

**CARIBBEAN DEVELOPMENT BANK**



**EXECUTIVE SUMMARY WITH MANAGEMENT RESPONSE**

**PROJECT COMPLETION VALIDATION REPORT**

**UPGRADING OF ECOTOURISM SITES  
DOMINICA**

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**OFFICE OF INDEPENDENT EVALUATION**

**MAY 2015**

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**MAY 2015**

## EXECUTIVE SUMMARY

### 1. BASIC PROJECT DATA

<b>Project Title:</b>	Upgrading of Ecotourism Sites
<b>Country:</b>	Commonwealth of Dominica
<b>Sector:</b>	Tourism
<b>Loan No.:</b>	8/SFR-OR-DO and 8/SFR-OR-DO Add. Loan
<b>Borrower:</b>	Government of the Commonwealth of Dominica (GOCD)
<b>Implementing/Executing Agency:</b>	Ministry of Tourism

<u>Loan and Grant Approved (USD mn)</u>	<u>Original</u>	<u>Additional</u>	<u>Supplemental<sup>1</sup></u>	<u>Total</u>
Ordinary Capital Resources (OCR) <sup>2</sup>	0.558	1.742	-	2.300
Special Funds Resources (SFR)	2.502	1.314	2.220	3.816
Special Development Fund (Grant)	0.042	-	-	0.042
<b>Total Loan and Grant Amount</b>	<b>3.102</b>	<b>3.056</b>	<b>2.220</b>	<b>6.158</b>
<u>Disbursements (USD mn)</u>				
Disbursed	2.545	1.314	2.293	6.152
Cancelled	-	-	0.006	0.006 <sup>3</sup>

<u>Project Milestones</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (months)</u>
Board Approval (Original Loan)	1994-12-08	1994-12-08	-
Loan Agreement signed:	1995-02-21	1995-01-16	1.17
Loan Effectiveness:	1995-06-30	1995-09-15	(2.6)
Board Approval (Add. Loan)	2003-03-06	2003-03-06	-
Amended Loan Agreement signed:	2003-05-18	2003-05-09	0.26
Loan Effectiveness (Add. Loan)	2003-07-17	2003-07-29	(0.40)
Date of Grant Agreement	1995-02-21	1995-01-20	1.00

<u>CDB Loan</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (months)</u>
First Disbursement Date:	1995-09-30	1996-12-31	(15.3)
Terminal Disbursement Date (TDD):	1998-09-30	2009-08-06	(132.1)
TDD Extensions (number):	-	10	-

<u>Project Cost and Financing (USD mn)</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance</u>
CDB Loan:	6.116	6.116	-
CDB Grant:	0.042	0.042	-
Other Loan:	-	-	-
Counterpart:	1.249	1.116	(0.133)

<u>Terms</u>	<u>Interest Rate</u>	<u>Repayment</u>	<u>Grace Period</u>
CDB Loan (SFR):	2%	30 (including grace period)	10 years
CDB Loan (OCR):	7.75% (Variable)	22 (including grace period)	5 years

<u>Implementation</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance</u>
Start Date: <sup>4</sup>	1995-06-30	1995-09-15	(2.6) months
Completion Date:	1998-12-31	2009-06-30	(126) months
Implementation Period:	3.6 years	13.7 years	10.1 (years)

<u>Economic Rate of Return (%)</u>	<u>At Appraisal</u>	<u>PCR</u>	<u>PCVR</u>
Original Loan	17%	-	-
Additional Loan	9%	9%	6%

<sup>1</sup> Supplemental loan amount is excluded from the total loan amount since it is already included in the original and additional loans.

<sup>2</sup> OCR component of the loan was converted to SFR on October 1, 2004 to assist GOCD to address fiscal challenges. Source Loan Disbursement Details by Fiscal Date, October 01, 1996 to March 10, 2014.

<sup>3</sup> Loan Portfolio Details by Borrower as at April 8, 2015.

<sup>4</sup> Implementation begins with satisfaction of conditions precedent

## **2. PROJECT DESCRIPTION**

2.01 In 1993, the Caribbean Development Bank (CDB) provided technical assistance (TA) by way of a contingently recoverable loan to allow the Government of the Commonwealth of Dominica (GOCD) to engage consultants to visit, study and evaluate 12 ecotourism sites identified by GOCD and to make recommendations for improvements of access and facilities for the sites which had the most economic potential. This project was informed by the findings of that TA consultancy.

2.02 The Upgrading of Ecotourism Sites project was approved in December 1994 with financing by way of a loan of USD3.06 million (mn), (Original Loan), comprising USD0.558 mn from CDB's Ordinary Capital Resources (OCR) and USD2.502 mn from CDB's Special Funds Resources (SFR) and a TA grant of USD0.042 mn. This was CDB's first intervention in funding a project involving the sustainable and economic use of the natural resources of a Borrowing Member Country (BMC) for the development of its tourism industry. As such, the project was a pilot project and its implementation would serve as a guideline for the development of similar projects in the Region.

2.03 In 2003, an additional loan was approved in an amount not exceeding the equivalent of USD3.056 mn comprising USD1.742 mn from CDB's OCR and USD1.314 mn from CDB's S SFR (Additional Loan) to facilitate the completion of work on the upgrading of five ecotourism sites in Dominica. The Additional Loan was to finance the cost of road improvements to two sites - the Freshwater Lake (FWL) and Soufriere sites, allowing the realisation of benefits from the effective use of those sites; provide funding for the outfitting of buildings, interpretational material and complementary TA for authenticity development and institutional strengthening; and start-up working capital for the Carib Model Village<sup>5</sup>. The Revised Loan totalled an amount not exceeding USD6.116 mn comprising OCR resources of USD2.300 mn and SFR resources of USD3.816 mn. The OCR component of the Revised Loan was converted to SFR on October 1, 2004 to assist GOCD to address fiscal challenges. The actual Terminal Disbursement Date (TDD) was in August 2009. The total amount including the grant component of USD0.042 mn disbursed was USD6.152 mn.

2.04 The project was expected to significantly increase the contribution of the tourism sector to Gross Domestic Product (GDP) through the provision of additional ecotourism sites; and also support preservation of Dominica's natural resources through improvement of the overall management capacity of key institutions and stakeholders.

### **PROJECT OBJECTIVES OR EXPECTED OUTCOMES**

2.05 The significant decline in the export of bananas, originally the principal crop and mainstay of the economy of Dominica, was attributed primarily to the loss of preferential trade access to European markets. As a result, GOCD focused on tourism development as a main contributor to GDP. Since Dominica's tourism product differed markedly from the 'sun, sea and sand' product which was typical of other Caribbean destinations, GOCD elected to promote the "nature island" or ecological tourism (ecotourism) concept.

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<sup>5</sup> Presently called Kalinago Barana Aute.

- 2.06 The primary objectives of the project were:
- (a) dispersion of visitor traffic among existing and new sites;
  - (b) creation of business opportunities and employment;
  - (c) increase in foreign exchange earnings; and
  - (d) institution of improved management in the tourism sector.

### **EVALUATION OF QUALITY AT ENTRY**

2.07 The project design clearly sought to address the challenges identified at appraisal through the establishment of a Project Management Team (PMT) comprising a Finance Officer, a Forestry Officer and an Engineer; appointment of a Project Manager (PM); provision of management consultancy services; and establishment of a Joint Working Committee for Site Development<sup>6</sup> to facilitate inter-agency coordination. In this regard, the design was relevant and appropriate. The Evaluator rates the Quality at Entry (QAE) of this project as *Satisfactory*, taking into account the achievements; persistent weaknesses in organisational relationships; GOCD's fiscal constraints; and GOCD's tenacity to diversify the economy by enhancing the country's ecological tourism assets.

### **EVALUATION OF PERFORMANCE AND OVERALL ASSESSMENT**

2.08 Project performance was assessed using the Core Evaluation Criteria: Relevance, Effectiveness, Efficiency and Sustainability; and the Complementary Evaluation Criteria: Thematic Assessments<sup>7</sup> and Institutional Development (ID), CDB Performance, and Borrower/Executing Agency (EA) Performance. Validation of the Project Completion Report (PCR) included a site visit by the Consultant and staff of the Office of Independent Evaluation (OIE).

2.09 OIE rates the overall performance of the project as *Marginally Unsatisfactory* mainly based on the primary objectives not being fully achieved and observed weaknesses in efficiency and sustainability. While most outputs have been achieved, delays, cost overruns, shortcomings in strengthening management in the tourism sector and limited outcomes are the main factors in OIE's assessment.

2.10 Although a pilot project and minimal outcomes being achieved for project sites, the potential for improving the performance of the project sites is still a realistic goal. The project was successful as a developmental tool, demonstrating that investment in ecotourism can be viable, can contribute to diversifying revenue sources; and can be sustainable if the key management and environmental considerations indicated in the appraisal report are addressed.

2.11 CDB and the country at the time of the first approval had limited experience in the then new field of ecotourism. The project appears to have the characteristics of a pilot activity demonstrating that investment in ecotourism can be viable and can contribute to diversifying revenue sources. OIE is aware that some of the findings and recommendations have already been or are currently addressed. This

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<sup>6</sup> A Joint Working Committee<sup>6</sup> comprised the Permanent Secretary (PS) of Ministry of Tourism (MOT); PS, Ministry of Agriculture (MOA); Directors of Forestry and Tourism; the PM; and other key stakeholders, including representatives of the Carib/Kalinago Community.

<sup>7</sup> Cross-cutting themes are: poverty reduction, gender equality/issues, socioeconomic conditions and economic growth, institutional development, technology enhancement/changes, environmental issues of Climate Change and Disaster Risk Mitigation, and Citizen Security.

validation report includes an extensive list of lessons derived from the project, as well as other relevant sources. OIE suggests that these lessons should be considered by CDB and BMCs for future investment in projects in this sub-sector.

### **BORROWER AND/EXECUTING AGENCY PERFORMANCE**

2.12 The Evaluator concurred with the PCR's *Unsatisfactory* rating for the performance of the Borrower and EA and the reasons presented for the rating. The primary reasons for the rating were the weak management of the project; ineffective communication and collaboration among key government agencies; lack of compliance with Section 6.06 (d) which required revision to the User Fees System (UFS); and Section 6.07 on reporting requirements, of the Loan Agreement, respectively.

2.13 The Evaluator points out the following reasons:

- (a) challenges experienced with complying with loan conditions<sup>8</sup> which were a contributing factor to the lengthy (an estimated two years) appraisal for the Additional Loan;
- (b) GOCD's reluctance to consider increasing User Fees, despite the analysis suggesting the critical need to address this issue; and agreement with a major cruise line in January 2004 to maintain User Fees until 2006, despite approval of the additional loan in February, 2003;
- (c) general lack of urgency by GOCD regarding project implementation;
- (d) non-compliance with the project's monitoring and reporting requirements as detailed in Appendix 3.14 of the Original Loan Appraisal Document; and Appendices 9.1 and 10.1 Item 3 (a) of the Additional Loan Appraisal Document; and
- (e) annual Audit Reports on the Fund were not submitted as required.

Each of the aforementioned contributed to significantly delaying project completion which was approximately 11 years after the pilot project/original loan (which initially anticipated four years for completion from 1995 to 1998) and a further seven years (2003-09) with the additional loan to complete the re-scoped project.

### **CARIBBEAN DEVELOPMENT BANK PERFORMANCE**

2.14 The Evaluator rated CDB's overall performance as *Marginally Unsatisfactory* based on the assessment that supervision of GOCD's compliance was not as rigorous as it should have been, with regard to reporting requirements (particularly annual Audited Reports on the Reserve Fund and semi-annual reports on the monitoring indicators), meeting agreed timelines for project activities and decisions requiring follow up by stakeholder agencies. Although the Bank had initially discussed arrangements for a start-up workshop to ensure that all stakeholders were on the same page in terms of the project goals and their respective roles and responsibilities, the changes in Ministry responsibility for the project in Dominica and subsequent delays to implementing the project meant that the start-up workshop did not take place and there was no exit workshop.

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<sup>8</sup> See Volume 6 Folios 26, 36, and 61; Volume 8 Folio 17 and Folio 38; Aide Memoire dated April 18-24 2002

**TABLE 1: SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF THE PROJECT**

Criteria	PCR/PSRs <sup>9</sup>		OIE Review <sup>10</sup>		Reason if any for Disagreement/Comment
	Score	Rating	Score	Rating	
Strategic Relevance	7.0	Highly Satisfactory	4.0	Highly satisfactory	-
Poverty Relevance					
Effectiveness	5.0	Satisfactory	2.0	Marginally Unsatisfactory	The project did not fully achieve the specified objectives. Although the project outputs have been completed, the complementary interventions to support achievement of the higher order objectives related to visitor dispersion, new business opportunities and employment, increased foreign exchange earnings and improved management in the tourism sector, were not implemented. The project was successful as a developmental tool which provided a framework for further development of ecotourism in the country and Region.
Efficiency	5.5	Satisfactory	2.0	Marginally Unsatisfactory	Rating is based on significant delays in project completion (11 years); increase in project costs; capacity underutilisation of project financed sites; low level of marketing efforts to improve the revenue performance of project sites; and an Economic Rate of Return (ERR) of 6 per cent (%) <sup>11</sup> . There are unquantifiable benefits which would likely improve the ERR such as income to tour guide and taxi drivers, handicraft sales, food production, value of preserving biodiversity, and visitors other expenditure at the sites (water, snacks).
Institutional Development	5.5	Satisfactory	Rated only	Unsatisfactory	The TA components to support management capacity, including implementation of a Management Information System (MIS) appear to have been mostly ineffective; PMT did not function as intended; and the National Parks Authority (NPA) was not established.
Sustainability	5.0	Satisfactory	2.0	Marginally Unsatisfactory	Poor project management coordination, lack of inter-agency collaboration and implementation of a lower UFS pricing than what was anticipated at appraisal which resulted in a lower level of benefits; and inadequate marketing of under-visited sites.
<b>Composite (Aggregate) Performance Rating</b>	<b>5.6</b>	<b>Satisfactory</b>	<b>2.5</b>	<b>Marginally Unsatisfactory</b>	Although a pilot project and minimal outcomes being achieved for project sites, the potential for improving the performance of the project sites is still a realistic goal. The project was successful as a developmental tool.
Borrower and EA Performance	Rated only	Unsatisfactory	Rated only	Unsatisfactory	-
CDB Performance	Rated only	Satisfactory	Rated only	Marginally Unsatisfactory	Quality of supervision and follow up with regard to implementation of the MIS for the National Parks Service (NPS) and compliance with reporting requirements.
<b>Quality of PCR</b>				<b>Unsatisfactory</b>	-

<sup>9</sup> Based on the Project Performance Evaluation System (PPES) 2001. Refer to Appendix 5 for the Performance Assessment System (PAS) Equivalence.

<sup>10</sup> PAS 2013 System applied.

<sup>11</sup> In both PPES and PAS, a project with an ERR of  $\geq 8\%$  and  $\leq 12\%$  is rated *Marginally Unsatisfactory* for Efficiency (PCR = 9%; OIE = 6 %).



## LESSONS

2.15 The PCR identified the lessons learned from implementation of the project as:

- (a) Improving Accuracy of Cost Estimates: Project design should focus on improving the accuracy of project cost estimates in order to reduce the likelihood of additional financing being required to complete both the original and omitted project components;
- (b) EA's Management Capacity: Implementing agencies must be critically assessed with respect to their capacity to manage projects and, if necessary, funds included as part of project cost to provide project management support;
- (c) Product Development and Marketing: Where a product being developed will be marketed to final consumers, developers must maintain constant communication and collaboration with the entity that will be responsible for marketing the product to ensure seamless and effective transfer from development to marketing of the product; and
- (d) Demonstration Pilot: As a pilot, the project has demonstrated the economic feasibility of CDB's intervention in funding the development, sustainable management and economic use of natural resources for the creation of additional tourist assets, increasing employment and foreign exchange.

2.16 The Evaluator concurs with the lessons identified in the PCR and notes other valuable lessons and good practices recorded by other development agencies and researchers that are relevant to this project:

- (a) Environmental and social monitoring<sup>12</sup> the development of tourism can create broad environmental and social benefits. However, uncontrolled growth also brings with it substantial environmental and social risks and problems. To avoid these, experience has shown that careful planning, management, and socio-environmental controls are needed in the sector, with the participation and coordination of the different stakeholders involved in tourism activity (public sector, private sector, and civil society). To prevent and mitigate environmental impact, systems are needed to monitor environmental quality and biodiversity in tourism destinations (particularly in the case of environmentally sensitive or fragile areas), in addition to regulatory frameworks and environmental monitoring and control systems for tourism activities.
- (b) Stakeholder participation<sup>13</sup> is an essential element in project design and implementation in order to identify and satisfy needs especially where specific ethnic requirements are to be taken into consideration for re-creating authentic sites such as Kalinago Barana Aute (KBA)/Carib Model Village (CMV), including the specifications of materials and designs to be used. Participatory planning also promotes consultative inclusive decision-making processes and empowerment.

Direct involvement of local communities, in all stages of project preparation and implementation is the only way to real ownership. Dominica was selected for a case study

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<sup>12</sup> Tourism Sector Framework Document. Environment, Rural Development, and Disaster Risk Management Division, IADB. October 2014

<sup>13</sup> "Ecotourism in Dominica: Studying the Potential for Economic Development, Environmental Protection and Cultural Conservation" Slinger- Friedman et.al Institute of island Studies, University of Prince Edward Island, Canada (2009) pg. 15

on alternative tourism and sustainable development in a small island state. The study examined the positive and negative impacts on community development, capacity building and environmental protection. There is evidence to suggest that the net social benefits and distributional impact of tourism vary in response to policies that encourage linkages with the local economy and increase the participation of poor and vulnerable groups throughout the tourism value chain.

- (c) Linkages and Risk Mitigation:<sup>14</sup> successful tourism development demands that direct support for private sector activities be channelled not to individual initiatives, but instead to initiatives that are part of a comprehensive destination intervention strategy, therefore involving the participation of other relevant agents in their configuration (particularly the public sector).

One of the ways to limit the associated risk relies on a careful assessment of the consistency and linkage of any initiative with the local/national policy and legal framework (tourism or ecotourism policies and plans, resource management plans, rural development plans, protected area plans, economic strategies, etc.) and the market environment. This approach can ensure the synergy of the initiative with the policy and economic context and at the same time bring greater political support by local governments. Integration across different sectors is a relevant element to be considered during the planning stage.<sup>15</sup>

- (d) Policy framework: factors contributing to the success of an ecotourism intervention include development of supportive institutional structures; policy framework, arrangements and systems; sustainable funding mechanisms; allocation of administration and management resources to local organisation in the sector/subsector; mechanisms for equitable distribution of benefits; gender sensitive planning; mitigation of impacts; awareness building, education and codes of conduct; monitoring of environmental impacts and periodic review of carrying capacity. Land tenure, regulatory context, planning process, government attitudes and capacity are also critical factors that can constrain or facilitate progress.<sup>16</sup>
- (e) Monitoring and evaluation involving the beneficiaries is a critical element for providing baseline data from which to measure progress; tracking the performance of the intervention in achieving its outcomes; resource mobilisation; donor reporting; creating community ownership; and dissemination of experience. In addition, information and communication technology applications can be used to provide information to visitors; facilitate accessibility and enjoyment of disadvantaged people; monitor species; and monitor visitors in order to have a more updated and effective management of the trail<sup>17</sup> A lesson learned that cuts across all tourism sector projects is the need to strengthen capacities for M&E of the outcomes and impacts of interventions.<sup>18</sup>
- (f) The increasing demand for ecotourism can play a vital role in saving endangered forests and wildlife. However, the potential damaging effects of its expansion must be effectively

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<sup>14</sup> Tourism Sector Framework Document. Environment, Rural Development, and Disaster Risk Management Division, IADB. October 2014.

<sup>15</sup> A Survey of Tourism Best Practices. European Union, February 2014.

<sup>16</sup> European Commission. Caribbean Regional Sustainable Tourism Development Programme. Competing with the Best - Good Practices in Community-Based Tourism in the Caribbean 2006.

<sup>17</sup> A survey of Ecotourism Best Practices and of national policies in the Mediterranean region. European Union, February 2014.

<sup>18</sup> Tourism Sector Framework Document. Environment, Rural Development, and Disaster Risk Management Division, IADB. October 2014

managed in order to protect the country's biodiversity through the promotion of sustainable practices. *“As never before, parks and protected areas are under threat. While some are altered by mining, farming or resource removal, others are loved to death by excessive use or unmanaged visitation<sup>19</sup>.”*

- (g) Community-based ecotourism offers enormous potential for economic development and cultural and natural heritage protection. In particular the economic benefits arising from ecotourism can be a powerful incentive for the conservation of protected areas at both the community and governmental level. However, unless local communities are empowered as stewards of the natural resource base that supports the industry, and the public sector - in particular the Tourism and National Protected Areas Management agencies - adopts and enforces strong regulatory mechanisms, community-based ecotourism is not likely to be sustainable in the long term and may even lead to irreparable environmental and cultural damage.<sup>20</sup>
- (h) Ecotourism has a far greater potential for contributing to income and livelihoods in poor rural communities than what is realised. Ecotourism can motivate local communities to maintain and protect forests and wildlife as they see their income directly linked to the preservation of their environment.
- (i) Market research is fundamental and full business planning is needed. International tour operators may not be the best source of business for community based operations. Local operators need to research the market well and look for agencies who would like to promote and sell their programmes. Market tourism by relating directly to conservation efforts and to sustainable biodiversity.
- (j) The trend toward new tourism niches in Latin America and the Caribbean has brought benefits, but also costs to the region's indigenous peoples. Tourism can benefit indigenous communities by increasing community and personal income, and bring empowerment and self-confidence to traditionally subjugated peoples. This can be achieved by developing tourism hand in hand with the revitalisation of indigenous culture; and consolidation of indigenous demands of territory, identity and autonomy in any and all tourism projects<sup>21</sup>.

Experiences in Latin America have also led to greater respect for the indigenous groups on the part of national and local authorities and to their active incorporation in development planning for tourism as respected players<sup>22</sup>.

## **PROJECT COMPLETION REPORT QUALITY**

2.17 The Evaluator acknowledges that the PCR Consultant did not have access to the PCR Guidelines or any other guidance material except the template for the previous PCR format; key TA reports were not appended to the Registry Project Files; the quality of PSRs also constrained analysis of implementation

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<sup>19</sup> Ecotourism and Conservation. The Nature Conservancy, October 2004.

<sup>20</sup> Linking Conservation and Ecotourism Development: Lessons from the UNESCO-National Tourism Authority of Lao Pdr Nam Ha Ecotourism Project. UNESCO, March 2002.

<sup>21</sup> Tourism and Indigenous Peoples – Lessons from Recent Experiences in Eco and Ethno Tourism in Latin America and the Caribbean. World Bank Responsible Tourism Series No. 14, August 2009.

<sup>22</sup> Tourism and Indigenous Peoples – Lessons from Recent Experiences in Eco and Ethno Tourism in Latin America and the Caribbean. World Bank Responsible Tourism Series No. 14, August 2009.

challenges; and that the lack of outcome-related data in the project files was a major obstacle to assessing the effectiveness of the intervention. As such, the assessment of PCR quality will omit these criteria.

2.18 The Report was concise, well written and relatively easy to follow. Nevertheless, an unsatisfactory rating was assigned to the overall quality of the PCR based on the following:

- (a) deficiency in the understanding, clarity and distinction between impact, development objectives, outcomes, outputs, and output indicators;
- (b) inadequacy of supporting evidence/data to substantiate findings and conclusions. Throughout the PCR, assertions were made without any supporting documentation or references which made validation extremely challenging;
- (c) insufficiency in the depth of the lessons learned. Mitigation measures could have been included to address issues of the protracted implementation period and under estimation of project cost, such the completion of comprehensive feasibility studies, robust topographical surveys and engineering designs prior to loan approval; and
- (d) inadequacy of specific information relating to the issues underscoring the lack of marketing of the upgraded project sites; low level of project management exhibited; and poor inter-agency communication and collaboration that adversely affected achievement of the project's outcomes.

### **RECOMMENDATIONS**

2.19 No follow-up for OIE is required. The Evaluator concurs with the recommendations stated in the PCR that GOCD should:

- (a) improve access to Kalinago Barana Aute (KBA) if the full income generating potential of this site is to be realised;
- (b) improve oversight of KBA operations with regard to financial reporting to a level comparable with the other sites;
- (c) implement further upgrades to Trafalgar Falls and Emerald Pool and apply higher User Fees to reduce the continued high level of demand at these sites;
- (d) enhance marketing of the sites through formulation of appropriate plans and development of promotional materials;
- (e) commission a study to plan for the coordinated development and marketing of the North, including a strategy for the development of cruise tourism at Portsmouth Harbour; and
- (f) restrict the sale of Week Passes to Cruise Operators in light of the inappropriate practices of some cruise ship tour operators that result in reduction of overall revenue; and
- (g) consider the use of hotels as points of sale for the Week Passes.

2.20 The Evaluator also recommends that GOCD and MOT:

- (a) conduct a study to assess the carrying capacity of each site; formulate policies and benchmarks for managing visitor load at each site; and implement regulations that would enhance sustainability of the ecotourism sub-sector;
- (b) implement a system to monitor environmental impacts at all sites; and formulate measures to mitigate adverse impacts that may arise. GOCD has indicated in several policies and plans, the importance of maintaining the island's natural resources for future generations; and
- (c) enhance growth and sustainability of the tourism sector and ecotourism sub-sector by considering market segmentation and specialised marketing strategies to effectively target niche markets and diversify the tourism sector; strengthen its linkages with other sectors; adding value and catering to emerging special interest groups (e.g. ecological, cultural, health, heritage) to attract more high income visitors; and application of proportional and differential pricing to match the carrying capacity of the ecotourism sites to visitor numbers (which would also mitigate potential adverse environmental impact of mass tourism in sensitive ecological areas).

2.21 In addition the Evaluator recommends that the Bank should advise GOCD to follow up on the status of outstanding project issues such as:

- (a) Status of the NPA;
- (b) Documentation of any challenges related to implementation of the MIS system;
- (c) Level of utilisation of TA outputs in the development or operationalisation of ecotourism in Dominica;
- (d) Status of the UFS including any proposals for revising site fees;
- (e) Status of audited reports on the Revenue Fund; and
- (f) Annual Maintenance Plans for upgraded sites and the budgetary allocation if funds are not being utilised from the Revenue Fund.

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**MANAGEMENT RESPONSE**

**PROJECT COMPLETION VALIDATION REPORT**

**UPGRADING OF ECOTOURISM SITES  
DOMINICA**

**MAY 2015**

**MANAGEMENT RESPONSE**

1.01 The Draft Project Completion Validation Report (PCVR) was reviewed by Staff of the Economic Infrastructure Division (EID) and comments forwarded to the Office of Independent Evaluation on August 14, 2014. A Final Version of the PVCR was sent to EID on April 22, 2015.

2.01 There was general congruence between the Project Completion Report (PCR) and the PCVR and we find the conclusions of the PCVR to be reasonable and accept the Report. Both the PCR Team and the Evaluators agreed that there were some valuable lessons learned from the Project which will assist the Bank in maximising the impact of future interventions of a similar nature in its Borrowing Member Countries. Several of these are already being incorporated into recent project designs.

3.01 While the PCVR states that neither Project Launch nor Exit Workshops were conducted for this Project it should be clearly recognised that it was not standard practice to hold such workshops when this Project was implemented in 1994.