REGIONAL

INTERNATIONAL ACCREDITATION SYSTEM AND CONSOLIDATION OF NATIONAL SYSTEMS FOR SUSTAINABLE TOURISM CERTIFICATION TO FACILITATE SME COMPETITIVENESS AND MARKET ACCESS

(TC-03-03-02-4-RG)

DONORS MEMORANDUM

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ACRONYMS AND ABBREVIATIONS

ASEC	Asociación Ecuatoriana de Ecoturismo [Ecuadorian Ecotourism Association]
BMP	Best management practices
CBTS	Conselho Brasileiro de Turismo Sustentable [Brazilian Sustainable Tourism Council]
CESD	Center for Ecotourism and Sustainable Development
CESI	Committee for Environment and Social Impact
CICA	Consejo Indígena de Centro América
CPs	Sustainable Tourism Certification Programs
CST	Certificado para la Sostenibilidad Turística [Certification for Sustainable Tourism]
C&D	Conservación y Desarrollo [Conservation and Development]
EA	Executing agency
ICT	Instituto Costarricense de Turismo [Costa Rican Tourism Institute]
IDB	Inter-American Development Bank
IH	Instituto de Hospitalidade [Hospitality Institute]
IPS	Institute for Policy Studies
ISEAL	International Social and Environmental Accreditation and Labeling
LAC	Latin America and the Caribbean
MIF	Multilateral Investment Fund
MRA	Mutual recognition agreements
NGO	Nongovernmental organization
PCU	Project Coordination Unit
SEAs	Subexecuting agencies
SME	Small and medium enterprises
STSC	Sustainable Tourism Stewardship Council
TIES	The International Ecotourism Society
TNC	The Nature Conservancy
UNEP	United Nations Environment Programme
UNEP DTIE	United Nations Environment Programme/Division of Technology, Industry and Economics - Tourism Programme
UNESCO	United Nations Educational Scientific and Cultural Organization
USAID	U.S. Agency for International Development
WES	World Economic Summit
WTO	World Tourism Organization
WWF	World Wildlife Fund

GLOSSARY

Accreditation. The examination of the competence of a certifying body, and the granting of certifying powers. This is widespread practice in sectors other than tourism.

Accrediting body. Accreditation bodies 'certify the certifiers' and their capacity to certify companies or products. At present there is a proposal for the creation of a Sustainable Tourism Stewardship Council that would become a tourism accreditation body.

Assessment, site or diagnostic visit. Process of examining conformance with requirements by visiting a site or organization. A site visit comprises a variety of assessment methods such as site observation, impact testing, desk review of measurements and management documentation, and staff interviews to cross-examine findings.

Audit. A systematic and objective evaluation that compares performance against a set of standards or criteria.

Auditor. A person who officially considers and examines an organization's performance or a process.

Best management practice(s). Series of principles and concrete recommendations that can be implemented by different land-use sectors. These practices are based on the outcomes of impact assessments, scientific research, pilot testing projects, adaptation to local realities and multi-stakeholder discussions. These best management practices can be used as the basis for the development of policies, codes of conduct and public awareness materials, and for the implementation of technical assistance, training and certification.

Certification. Procedure by which the certification/awarding body gives written assurance (to the consumer and the industry in general) that a product, process, service, or management system conforms to specified requirements and norms. The outcome of certification is a certificate and usually the use of an ecolabel.

Certification program. A complete system containing all the requirements needed to obtain a certification award or ecolabel. A certification program will be managed by a certification body but the program is larger than the certification body or an individual certifier.

Criteria. Set of principles used as means of judging. See standards.

Ecotourism. "Travel to fragile, pristine, and usually protected areas that strives to be low impact and (usually) small scale. It helps educate the traveler; provides funds for conservation; directly benefits the economic development and political empowerment of local communities; and fosters respect for different cultures and human rights" (Honey, quoted in Honey and Rome, 2001 p. 6).

Ecotourism certification programs. "Programs that cover business, services, and products that describe themselves as involved in ecotourism. They focus on individual or site-specific business, have standards that are tailored to local conditions, and are largely or totally performance based" (Honey and Rome, 2001 p. 6).

Indicator. In the context of certification, an indicator is a measurable element of the criteria that the verification process will assess.

Monitoring. The continued measurement and evaluation of environmental impacts to compare an organization's environmental performance to agreed environmental targets. Monitoring in certification programs usually refers to the process of ensuring that the applicant meets the criteria throughout the period of validity of the certificate/ecolabel.

Nature tourism. "Travel to unspoiled places to experience and enjoy nature" (Honey and Rome, 2001 p. 8).

Stakeholders. "All the parties having "an interest in a particular certification program" (Honey and Rome, 2001 p. 8).

Standard. An expected level of quality, graded against competitors, similar industries, or a theoretical classification.

Standards, performance-based. Level of quality set according to the ability of applicants to meet a minimum performance on a series of indicators. Minimum performances are based on benchmarks for that specific indicator against the average performance within the sector.

Standards, process-based. Level of quality set according to the ability of applicants to produce evidence of actions taken to make a positive contribution towards or achieve the goals of the certification program.

Standards: difference between standards and criteria. Criteria are established means to verify if performance or process has reached the quality of the standards required.

Sustainable tourism. "Envisaged as leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological process, biological diversity, and life support systems" (WTO definition quoted in Honey and Rome, 2001 p. 8).

Sustainable tourism certification programs. "Programs that measure a range of environmental, socio-cultural, and economic equity issues both internally (within the business, service, or product) and externally (on the surrounding community and physical environment) (Honey and Rome, 2001 p. 8).

Tourism. "The activities of persons traveling to and staying in places outside their usual environment more than one day and less than one consecutive year for leisure, business and other purposes" (WTO definition quoted in Cooper et al, 1999 p. 8).

**INTERNATIONAL ACCREDITATION SYSTEM AND CONSOLIDATION OF
NATIONAL SYSTEMS FOR SUSTAINABLE TOURISM CERTIFICATION
TO FACILITATE SME COMPETITIVENESS AND MARKET ACCESS**

(TC-03-03-02-4-RG)

EXECUTIVE SUMMARY

Executing Agency:	Asociación Alianza del Bosque Lluvioso.
Beneficiaries:	Project beneficiaries include: (i) small and medium enterprises (SME) and indigenous groups and community-based operations working in sustainable tourism or ecotourism in the following four countries: Costa Rica, Guatemala, Belize, and Ecuador; and (ii) organizations implementing or working with sustainable or ecotourism certification programs (CPs) including governmental and nongovernmental agencies in the four countries mentioned above and in Brazil.

During the implementation of the Project, 6,000 stakeholders will receive project information about best management practices (BMP) and certification, 40 trainers will be trained in BMP and certification, 20 trainers will be trained in sustainable tourism marketing; 1,800 SME and 1,800 indigenous and community-based operations will be introduced to BMP, certification and marketing; 160 SME and 160 indigenous and community-based operations will be trained thoroughly in BMP, certification and marketing; and a minimum of 175 SME will be engaged in implementation of BMP and/or certification.

**Project cost and
financing:**

Modality:	Nonreimbursable	(Facility III-a)
MIF	US$	3,020,000
Asociación Alianza del Bosque Lluvioso	US$	2,154,000
TOTAL	**US$**	**5,174,000**

**Objectives and
components:**

The **goal** of this project is to increase the competitiveness and market access of sustainable tourism SME participating in internationally accreditable certification systems in the Latin American and Caribbean region. The **purpose** of this project is to implement best management practices and certification of SME in sustainable tourism, harmonize and strengthen certification systems, and increase global awareness of these practices and systems. To this end, the project will implement technical assistance activities at three different levels: local, regional and international. Each one of these levels is represented in the three components included in this project.

At the **local level**, **Component I** of the project proposes the development of training modules on BMP, certification, marketing and monitoring and evaluation. These four training modules will be tailored to address separately the technical needs of SME, and indigenous and community-based operations. For the development of these training modules, the project will operate with existing BMP and certification initiatives in the five pilot countries, with the objective of gradually consolidating baseline BMP and certification standards. Subsequently, the project will work with trained tourism operations in these pilot countries, to support the implementation of the BMP and certification

standards.

To ensure that at the **regional level** these operations are engaged in credible and internationally recognized CP, **Component II** of the project will develop strategies to increase the participation of SME and indigenous and community-based operations, by providing technical assistance to the organizations in the selected pilot countries that are currently managing certification efforts. In close coordination with the activities to be conducted under Component I, technical assistance will be provided to strengthen sustainable tourism CPs in the definition of harmonized baseline standards, the development of accreditation mechanisms and monitoring and evaluation systems.

The two previous components are complemented by **Component III,** which is aimed at developing an **international** cohesive marketing strategy for those CPs participating in a sustainable tourism certification network. This strategy will directly benefit SME as well as indigenous and community-based operations that have implemented the harmonized baseline standards, which will allow them to increase their competitiveness and market access and will also allow consumers to identify, purchase and experience the differentiated tourism product that these SME and indigenous and community-based operations will offer.

Execution and disbursement timetable:	Execution: 48 months Disbursement: 54 months
Special contractual conditions:	Prior to the first disbursement, Asociación Alianza del Bosque Lluvioso will demonstrate to the Bank's satisfaction that: (i) the Project General Coordinator has been selected; (ii) the Operations Manual and the Guidelines for a BMP and Certification Implementation Fund (described in the technical files) have been entered into effect by the Executing Agency as well as by the Subexecuting Agencies of the project; and (iii) the Executing Agency and the Subexecuting Agencies have duly signed an agreement to carry out the execution of the project.
Coordination with other official development institutions:	Asociación Alianza del Bosque Lluvioso will ensure coordination with the following: - Central American Project for Protected Areas and Environmental Marketing (PROARCA/APM), a five-year Regional Environment Program being implemented by Asociación Alianza del Bosque Lluvioso, World Wildlife Fund (WWF) and The Nature Conservancy (TNC), and funded by the U.S. Agency for International Development (USAID). - A Partnership for Effective Implementation of Tools for Monitoring Ecotourism and Sustainable Tourism comprising UNEP, Asociación Alianza del Bosque Lluvioso, The International Ecotourism Society (TIES) and the Center for Ecotourism and Sustainable Development (CESD), in coordination with the World Tourism Organization (WTO). - Representatives from WTO and UNEP will be invited to join this Project's International Advisory Committee.

Exceptions to Bank policy: See procurement, below.

Procurement: The selection and hiring of consulting services, as well as the acquisition of goods, will be carried out by the Executing Agency according to Bank policies and procedures. As an exception to the Bank's procedures for the contracting of consulting services by mean of public bidding, it is recommended that the Executing Agency retains directly the specialized technical services of The International Ecotourism Society (TIES). See paragraph 5.4 and 8.1.

Environmental/ social impact: The Committee on Environment and Social Impact (CESI) reviewed and approved the proposed project at its meeting on May 23, 2003 (see paragraph 7.5). The recommendations provided by the CESI are reflected in the Operations Manual.

I. PROJECT ELIGIBILITY

1.1 The proposed project meets the MIF eligibility criteria for a grant through the Small Enterprise Development Facility (Facility III-a). This project responds to the MIF's mission of promoting private-sector development by funding small, targeted interventions that pilot new approaches in improving the environment for private-sector growth and investment. The project will support the implementation of best management practices and certification in sustainable tourism, harmonize and strengthen certification systems, resulting in direct benefits to SME by allowing them to gain competitiveness and market access while fostering socially and environmentally responsible businesses.

1.2 The project proposes to concentrate its efforts in Brazil, Costa Rica, Ecuador, Belize and Guatemala, countries where: tourism represents a key industry in terms of GDP growth and employment; sustainable tourism strategies are in place that can provide a framework for the development of this project; certification initiatives exist, or are about to be launched, which can benefit from the project's proposed technical assistance and produce results, in the short run, that can be replicated in other countries; certification programs are looking for international recognition and marketability that could enhance the market benefits of certified tourism operations; the growth of unsustainable tourism operations threatens fragile ecosystems and the well-being of local communities; sound tourism certification initiatives can facilitate market access to SME; and there are local appropriate organizations that the executing agency can partner with for project implementation. All participating countries are eligible for MIF financing. It is expected that the project will also benefit stakeholders from other Central and South American as well as Caribbean countries through the dissemination of information and their participation at conferences and seminars provided by the project.

1.3 This project has been designed as a regional operation for the following reasons: (i) by developing and implementing harmonized BMP and internationally recognized certification standards, the project will promote the development of a regional network to disseminate information and strengthen certification programs while providing a forum through which stakeholders can support implementation and marketing of certification efforts, thus allowing a larger number of enterprises to enter regional and international markets; (ii) the project's regional reach will permit a broader collection, analysis and dissemination of data for BMP implementation, certification and accreditation issues; (iii) the promotion of regional capacity in certification and accreditation by this regional approach will strengthen and complement other projects from the MIF's "Facilitation of International Trade and Investment Cluster." As part of this cluster, the project's beneficiaries will benefit from the sharing of experiences and the dissemination of best practices and lessons learned.

II. BACKGROUND

A. Project rationale

2.1 Travel and tourism has become the world's largest industry, generating 11% of the global gross domestic product, and nature-related tourism is the fastest growing segment of the travel business. There are 700 million international travelers per year and receipts from international tourism climbed to almost US$500 billion in recent years. Business and conservation leaders–from the presidents of major nongovernmental organizations (NGOs) and foundations to the chiefs of Amazon tribes just entering the cash economy– recognize the potential of *socially and environmentally sound* tourism as a development

alternative. It is one of the few options for rural people that allows them to derive economic benefits while conserving their local ecosystem and social and cultural structure.

2.2   The most important tool that can be used to motivate corporate responsibility and, at the same time, increase the **competitiveness** and **market access**[1] of sustainable tourism operations is certification. Credible and transparent certification programs provide a tool to reward tourism operations exhibiting and implementing best practices and differentiate them from others that are less environmentally and socially sound. Certification also provides the market mechanism whereby consumers who wish to travel in an environmentally sustainable manner can identify and access the type of tourism operations they wish to patronize. Certification is moving from a mechanism to differentiate companies to one that promotes and positions destinations and countries.

2.3   Several governmental agencies have included plans to develop or strengthen certification programs as part of their **national competitiveness strategies**. However, credibility and recognition are indispensable for a certification program to succeed. While the use of certification mechanisms to green the tourism industry at large is valid and important, the lack of a **global accreditation body**, the lack of regional certification strategies to convey a coherent message to the traveler, the lack of coordination and **mutual recognition** amongst organizations working with certification, and the limited access of SME to certification processes have led to uncoordinated efforts, false claims and confusion. Tourism certification programs are being created and launched without coordination, and standards and criteria can vary widely among different organizations working with certification. Often consumers fail to recognize brands that have limited budgets and marketing tools. Many businesses question whether it is worth the time and effort to become certified.

2.4   **The proposed project** addresses the limitations discussed above by proposing technical assistance activities at three different levels of the sustainable tourism sector–local, regional and international–by: implementing BMP and certification; strengthening organizations working with sustainable tourism certification and consolidating a regional network; and marketing of pilot SME and organizations working with certification participating in the network.

B. International context and regional demand

2.5   In November 2000, representatives from 22 countries from most of the leading global, regional, national, and subnational sustainable tourism and ecotourism certification programs participated in the Ecotourism and Sustainable Tourism Certification Workshop, convened by the Institute for Policy Studies (IPS)[2]. All participants agreed on

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[1] Under different World Trade Organization agreements and regulations, member countries have to liberalize foreign investment in service industries, but also need to comply with environmental and other workplace standards. Locally-owned businesses usually do not have the capital, level of expertise or access to technology needed to make the necessary adjustments. As a result, raising standards through international agreements, as well as the adoption of certification criteria can, in practice, have adverse impacts on locally-owned SME in less developed countries, since it raises the level of entry in that market segment, or increases the level of competition beyond their capacity.

[2] IPS is a progressive think tank in Washington D.C. that serves as a bridge between progressive forces in government and grass-roots activists, and between movements in the U.S. and those in the developing world.

minimum principles that sustainable tourism certification should embrace. The product emerging from that meeting, known as the Mohonk Agreement, outlined the fundamental Principles of Ecotourism and Sustainable Tourism Certification (a summary of the Mohonk agreements is available in the technical files). In this context, Asociación Alianza del Bosque Lluvioso proposed to study the feasibility of establishing a Sustainable Tourism Stewardship Council (STSC) that could promote globally recognized, high-quality certification programs for sustainable tourism and ecotourism and that could act as an accreditation body for sustainable tourism and ecotourism certification programs. Workshop participants unanimously endorsed this proposal.

2.6   As a result of the above, Asociación Alianza del Bosque Lluvioso, with funding from the Ford Foundation, consolidated a coalition of organizations and individuals to serve as the project's Advisory Committee with participation of 40 specialists from NGOs, [3] intergovernmental agencies and industry representatives to initiate the study. The study involved consultation workshops parallel to all the regional preparatory meetings hosted by The International Ecotourism Society (TIES) and the United Nations Environment Programme (UNEP) leading up to the 2002 World Ecotourism Summit (WES). The study was completed in January 2003 and revealed growing international agreement about the need and demand for a sound accreditation program to assess and help standardize the rapidly growing number of certification programs for the sustainable tourism and ecotourism markets.

2.7   Parallel to these efforts, the World Tourism Organization (WTO) commissioned a study entitled "Voluntary Initiatives for Sustainable Tourism" in August 2002. This study collected information on 104 existing voluntary initiatives worldwide. In 2002, Asociación Alianza del Bosque Lluvioso undertook the development of tourism diagnoses and demand surveys in target sites in Central America to investigate the development of tourism operations and analyze the possibilities for implementation of certification activities implementation. Also in Latin America, IYE[4]/STSC preparatory meetings were held. In some of these meetings and the above-mentioned studies, hundreds of representatives from national and local governments, private ecotourism businesses and their trade associations, academic institutions and consultants, intergovernmental organizations, national and regional tourism initiatives, social and environmental NGOs, tourism operators, and indigenous and local communities produced a series of recommendations that lead to the creation of the Quebec Declaration on Ecotourism. Some of these recommendations reflect the needs that this project seeks to address: (i) "adopt, as appropriate, reliable certification or other systems of voluntary regulation, in order to demonstrate to their potential clients their adherence to sustainability principles and the soundness of the products and services they offer;" and (ii) "develop or adopt, as appropriate, international standards and financial mechanisms for ecotourism certification systems–that take into account the needs of small and medium enterprises and facilitate their access to those procedures–and support their implementation" (Quebec Declaration on Ecotourism, 2002). Those same participants revealed a high demand for specific technical assistance for the implementation of best management practices and certification and the need for technical assistance in the consolidation of an international accreditation body. Currently, there is **no other project**

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[3] Ecotourism programs tend to favor SME, to be most respectful of the needs of local communities and conservation, and to help the public distinguish businesses, geographical areas and even whole countries committed to the principles and practices of ecotourism; these programs often are led by NGOs with the potential of transforming ecotourism into a more socially and environmentally sustainable industry.
[4] International Year of Ecotourism, 2002

in the region supporting the development and implementation of harmonized BMP and certification standards and the formation of an international accreditation body.

C. Suitability of the executing agency

2.8   Asociación Alianza del Bosque Lluvioso is the registered branch in Costa Rica, operating since 1999, of the New York-based international NGO, Rainforest Alliance. Rainforest Alliance has 15 years of experience and it is recognized internationally for pioneering the development of certification standards in consultation with key stakeholders in the forestry and sustainable agriculture sector. Asociación Alianza del Bosque Lluvioso houses the Sustainable Tourism Division of the Rainforest Alliance and, during the last five years, has been the leader in facilitating a worldwide certification movement that encourages SME to engage in tourism activities in ecologically sustainable and socially responsible ways. The work of Asociación Alianza del Bosque Lluvioso is supported by the expertise and experience of Rainforest Alliance in establishing certification programs and standards in sustainable forestry and agriculture, and especially through its experience as a founding member of the international accreditation body for sustainable forestry, the Forest Stewardship Council. [5]

2.9   Asociación Alianza del Bosque Lluvioso's work in tourism has been commended and supported by the heads of the World Tourism Organization (WTO), the United Nations Environment Programme (UNEP), and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

2.10   As explained in the previous sections of this document, Asociación Alianza del Bosque Lluvioso has been leading the work of an international group of key stakeholders involved in the feasibility study of establishing a Sustainable Tourism Stewardship Council (STSC). As a result of all the above, Asociación Alianza del Bosque Lluvioso has emerged as the natural organization to house the Project Coordination Unit (PCU) and lead and facilitate the participation of key stakeholders to achieve the goal of this MIF operation.

D. Strategy and rationale for MIF participation

2.11   Based on an assessment of other existing Bank initiatives in the area of nature-based sustainable tourism, there are no other government or private-sector initiatives with a regional scope comparable to the one presented in this project. This project is consistent with the Bank's strategy to support activities with NGOs and local communities to help preserve natural and cultural resources and foster their rational use through tourism. Under the Sustainable Tourism Certification System in Brazil (TC-02-03-00-1), the MIF is currently supporting the development of BMP and certification of sustainable tourism standards for SME. However, there are no provisions in this project to harmonize those BMP with those of other countries and/or regions. The situation of certification efforts in each of the five countries targeted and the level of intervention of the current project is described in the technical files. **This project will build upon these initiatives and develop harmonized BMP and certification efforts.**

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[5] The Forest Stewardship Council is an international nonprofit organization founded in 1993 to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

2.12   As documented in the WTO study on existing voluntary initiatives, there are 104 voluntary sustainability programs worldwide; more than 60 of these initiatives are certification programs, and about a dozen more will be launched in the upcoming years. However, all of them have different criteria and standards. Moreover, there is currently no regional or global accreditation body that could serve as a cooperation forum where member organizations working with certification could sign mutual recognition agreements (MRAs). Acceptance of BMP and certification of sustainable tourism standards issued by one certification program in one country require harmonized and transparent procedures.

2.13   Therefore, within the context of the criteria established in the MIF strategy, the proposed operation is **innovative**, since it addresses the development of harmonized BMP, baseline certification and international accreditation standards in a comprehensive way so as to facilitate SME market access on a regional and international level. In addition, the operation will have a **demonstration effect** because in the current globalization process this project model is considered to be highly **replicable** in other countries and regions, adapted to the specific conditions of each case, as it aims to enable market access, increase SME competitiveness and allow consumers to compare and identify the type of tourism product they want to purchase. This operation also supports **sustainability** by promoting, through diverse technical assistance, SME demand for harmonized BMP and certification, and the CPs' demand for international accreditation beyond the life of this project.

2.14   Moreover, this project will define impact indicators, a database and a data collection system to measure, among others, value added, profitability and market share of participating SME, as well as benchmarks to monitor environmental and social indicators. Because the project is being directed at the private sector at a regional level, rapid comparisons of experiences in different countries can be made, and general lessons extracted. After these lessons are validated, dissemination to the private and public sectors will be an important and enduring aspect of the project.

E. Lessons learned from previous MIF projects

2.15   Although there have been no initiatives with a scope comparable to the one presented in this project, there are some lessons learned from other MIF projects that should be taken into consideration. In particular, the MIF assessment of projects related to skills-based standards and certification for the tourism industry include the following recommendations: public/private participation gives credibility to both players; linkages with other skills-based certification programs are essential for international recognition; process of consensus building is underestimated; joint multisector committees are key to implementation at national level; institutional strengthening/capacity building limitations are present in the region.

2.16   From the evaluation of past MIF-financed projects, one of the key recommendations for this type of regional project has been to simplify the approach to standards development for the region to ensure that the skills-based standards and certification processes developed are consistent with the need to ensure broad regional acceptance and take into account the particular needs and capacities of the tourist and tourism operators in the region. Another key recommendation has been to develop a database system and project website to create a regional internet-based information system to monitor and evaluate

performance on skills-based standards, certification, training programs and credentialing for the region, thereby ensuring conformity and integration.

2.17   The lessons learned and recommendations mentioned above were taken into account during the project design.

III. OBJECTIVES AND COMPONENTS

A. Goal and purpose

3.1   The goal of this project is to increase the competitiveness and market access of sustainable tourism SME participating in internationally accreditable certification systems in the Latin American and Caribbean (LAC) region. The purpose is to facilitate the implementation of BMP and certification in sustainable-tourism SME and the harmonization and strengthening of internationally accreditable certification systems, and to increase global awareness of these practices and systems. To achieve this purpose, the project will implement three components at three different levels: local, regional and international.

3.2   At the local level, **Component I** proposes the development of training modules on BMP, certification, marketing, and monitoring and evaluation, tailored to address separately the technical needs of SME, indigenous groups and community-based operations. At the regional level, **Component II** will work with institutions that conduct CPs in the pilot countries to develop strategies that foster the participation of SME and indigenous and community-based operations in the certification process. The two previous components are complemented by **Component III**, aimed at developing an international cohesive marketing strategy for CPs participating in a regional network. This strategy will result in direct benefits to SME that have implemented harmonized baseline standards, which will help improve their competitiveness and market access. These components and their activities are not sequential but rather parallel and interrelated (see GANTT[6] and PERT[7] charts in the technical files).

B. Components

Component I: Implementation of best management practices and certification (MIF US$1,172,000 /Asociación Alianza del Bosque Lluvioso US$580,000)

3.3   The objective of this component is to develop and/or improve, and gradually harmonize BMP among five countries, and provide technical assistance to SME tourism operations by: a) disseminating BMP guidelines; b) conducting training sessions on certification; c) performing diagnostic visits to measure compliance with baseline standards; d) assisting in the implementation of BMP; and e) engaging SME in certification processes.

3.4   To achieve this objective, Component I proposes the development of four training modules on BMP, certification, marketing, and monitoring and evaluation, that will be tailored to address separately the technical needs of SME, indigenous groups and community-based operations. For the development of these training modules, existing best practices guidelines and certification initiatives in the five pilot countries will be reviewed. This review process will lead to the development of BMP training materials to

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[6] Format for displaying a schedule of activities graphically.
[7] Graphic representation of a project's schedule, showing the critical path of tasks that must be completed on time in order for the project to meet its completion deadline.

support their implementation in SME. The aim of these activities will be to gradually harmonize baseline BMP and certification standards. Subsequently, the project will work with trained tourism operations in these pilot countries, to support the implementation of these BMP. The project will provide resources to cofinance the costs of technical assistance and certification for SME and community or indigenous tourism operations participating in the pilot operations in each country. For that purpose, the project will establish a **BMP and Certification Implementation Fund**[8].

3.5   The specific activities financed under this component include: **1.1** Develop guidelines for BMP and certification and dissemination mechanism; **1.2** Development of training curricula, modules and materials; **1.3** Training the trainers on BMP, certification and marketing modules;[9] **1.4** Promotional activities to make SME aware and express interest in participating in the project; **1.5** Seminars and workshops on BMP, certification and marketing; **1.6** Training certification auditors in the baseline standard; **1.7** Develop a guide for diagnoses of pilot projects; **1.8** Develop and cofinance pilot projects to ensure implementation of best management practices and formal involvement in certification programs; and **1.9** Develop a guide for marketing certified products. Since tour operators are key players in the commercialization of sustainable tourism operations, the training materials to be produced will be developed with tour operators´ input.

3.6   The expected outcomes of this component are: 40 trainers trained in BMP and certification; 20 trainers trained in marketing; 1,800 SME and 1,800 indigenous and community-based operations introduced to BMP, certification and marketing through 144 seminars; 160 SME and 160 indigenous and community-based operations trained extensively in BMP and certification and marketing; 20 certification auditors trained in using harmonized BMP and baseline certification criteria; 250 tourism operations with a complete diagnosis of compliance with baseline certification criteria; 175 SME and indigenous and community based operations cofinanced for the implementation of BMP and/or certification; 6,000 stakeholders as recipients of information about BMP and certification[10].

Component II: Strengthening organizations working with sustainable tourism certification and consolidating a regional network (MIF US$688,000/Asociación Alianza del Bosque Lluvioso US$615,000)

3.7   The objective of this component is to provide technical assistance to organizations working with sustainable tourism certification in a regional network that will lead to the definition and implementation of internationally recognized, harmonized baseline standards. This component will also develop a monitoring and evaluation (M&E) system to measure the impacts of sustainable tourism certification.

3.8   To achieve this objective and to ensure that the pilot operations in this project are engaged in credible and internationally recognized certification initiatives, the project

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[8] The guidelines for the operation of this Fund, including eligibility criteria for participant SME, are described in the Operations Manual available in the technical files.

[9] The EA has stressed the importance of incentivating the participation of targeted audience and has specially requested that MIF finance the perdiem of key participants. The same applies to activity 1.6.

[10] The detailed description, timing, scope, cost and responsible parties of each technical assistance are detailed in the Operations Manual, the GANTT and PERT charts, and the detailed annual budget included in the technical files.

will consolidate a regional network of organizations working with certification to define the baseline certification and accreditation standards as well as monitoring and evaluation systems for sound certification programs. Additionally, the Executing Agency will work with Subexecuting Agencies (SEAs) and organizations working with certification in Guatemala, Costa Rica, Belize, Ecuador and Brazil to develop strategies that foster the participation of SME and indigenous and community-based operations in certification.

3.9   The outcomes of Component II will be utilized as key inputs for the development of training materials (i.e. baseline BMP and certification standards to be developed as part of the activities outlined in this Component). The specific activities to be financed under this component include: **2.1** Organizing an event to launch the Latin American Sustainable Tourism Certification Network; **2.2** Working with certification programs to engage SME, and indigenous and community-based operations in certification; **2.3** Developing exchanges with peer certification programs; **2.4** Developing harmonized baseline standards and criteria for certification and accreditation; **2.5** Analyzing financial sustainability of certification programs; **2.6** Conducting workshop about accreditation for certification programs in Latin America; **2.7** Conducting diagnoses and implementation plan to prepare certification programs for accreditation; **2.8** Developing monitoring and evaluation indicators and systems; **2.9** Developing a plan for the launching of the STSC;[11] and **2.10** Developing a sustainability strategy and the framework for a regional fund for certification programs and the STSC.

3.10   As a result of this component, the Project expects to benefit a minimum of five organizations working with tourism certification initiatives through the formulation and implementation of the following: a strategy for making BMP and certification accessible for SME and indigenous groups and community-based operations; harmonized baseline certification standards; baseline standards for accreditation defined through direct work with organizations working with certification in the region; best practices for financial sustainability of tourism certification programs; indicators, a database and a data collection system for monitoring and evaluating the impacts of certification programs; and a sustainability strategy developed and validated by organizations working with or implementing certification in the region.[12]

Component III: Marketing of pilot SME and organizations working with certification participating in the network (MIF US$421,000 /Asociación Alianza del Bosque Lluvioso US$239,500)

3.11   The objective of this component is to provide technical assistance for the development of an international cohesive marketing strategy for certification programs. This strategy will result in direct benefits to SME that had implemented harmonized baseline standards in Component I, since it will increase the credibility of their services and also improve their regional or international marketing value, which in turn will be conducive to their competitiveness.

3.12   To achieve this objective, specific activities financed under this component include: **3.1** Developing market analyses and recommendations for increasing demand for certified products; **3.2** Developing and implementing a marketing and communications plan; **3.3** Developing profiles and disseminating information about pilot operations; **3.4** Educating

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[11] Early in the project, the PCU will hire a consultant to develop a business plan for the STSC.
[12] Idem footnote 11.

journalists to obtain their support in promoting sustainable tourism; and **3.5** Engaging tour operators and key NGOs.

3.13   As a main result of this component, a marketing strategy will be formulated and a Marketing and Communication Plan will be launched, so that recognition of certified sustainable tourism is developed among key players in the travel and tourism industry.

IV. PROJECT COST AND FINANCING

4.1   The total cost of the project is estimated at US$5,174,000 out of which US$3,020,000 will be provided from the MIF resources (Small Enterprise Development Facility) on a nonreimbursable basis. The amount of US$2,154,000 will be provided by Asociación Alianza del Bosque Lluvioso. The detailed project budget is included in the project technical files.

(in U.S. dollars)

Components/budget categories	MIF contribution	Asociación Alianza del Bosque Lluvioso	Total
Project Coordination Unit	300,000	513,000	813,000
Equipment and logistics	188,000	132,500	320,500
Component I	1,172,000	580,000	1,752,000
Component II	688,000	615,000	1,303,000
Component III	421,000	239,500	660,500
Cluster activities	25,000		25,000
Midterm and final evaluation	70,000		70,000
Audits (4)	40,000		40,000
Contingencies	116,000	74,000	190,000
TOTAL	**3,020,000**	**2,154,000**	**5, 174,000**
Percentages	(58%)	(42%)	

4.2   The **sustainability** of the project will be achieved from the following interrelated results: (i) SMEs´ successful implementation of harmonized BMP and certification standards; and (ii) CPs´ successful implementation of the requirements and best practices related to the international accreditation. The implementation of harmonized BMP and certification standards for SME, and the definition of baseline standards for accreditation of CPs will result, for the first time, in the supply of internationally recognized services that will facilitate market access. The MIF's intervention will make possible the consolidation of this demand, as well as the establishment of mechanisms for sustainable operation through replication in other countries of the region of the technical assistance provided.[13] Increased private-sector awareness and use of international recognized BMP will expand the market for conformity assessment services offered by CPs and demanded by SME, therefore improving their competitiveness. The higher the impact at the SME level, the higher de demand for implementing BMP and certification, and the higher the demand to be part of a regional network that could lead to the consolidation of an STSC.

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[13] This will be done in coordination with the consolidation of the regional network for which the STSC feasibility study, mentioned in 2.5, projects the financial needs to set membership fees, and prices of other services to be provided.

V. EXECUTING ARRANGEMENT AND IMPLEMENTATION MECHANISM

5.1 **Executing Agency and Project Coordination Unit.** Asociación Alianza del Bosque Lluvioso will be the Executing Agency (EA) that will house the Project Coordination Unit (PCU). Asociación Alianza del Bosque Lluvioso's Sustainable Tourism Director has been designated as the **Project Director** and will serve as the main liaison between the Project and the local, regional and international collaborators. Moreover, the Project Director will be responsible for coordinating the international development and launching of the Sustainable Tourism Stewardship Council (STSC).

5.2 The PCU will be headed by a full-time **General Coordinator**, and assisted by two **Regional Coordinators**, one for Mesoamerica and one for South America. The General Coordinator will be supported by a team of qualified experts: (i) an **Accreditation Specialist, (ii)** a **Marketing Specialist**, and (iii) a **Communications Specialist**. An **Administrative Assistant** will also be hired as well as part-time accounting services. Terms of reference for the PCU personnel are available in the project's technical files.

5.3 **Subexecuting Agencies.** The EA will sign subsidiary agreements with the following Subexecuting Agencies (SEAs) for implementation of project activities in their respective countries: Asociación Ecuatoriana de Ecoturismo (ASEC) in Ecuador; Alianza Verde in Guatemala; and Programme for Belize in Belize. Asociación Alianza del Bosque Lluvioso will implement project activities in Costa Rica. National Coordinators at the SEAs will work with the PCU for project execution. Each SEA will open separate and specific bank accounts to administer contributions from the MIF and local counterpart funds. The model of the subsidiary agreement that will be signed with the SEAs and the terms of reference for the National Coordinators are available in the technical files. In Brazil, the project will not develop fieldwork due to the fact that the MIF/IDB has already provided funding for technical assistance in sustainable tourism certification to that country. However, the project will ensure coordination with such efforts in Brazil by seeking a collaborative agreement with the Conselho Brasileiro de Turismo Sustentável (CBTS). [14]

5.4 **Sole-sourcing.** Asociación Alianza del Bosque Lluvioso will sign a contractual agreement with **The International Ecotourism Society (**TIES) to both cofinance and provide specialized consulting services as outlined in the project description and technical files. The justification for retaining the services of TIES without competition is summarized in Section VIII and described in full detail in the technical files. The terms of reference for the development of specific project activities to be conducted by TIES, are also included in the technical files.

5.5 **Agreements between the PCU and organizations working with certification.** Asociación Alianza del Bosque Lluvioso will seek collaborative agreements with one or more of the following organizations working with certification: Certification for Sustainable Tourism (CST) in Costa Rica; SmartVoyager boat certification program run by Conservación y Desarrollo (C&D) in the Galapagos Islands; Green Deal in the Petén, Guatemala; and the Instituto de Hospitalidade (IH) in Brazil; the latter agreement will ensure coordination of efforts in the implementation of a MIF-funded sustainable tourism certification program in Brazil. These are the leading national certification programs in

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[14] Asociación Alianza del Bosque Lluvioso has received letters of commitment to participate in the project from all the organizations mentioned in this paragraph.

the region. These collaboration agreements will assure that the project has direct access to information on existing initiatives for the development of activities included in Component II. [15] This Project takes into consideration the ministerial agreements in Central America related to sustainable tourism certification.

5.6   **Advisory Committees.** A **National Committee** will be established in each of the following countries: Guatemala, Belize, Costa Rica, Ecuador and Brazil. The SEAs will coordinate these committees. These National Committees will be composed of the following, at a minimum: (i) the National Coordinator (from the corresponding SEAs); (ii) a representative from a national sustainable tourism certification program; (iii) a representative from a national or local tourism association or chamber; (iv) a local representative from a social NGO; (v) a representative from an environmental NGO; (vi) a representative from the Ministry of Tourism, or equivalent; (vii) a representative from the Ministry of Environment, or equivalent; and (viii) a representative from an academic institution.

5.7   The main functions of these National Committees are to: (i) coordinate inter-institutional support for project activities; (ii) receive regular progress updates; (iii) represent their organizations; (iv) become the project's immediate advisors; (v) provide feedback on the project's progress; (vi) respond periodically to queries by consultants and partners; (vii) provide advice on potential new opportunities for the project; and (viii) represent the project to their constituents, staff and members.

5.8   An **International Advisory Committee** will also be established with representatives from key regional and international entities, and individual experts. This committee will be coordinated by the Project Director. Collaborative agreements will be sought with these organizations to play this advisory role. Invitations to join this Committee will be sent to the World Tourism Organization's Sustainable Tourism Unit (WTO), the United Nations Environment Programme/Division of Technology, Industry and Economics - Tourism Programme (UNEP DTIE); the Consejo Indígena de Centroamérica (CICA); experts at the IDB/MIF; and the International Social & Environmental Accreditation Labeling Alliance (ISEAL), among others. WTO, ISEAL, TIES and CESD have sent Asociación Alianza del Bosque Lluvioso letters expressing their support for the Project.

5.9   The primary functions of this International Advisory Committee will be to: (i) review project updates and provide feedback on the overall performance of the Project; (ii) serve as the basis to ensure regional coordination; (iii) allow the use of names and affiliations on publications; (iv) assist with fundraising; (v) provide feedback on public statements; (vi) facilitate the inclusion of the Project's outcomes in international discussions and developments of a regional sustainable tourism certification network and the STSC; and (vii) provide marketing advice for the implementation of Component 3. The following figure illustrates the organizational diagram for project execution.

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[15] Idem footnote 13.

Latin American Sustainable Tourism Certification Network
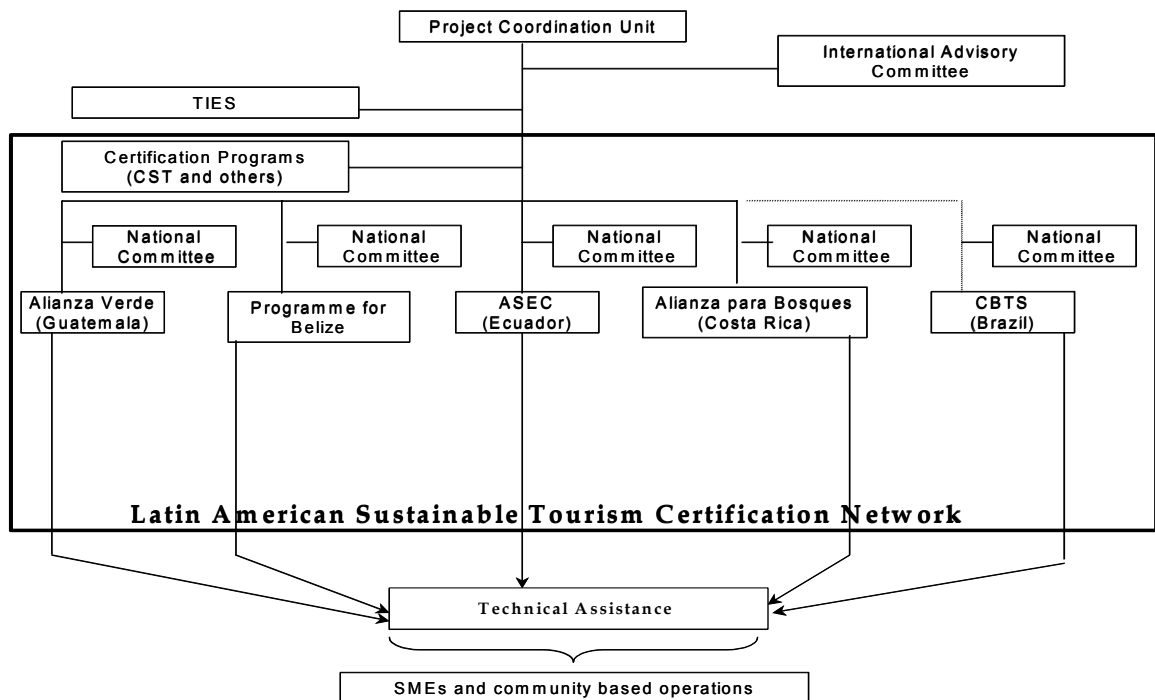
5.10 **Execution period and disbursement schedule**. The project will be executed over a four-year period (48 months of execution and 54 months for disbursement). Gantt and PERT charts have been prepared for graphing and monitoring the 48 months of execution. These charts are available in the technical files.

5.11 **Financial oversight.** The Bank and the external auditors to be retained with MIF resources will carry out ex post reviews of disbursements. Asociación Alianza del Bosque Lluvioso will establish and maintain adequate accounting, financial, internal control, and filing systems, which will allow sources and uses of project funds to be identified. The project's records will be kept in a way that: (i) identifies sums received from different sources; (ii) reports project spending in accordance with a chart of accounts previously approved by the Bank, distinguishing between MIF contributions and funds from other sources; and (iii) includes details necessary for Asociación Alianza del Bosque Lluvioso to process the disbursement requests and their respective justifications of expenditures, in accordance with the Bank's disbursement procedures for ex post review; and (iv) to prepare and submit to the Bank the project's annual audited financial statements and the revolving fund's semiannual reports.

5.12 The PCU will request the Bank to deposit project funds into a special account managed by Rainforest Alliance in New York, New York, for the purpose of facilitating and controlling the transfer of funds to the SEAs in the participating countries. Rainforest Alliance will provide adequate documentation to verify the receipt and transfer of funds, along with any interest earnings, which will be utilized for project expenses. Asociación Alianza del Bosque Lluvioso will ensure that each of the project sites opens separate and specific bank accounts for the administration of the MIF contribution, and that each project unit maintains and sends copies to the PCU of its records and supporting documentation for all procurements and financial transactions made with project funds. Asociación Alianza del Bosque Lluvioso will prepare and submit to the Bank´s Country Office in Costa Rica, within a period of sixty (60) days after the closing of each semester,

a semiannual report showing the status of the revolving fund as of June 30 and December 31. Asociación Alianza del Bosque Lluvioso will prepare and submit to the Bank's Country Office the annual audited financial statements of the consolidated activities of the project. The financial statements will be audited by an independent auditor acceptable to the Bank. The audited reports will be submitted within 90 days after the closing date of each fiscal year.

5.13   The first disbursement of the contribution is based on the estimated needs for project implementation, which covers a three-month period. The moment the project reaches the stage of requiring the allocated resources to implement the **BMP and Certification Implementation Fund**,[16] which will be used to finance pilot implementation of BMP and certification based on demand, additional disbursement into the revolving fund will be made subject to the presentation of the estimated funding needed for a four-month period. The revolving fund is not to exceed 20% of the total amount of the MIF contribution. Subsequent disbursements to the revolving fund will be contingent upon presentation of disbursement requests, with appropriate supporting documentation, including a certified statement of commitments, expenditures and projected cash flow requirements. Asociación Alianza del Bosque Lluvioso will be responsible for ensuring that all subgrantees are implementing activities and accurately keeping records in compliance with Bank procedures, and those practices will be verified by the Bank and external audits.

VI. MONITORING AND EVALUATION

6.1   Basic oversight responsibility and supervision of project execution will rest with the Bank's Country Office in Costa Rica. The Country Office will be responsible for project supervision and monitoring activities, follow up of compliance with contractual clauses, processing of disbursement requests, and reception of audited financial statements. Once standardized practices in accordance with Bank procedures are in effect for the project, the Bank will exercise ex post supervision of the procurement transactions. Asociación Alianza del Bosque Lluvioso will submit semiannual progress reports in accordance with the Bank's standard reporting requirements on the status of the project. With resources from the MIF Cluster activities, the Bank's Project team in collaboration with Asociación Alianza del Bosque Lluvioso, will conduct two review missions to the PCU, at the end of the first and third years, to assess the project and suggest any corrective measures needed to improve implementation.

6.2   The Bank will contract individual consultants to carry out two evaluations of the project, based on the Donors Memorandum, the indicators included in the Logical Framework (Annex I) and those under the monitoring and evaluation system developed under activity 2.8 of Component II. A midterm evaluation will be performed 18 months after the first disbursement and will make recommendations that the PCU should follow to successfully implement the remainder of the project. A final evaluation will be conducted within three months after the project is completed to analyze the fulfillment of the Program's specific objectives, the completion of the level of indicators, and the degree to which the group of SMEs supported increased their competitiveness and market share.

6.3   **MIF Cluster Activities**. The project's monitoring and evaluation activities will be coordinated with the MIF's Facilitation of International Trade and Investment Cluster.

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[16] Idem footnote 8.

The indicators developed for this project to measure firm productivity and project efficiency will be monitored in collaboration with the Office of the MIF to ensure that they take advantage of and complement the MIF's ongoing work in the Cluster. Dissemination events planned for this project will be designed to include relevant MIF project participants to ensure cross-fertilization of experiences from the Cluster on this project. Finally, the project's evaluations will take into account MIF Cluster evaluation experiences.

VII. PROJECT JUSTIFICATION AND RISKS

7.1 **Benefits of the project**. The implementation of BMP and the attainment of certification will allow tourism SMEs to both improve and differentiate their products and services in the market that, in turn, will translate into better conditions for their competitiveness and long-term success. The standards will integrate tourism and business management, thus providing better opportunities for success. Compliance with baseline sustainability standards will provide better opportunities for generating social and environmental advantages in the tourism area where the company operates. Improvements in the social and environmental performance of tourism SME will result from the implementation of BMP and standards, in turn enhancing efficiency, competitiveness, the quality of the product being offered and, ultimately, income. Natural resources preservation will increase, and pollution and other negative environmental externalities will decrease, as a direct result of improved environmental management.

7.2 As the number of SME that register and obtain certification grows, other benefits will accrue: (i) tourist demand will increase as a result of improved tourist products; (ii) SME investments in the tourist area and in the supply chain will contribute to improving the design and delivery of products, marketing, and client satisfaction; and (iii) new industries will develop to provide goods and services that will enable SME to meet the standards, i.e., water treatment products, environmental inventories, biodegradable products, training of guides, etc., benefiting not only tourism, but other productive sectors as well.

7.3 The proposed regional sustainable tourism certification network will give sustainable tourism certification programs a vehicle for building consensus around the components that must be part of a credible and recognized certification program, for sharing information and lessons learned, and for encouraging the participation of SME as well as indigenous and community-based operations in certification programs. This network will also allow organizations working with certification to develop a consolidated message about certified tourism services to be sent to potential markets, thereby increasing the benefits for participating SMEs and indigenous and community-based operations.

7.4 **Final beneficiaries.** By the end of the project, the beneficiaries will include: (i) SMEs working in sustainable tourism or ecotourism in the following four countries: Costa Rica, Guatemala, Belize, and Ecuador; (ii) community-based groups and indigenous groups involved in sustainable or eco-tourism activities in the following four countries: Costa Rica, Guatemala, Belize, and Ecuador; and (iii) organizations implementing or working with sustainable or ecotourism certification programs, including governmental and nongovernmental agencies in the following five countries: Costa Rica, Guatemala, Belize, Ecuador, and Brazil.

7.5 **Project social and environmental impact.** The Committee on Environment and Social Impact (CESI) reviewed and approved the proposed project at its meeting on May 23, 2003. The recommendations provided by the CESI have been incorporated in the Operations Manual of the project. The project team considers that this operation will not have any adverse social or environmental impacts.

7.6 **Risks.** One risk is Asociación Alianza del Bosque Lluvioso´s ability to secure SMEs´ and CPs´ demand for services and products developed and offered by the project. This risk has been taken into account through the work conducted during the STSC feasibility study developed by Asociación Alianza del Bosque Lluvioso with all stakeholders in national and regional initiatives. Evidence suggests that with the promotion and other activities planned under this project, the demand will be sufficiently large to achieve the project objectives. A second potential risk is one of duplication of resources and effort due to the many programs of assistance in the area of sustainable and ecotourism certification. This project's design took this into consideration to ensure that it complements other assistance efforts planned or under way in the area. Furthermore, the objective of this project is to take what is being done in national programs in defining common and harmonized standards that could eventually be accredited by the proposed STSC. A third risk is the potential lack of consensus or agreement on baseline certification standards and accreditation. The design of the project took this into consideration and includes diverse types of interventions that gradually move from the definition of standards at the country level to a regional and international agreement.

7.7 **Justification.** The proposed project is consistent with the MIF Facilitation of International Trade and Investment Cluster whose objective is to contribute to improving market access for SME. By supporting this project, the MIF will help to consolidate the competitiveness of SME in the sustainable tourism sector of participating countries.

VIII. EXCEPTIONS TO POLICIES AND PROCEDURES

8.1 It is recommended that the services of The International Ecotourism Society (TIES) be retained directly by the Asociación Alianza del Bosque Lluvioso, given the following technical and institutional advantages: (i) the Society possesses known abilities and very specialized expertise in the area of both sustainable tourism certification of SMEs and community-based ecotourism operations, not easily found in other firms or agencies; (ii) its extended track record in researching, publishing, and organizing workshops on the subject matter and its long-standing relationship with multilateral agencies and major international conservation organizations, has allowed the Society to build a rich global network of specialized consultants, not easily available at the required level in other entities; (iii) the Society has developed the specialized capability of organizing and convening sizeable multi-stakeholder meetings such as the regional meetings that were forerunners to the World Ecotourism Summit held in Quebec City in May 2002, and the first ever International Conference on Ecotourism and Sustainable Tourism Certification, which brought together some 45 people from 20 countries; (iv) it has effectively coordinated the work of several individual specialists in projects involving sustainable tourism and ecotourism SME certification, as well as prepared and publicized specialized consolidated reports; (v) its newly established institutional relationship with the Center on Ecotourism and Sustainable Development (CESD), a joint project of Stanford University and the Institute for Policy Studies, will provide the proposed project with additional benefits by tapping into the human resources and services of the Stanford University professors and students from a variety of disciplines -Latin American studies,

graduate school of business, study tour program, anthropology, biology, economics, political science- who are working with the CESD; and (vi) the Society not only will offer an efficient management support system to assure quality control during execution of the proposed consulting services, but will also provide continuity of support beyond execution, contributing to the sustainability of the project. The cost structure of TIES´s consulting services is reasonable, well within market costs. The fact that TIES itself will bring an additional US$167,000 in grant funding from the Ford Foundation and others, to partially finance the proposed project activities, provides additional value to the relationship. The contract would be for a total of US$ 334,000, which is 6% of the total cost of the proposed regional project. Therefore, based on the advantages of TIES over all other consulting firms, the Project Team and the Executing Agency have determined that TIES is the only one that can provide these consulting services under the Project, and recommends the entity be directly contracted by the EA to carry out the terms of reference included in the Technical Files.

IX. SPECIAL CONTRACTUAL CONDITIONS

9.1 Prior to the first disbursement, in addition to the Bank's standard contractual conditions, Asociación Alianza del Bosque Lluvioso will provide evidence to the Bank of having: (i) selected the project General Coordinator; (ii) ratified the Operations Manual and Guidelines for the BMP and Certification Implementation Fund, by the PCU and SEAs in participating countries; and (iii) signed the subsidiary agreements with the SEAs.

9.2 Regarding project implementation readiness, Asociación Alianza del Bosque Lluvioso has: (i) submitted a letter to the MIF committing to all counterpart resources; (ii) supplied letters from all SEAs expressing commitment to participate in the project and showing willingness to contribute with counterpart resources; (iii) written a draft version of the Operations Manual, including the guidelines for operating the BMP and Certification Implementation Fund; (iv) received letters of commitment from collaborating institutions and drafted collaboration agreements to be signed with them; and (v) appointed the Project Director and written terms of reference for all members of the PCU and the principal consultants.

Annex I
Logical Framework

Objectives	Indicators	Verification Methods	Assumptions/Observations
Goal			
Increase the competitiveness and market access of sustainable tourism SMEs participating in internationally accreditable certification systems in the LAC region.	By end of Project at least 70% of participating SMEs engaged in implementation of BMP and/or certification, increase market share by at least 10%.	• Baseline and final survey.	• Economic and social international stability. • Continued consumer demand for sustainable tourism.
Purpose			
Implement best management practices and certification in sustainable tourism SMEs, harmonize and strengthen internationally accreditable certification systems, and increase global awareness of these practices.	By the end of the project: Y2007 175 SMEs implementing BMP and/or certified among 250 pilot projects. 5 organization working with the implementation of harmonized BMP and certification criteria and activities leading to accreditation. 6000 stakeholders receiving Project information about BMP and certification.	• Pilot project reports and a sample of technical reports. • Project reports. • Project Final Evaluation.	• Sufficient capacity exists among SMEs to internalize and profit from technical assistance. • Continued support from all key stakeholders of the network.
Components			
Component 1: Best management practices and certification implemented. Develop and gradually harmonize BMP among 5 countries; and provide technical assistance to SME tourism operations through: a) dissemination of BMP guidelines; b) training sessions on certification; c) performing diagnostic visits to measure compliance with baseline standards; d) assisting in the implementation of BMP; and f) engaging SMEs in certification processes.	Harmonized BMP in 5 countries completed in year 1. 40 trainers trained in BMP and certification in year 1; and 20 trainers trained in marketing in year 2. 1800 SMEs and 1800 indigenous and community based operations introduced to BMP, certification and marketing through 144 seminars carried out in 4 countries over 4 years. 160 SMEs and 160 indigenous and community-based operations trained in-depth in BMP and certification and marketing over 4 years. 20 certification auditors trained in using harmonized BMP and certification criteria in year 3. 250 diagnoses completed by year 4; 175 SMEs receive co-financing for implementation of BMP and/or certification by the end of year 4.	• Guide to BMP in sustainable tourism. • Review of training guides and manuals for all training activities. • Training records including list of participants for seminars and workshops. • Project reports. • Final evaluation. • Co-finance activity report.	• SMEs, indigenous and community-based operations are willing to participate in seminars and workshops.

Objectives	Indicators	Verification Methods	Assumptions/Observations
Component 2: Organizations working with sustainable tourism certification strengthened in a consolidated regional network Provide technical assistance in the definition and implementation of internationally recognized harmonized baseline standards, and develop monitoring and evaluation (M&E) systems.	5 or more organizations engaged in a regional certification network by year 1. Strategy formulated for making BMP and certification accessible for SMEs and indigenous groups and community-based operations by year 2. Harmonized certification standards completed by year 4. Baseline standards for accreditation completed by year 4 through direct work with certification programs in the region. Best practices for financial sustainability of tourism certification programs defined by year 4. Indicators, database and data collection system for M&E completed by year 3. Sustainability strategy developed and validated by organizations working with certification in the region by year 4.	• Signed letters to join the Network. • Report with recommended strategies. • Report/guide to certification procedures. • Guide to accreditation standards. • Report on best practices. • Baseline indicators and guidelines for collecting data and annual report on indicators. • Sustainability strategy report.	• Organizations working with certification are willing to participate in project activities. • Lack of consensus or agreement on baseline certification standards and accreditation.
Component 3: Pilot SMEs and organizations working with certification participating in the network marketed Develop recognition of certified sustainable tourism among key players in the travel and tourism industry.	Marketing strategy formulated by year 1. Marketing and Communication Plan launched by year 4.	• Project reports.	• Continued consumer demand for sustainable tourism. • Lack of interest from key players in the tourism and travel industry.
Activities Component 1: **1.1** Develop guidelines for BMPs and certification and dissemination mechanism **1.2** Development of training curricula, modules and materials **1.3** Training the trainers on BMPs, certification and marketing modules **1.4** Promotional activities to make SMEs aware and express interest in participating in the Project **1.5** Seminars and workshops on best management practices, certification and marketing	US$26,800 US$7,200 US$46,805 US$26,600 US$174,520		•

Objectives	Indicators	Verification Methods	Assumptions/Observations
1.6 Training certification auditors in the baseline standard	US$40,725		
1.7 Develop a guide for diagnoses of pilot projects	US$750		
1.8 Develop and co-finance pilot projects to ensure implementation of best management practices and formal involvement in certification programs	US$781,220		
1.9 Develop a guide for marketing certified products	US$4,150		
Activities Component 2:			•
2.1 Organizing an event to launch the Latin American Sustainable Tourism Certification Network	US$46,050		
2.2 Work with certification programs to engage SMEs, indigenous and community-based operations in certification	US$139,200		
2.3 Develop exchanges with peer certification programs	US$14,000		
2.4 Develop harmonized baseline standards and criteria for certification and accreditation	US$7,600		
2.5 Analyze financial sustainability of certification programs	US$105,000		
2.6 Conduct workshop about accreditation for certification programs in Latin America	US$12,900		
2.7 Diagnoses and implementation plan to prepare certification programs for accreditation	US$7,000		
2.8 Development of monitoring and evaluation indicators and systems	US$145,940		
2.9 Develop, in conjunction with WTO, UNEP, TIES and other partners and advisors, a plan for the launching of the STSC	US$34,850		
2.10 Develop a sustainability strategy and the framework for a regional fund for certification programs and the STSC (to be done by the PCU)			
Activities Component 3:			•

Objectives	Indicators	Verification Methods	Assumptions/Observations
3.1 Develop market analyses and recommendations for increasing demand for certified products	US$166,750		
3.2 Develop and implement a marketing and communications plan	US$78,755		
3.3 Develop profiles and disseminate information about pilot operations	US$150,500		
3.4 Educate journalists to obtain their support in promoting sustainable tourism;	US$30,750		
3.5 Engage tour operators and key NGOs	US$14,000		