected to have only short-term impacts during construction associated with earth removal and levelling over small parcels such as sediment runoff for which prevention and mitigation measures are readily available. The construction of each new facility will comply with the corresponding environmental impact analysis and the execution of preventive and mitigation measures

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

² Back to Office Report. Identification Mission November 2014. IDB.

will be incorporated in the bidding documents. No impacts are expected on critical or natural habitats or on endangered or threatened species in association with either the construction or operation of the facilities. With respect to the operation of facilities, impacts could be associated with the disposal of waste products for which reuse solutions can be sought³ and energy consumption for which renewable energy solutions have been tested in the region. Induced impacts from the expansion of basic services and facilities such as additional private sector investment and increased numbers of visitors will be addressed via locally developed destination management plans and capacity building in the implementation of those plans. Similarly, with respect to the operation of public tourism facilities, design solutions will be sought that ensure efficient use of energy and water. Finally, a disaster risk assessment will be conducted as part of the ESA. All activities financed through this operation will identify and include the best opportunities to conserve the natural capital on which the tourism sector is dependent and mainstream considerations of climate resilience through data collection, mapping, economic analysis, capacity building and stakeholder engagement⁴.

- 1.4 The operation is expected to have significant positive social impacts in terms of employment and income generation through increased tourism expenditures and extended average length of stay, increased value-added to tourism products and increased inclusion of the rural poor in the tourism value chain. The operation will also result in positive environmental impacts in terms of critical habitat protection, reduced pressure on coastal fish stocks, reduced land conversion for agriculture, improved protected area management and conservation of cultural heritage sites and restoration of coastal and riparian habitat. The promotion of ecosystem-service based risk reduction and climate change adaptation and the building of resilience to natural disasters and climate change for future development will also generate both positive social and environmental impacts.
- 1.5 The Program has been attributed a “B” classification in accordance with the Environmental and Social Safeguards Policy (OP-703). Given this attribution and the aforementioned agreement between the Government of Belize and the Bank, the proposed strategy consists of undertaking an Environmental and Social Analysis (ESA) that will provide the necessary diagnostic and geographically specific guidelines enabling policy decisions at the regional level for each emerging destination. The expected geographic scope of the ESA will be the coastal watershed of Corozal Bay in Corozal District, the coastal watershed of the Port of Honduras Marine Reserve in Toledo District and the associated watersheds of Chiqibul Forest Reserve/National Park and Caracol Archaeological Reserve. As an essential input to the ESA, a study financed by BL-T1071; BL-T1064 (ATN/OC-14723-BL; ATN/OC-14724-BL) will support a comprehensive ecosystem services assessment and mapping exercise in these four

³ The Bank has approved related operations in solid waste management with a view to reduce pollution and enhance Belize’s image in the eco-tourism market (BL-T1067).

⁴ In close coordination with BL-T1064; BL-T1071 and BL-T1054.

emerging destinations. This will provide important information on potential impacts to ecosystem system service flows that will be incorporated into decision making throughout the project cycle. Using the findings of this study, the ESA will analyze restrictions and development potential taking into account factors such as: hydrology, water availability and quality, geology and soils, climate, geomorphology, oceanographic conditions, marine and land ecosystems, coastal erosion and flood potential, and vulnerability to climate change., The ESA will also examine socio-economic conditions of the existing population in the emerging destinations, distribution by age and gender, existing infrastructure that can support economic activities, land use, land tenure and other factors. The environmental analysis will identify project risk and vulnerability factors which will determine critical areas requiring protection as well as the need for infrastructure, where necessary. With the growth projections derived from the analysis of potential tourism demand ('with project' scenario) and the emerging destination plans to be developed using a participatory approach involving local tourism committees, the ESA will identify the requirements for environmentally and socially sustainable development of the destinations, including land use, water use and other policies, restrictions and guidelines, basic infrastructure requirements, introduction of technology and several other enabling factors that will maximize the intervention of the Bank's loan. Recognizing that two of the four destinations (Toledo and Corozal) have the highest poverty rates in the country, the ESA will also incorporate the findings and recommendations of an in-depth tourism value chain analysis study (also financed by BL-T1071; BL-T1064) that will assess the opportunities for greater inclusion of local communities in tourism using a 'pro-poor' approach and the requirements to prepare them to receive the benefits of tourism in the area.

- 1.6 As a result of the ESA, an Environmental and Social Management Plan will be prepared which will include: the procedures for environmental and social impact evaluation and mitigation applicable to the tourism sector; a plan to improve the environmental management of the tourism sector in an integrated manner; preventive and mitigation measures for the infrastructure to be financed; and a monitoring plan including environmental indicators. The project will include a communications strategy for the general public and culturally appropriate targeted campaigns for key actors including producers for the dissemination of good practice. This information will be incorporated in the Environmental and Social Management Report (ESMR). Priority measures in the ESMR will be incorporated in the POD with corresponding contractual conditions where appropriate.

INDEX OF COMPLETED AND PROPOSED SECTOR WORK

Topic	Description	Expected date	References & hyper links to Technical files
Technical options and design aspects	Socioeconomic and Financial Analysis: Belize Sustainable Tourism Program. IDB. 2008	Completed	1681345
	Belize Sustainable Tourism Program: Project Completion Report. IDB. 2014.	Completed	38797666
	Belize Southern Highway Social Impact Assessment. IDB. 1995	Completed	38300231
	Belize Southern Highway Rehabilitation Project Environmental Impact Assessment. BECA International. 1995	Completed	38300230
	Caracol Archaeological Site Development and Access Road Components Environmental Impact Assessment. IDB. 1999	Completed	39104377
	National Sustainable Tourism Masterplan for Belize: Executive Summary. Tourism and Leisure Europraxis Consulting. 2011	Completed	39256396
	Destination Specific Development Planning – National Sustainable Tourism Master Plan Belize 2030. Tourism and Leisure Europraxis Consulting. 2011	Completed	39256370
	Preliminary Draft Final Report: Belize Tourism Taxation Study. Rider, 2012	Completed	39256379
	Belize Sustainable Tourism Sector Note. IDB. 2013	Completed	38058956
	Coastal Capital: Belize – the economic contribution of Belize’s coral reefs and mangroves. WRI. 2009	Completed	WRI
	National Sustainable Masterplan for Belize 2030: Project Implementation Manual. Tourism and Leisure Europraxis Consulting. 2011	Completed	39256387
	Belize Population and Housing Census. SIB. 2010	Completed	SIB
	Strategies and Guidelines for Investing in Protected Areas in Belize. NEXTRA. 2013	Completed	NEXTRA
	Belize National Protected Areas System Plan. MNRE. 2005	Completed	MNRE
National Protected Areas Implementation Plan: Operational Framework 2007-2010.	Completed	Protected Areas Task	

	Protected Areas Task Force. 2013		Force
	Economic Valuation of the Environmental Goods and Services of the Maya Mountain Massif and Maya Mountains Marine Corridor. Ecosystem Economics. 2011	Completed	Ecosystem Economics
	Travel and Tourism: Economic Impact Belize 2014. WTTC. 2014	Completed	WTTC
	Rationalization Exercise of the Belize National Protected Areas System. Wildtracks. 2013	Completed	Wildtracks
	State of the Belize Coastal Zone: 2003-2013. CZMAI. 2014	Completed	CZMAI 2014
	The National Integrated Coastal Zone Management Strategy for Belize. CZMAI. 2010	Completed	CZMAI 2010
	Belize: Second National Communication to the United Nations Framework Convention on Climate Change. MNRE. 2011	Completed	39257074
	Millennium Development Goals Report and Post 2015 Agenda: Belize 2013. UNDP. 2013	Completed	39209595
	National Development Framework for Belize 2010 – 2030. MFED. 2010	Completed	39209586
	Custom Request Tourism Statistics. BTB. 2014	Completed	39209554
	IV National Report to the United Nations Convention on Biological Diversity. MNRE. 2010	Completed	39209585
	Institutional Assessment	March 2015	In progress
	National Tourism Demand Study	April 2015	In progress
	Value Chain Analysis	June 2015	In progress
	Ecosystem Service Assessment and Mapping	July 2015	In progress
	Destination Plans and Designs	August 2015	To be completed
Cost analysis and economic viability of the Program	Ex-ante evaluation of the Program	August 2015	To be completed
Financial management and fiduciary issues	Annex 3 of the POD	August 2015	To be completed

Data collection and analysis for report the results	Monitoring and impact evaluation plan	August 2015	To be completed
Environmental and Social Safeguards	Strategic Environmental and Social Analysis	August 2015	To be completed

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¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.