



Competitiveness for Tourism Development (P146666)

AFRICA | Cabo Verde | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 7 | ARCHIVED on 12-Dec-2019 | ISR39687 |

Implementing Agencies: Ministério das Finanças, Unidade de Gestao de Projectos Especiais (UGPE)

Key Dates

Key Project Dates

Bank Approval Date: 10-May-2016	Effectiveness Date: 15-Nov-2016
Planned Mid Term Review Date: 10-Dec-2019	Actual Mid-Term Review Date: 31-Oct-2019
Original Closing Date: 31-May-2021	Revised Closing Date: 31-May-2021

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project development objective is to create the conditions necessary to increase investment into and diversification of the tourism sector.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Component 1: Enhancing governance framework of the tourism sector:(Cost \$2.27 M)
Component 2: Diversify tourism sector and increase inclusiveness of tourism-led growth by strengthening the competitiveness of local MSMEs:(Cost \$2.24 M)
Component 3: Project implementation:(Cost \$0.49 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Satisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions

The Project's implementation progress markedly increased in the last cycle and has now reached a satisfactory level, which is reflected among others by a disbursement rate of 55 percent (by October 31, 2019).

One of the key milestones for the project has been the establishment of the Tourism Institute, which is expected to largely address the governance issues which have hindered the sector's coordination and development so far. It will be essential that the Government dedicates adequate funding and resources to operationalize the Tourism Institute, which has a critical mandate to support the sector and coordinate the action of the different stakeholders. In addition, the Project helped develop tourism planning instruments for most of the islands, in the form of Tourism Master Plans (which are island-specific tourism strategies and work plans) and Tourism Zoning Plans (which are zoning plans for some of the designated tourism development zones (ZDTIs) on Santiago and Sal islands so far. These documents represent critical tools to realize the national tourism vision noted



in the GoPEDS strategic guidelines, and are expected to be strong policy implementation tools in the hands of the Tourism Institute and other stakeholders to frame the development of the sector.

In addition, the implementation of the Quality Seal for small accommodations program -- implemented through the Institute for Quality Management and Intellectual Property (IGQPI) -- is also progressing well with a successful pilot during the summer 2019. This activity is now ready to be rolled out in the first quarter of 2020 in selected main islands. This activity is critical in terms of helping locally-owned small accommodations improve standards to compete on the increasingly important independent travelers' market. It is core to the Government's strategy to diversify the sector beyond the all-inclusive hotel type of accommodation. The support of the island and municipal authorities as well as tourism sector stakeholders to this initiative is critical to ensure its success.

Finally on the investment climate sub-component, there is encouraging progress as secondary insolvency regulations have been approved, and the overall legal framework is now starting to be effectively used by the judiciary (17 cases have recently entered litigation under the new Law). Further efforts to sensitize businesses and their legal advisors, as well as magistrates about insolvency will be important in mainstreaming such practice in Cabo Verde.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Moderate	● Moderate	● Moderate
Macroeconomic	● Substantial	● Substantial	● Substantial
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate	● Moderate
Fiduciary	● Moderate	● Moderate	● Moderate
Environment and Social	● Moderate	● Moderate	● Moderate
Stakeholders	● Moderate	● Moderate	● Moderate
Other	--	--	--
Overall	● Moderate	● Moderate	● Moderate

Results

PDO Indicators by Objectives / Outcomes

Increased investment generated				
► Increased investment generated (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	35.00
Date	10-May-2016	28-Jun-2019	28-Jun-2019	01-Mar-2021



►Increased bed nights at beneficiary small accommodation establishments (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	18.00
Date	10-May-2016	28-Jun-2019	28-Jun-2019	01-Mar-2021

Overall Comments

The Project is not yet reporting on the impact in terms of private investment generated in the tourism sector, as a lot of the preparatory work is still underway, including the operationalization of the Tourism Institute, the completion of the land planning in the tourism zones (which will make them "investment-ready"), the completion of the island-by-island tourism master plans, as well as the capacity building for investor outreach.

In addition, the MTR mission recommended some changes to strengthen the M&E framework, which would affect PDO-level indicators as follows:

- *PDO-level Indicator 1 – Increased investment generated (\$35 million):* According to the original PAD, this indicator means the actual investment made by investors. In reality, the time between the moment the investment license is granted or investment is committed, and the actual groundbreaking, completing construction, fitting the interior, etc. is beyond the control of the project team or its counterparts (MTT). The team recommends revising this indicator to "**investment catalyzed**" to reflect the nature of the project activities, which enable or catalyze investment. The team further suggests evidence of investment catalyzed to be based on the official records of signed investment conventions or tourism utility licenses, rather than based on actual investment on the ground, as initially assumed. Also, the team suggests breaking down investment by islands to demonstrate the "diversification".
- *PDO-level Indicator 2 – Increased bed nights at beneficiary small accommodations (18%):* The team further assessed this indicator to be unrealistic because: (i) the first SMEs or small accommodations to get certified with Quality Seal will likely happen in mid-2020 only, leaving limited time before project closure for improvements to take place and translate into additional "bed nights"; and (ii) other efforts to increase the country's visibility and attract further tourists are also still ongoing and will take time to complete. Therefore, the team suggests either extending the project's timeline to wait for the outcome to materialize or using a more short-term outcome as a PDO-level indicator. The suggested indicator is "**Number of SMES certified with Quality Seal, of which owned or managed by women.**" Improving the quality of small establishments or tourism services also speaks for the diversification in terms of accommodation offerings.

The team will seek Management endorsement of the proposed changes through Level 2 Restructuring following this MTR in order to adjust the results framework accordingly.

Intermediate Results Indicators by Components

Component 1: Enhancing governance framework of the tourism sector				
►Start-up of operations of the Tourism Institute (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	10-May-2016	28-Jun-2019	28-Jun-2019	01-Mar-2021
Comments:	This indicator has been re-phrased, using the new nomenclature "Tourism Institute" or Instituto do Turismo, to reflect the new name used by the Govt for the agency in charge of tourism development.			
►Development of a national tourism strategy (Yes/No, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	10-May-2016	30-Nov-2018	30-Nov-2018	01-Mar-2021
Comments:	The Govt has adopted the GoPEDS-Turismo (Grandes Opções do Plano Estratégico de Desenvolvimento Sustentável do Turismo no horizonte 2030), which constitutes the Govt's strategy for the development of the tourism sector.			

Component 2: Diversify tourism sector and increase inclusiveness of tourism-led growth by strengthening the competitiveness of local MSMEs

►Beneficiaries of the small accommodation quality label that feel project investments reflected their needs (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	75.00
Date	10-May-2016	28-Jun-2019	28-Jun-2019	01-Mar-2021

►Number of MSME representatives trained by private sector organizations (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	17.00	51.00	100.00
Date	10-May-2016	28-Jun-2019	29-Nov-2019	01-Mar-2021

▲Of which women (%) (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	12.00	42.00	35.00

►Establishment of a moveable collateral registry (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	10-May-2016	28-Jun-2019	28-Jun-2019	01-Mar-2021

►Number of investor leads receiving improved investment promotion services in the tourism sector (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	18.00
Date	10-May-2016	28-Jun-2019	28-Jun-2019	01-Mar-2021

►Implementation of a formal investor outreach program (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
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Value	No	No	No	Yes
Date	10-May-2016	28-Jun-2019	28-Jun-2019	01-Mar-2021

Overall Comments

Intermediate Indicators. Through the process of developing the results chain, some important intermediate results have been identified which are not yet captured in the Results Framework. The team suggests monitoring these to substantiate that the PDO achievement arose from the activities and outputs of the project. This will strengthen the case and reasonable assessment of plausible attribution.

The MTR recommends updating the Intermediate Indicators as follows:

- Tourism Master Plans adopted (Number)
- Institute of Tourism established and operational (Yes/No)
- Tourism Zoning Plans (POTs) adopted (Number)
- Investments Forums Organized (Number)
- Tourism Code enacted by the Government (Yes/No)
- Cruise Tourism Plan approved (Yes/No)
- Technical and Feasibility Study of Midelo's Oceanarium (Aquarium) approved (Yes/No)
- Number of national quality auditors accredited (Number)
- Legal Framework for Insolvency and collateral registry approved (Yes/No)
- Moveable collateral registry established (Yes/No)

Data on Financial Performance

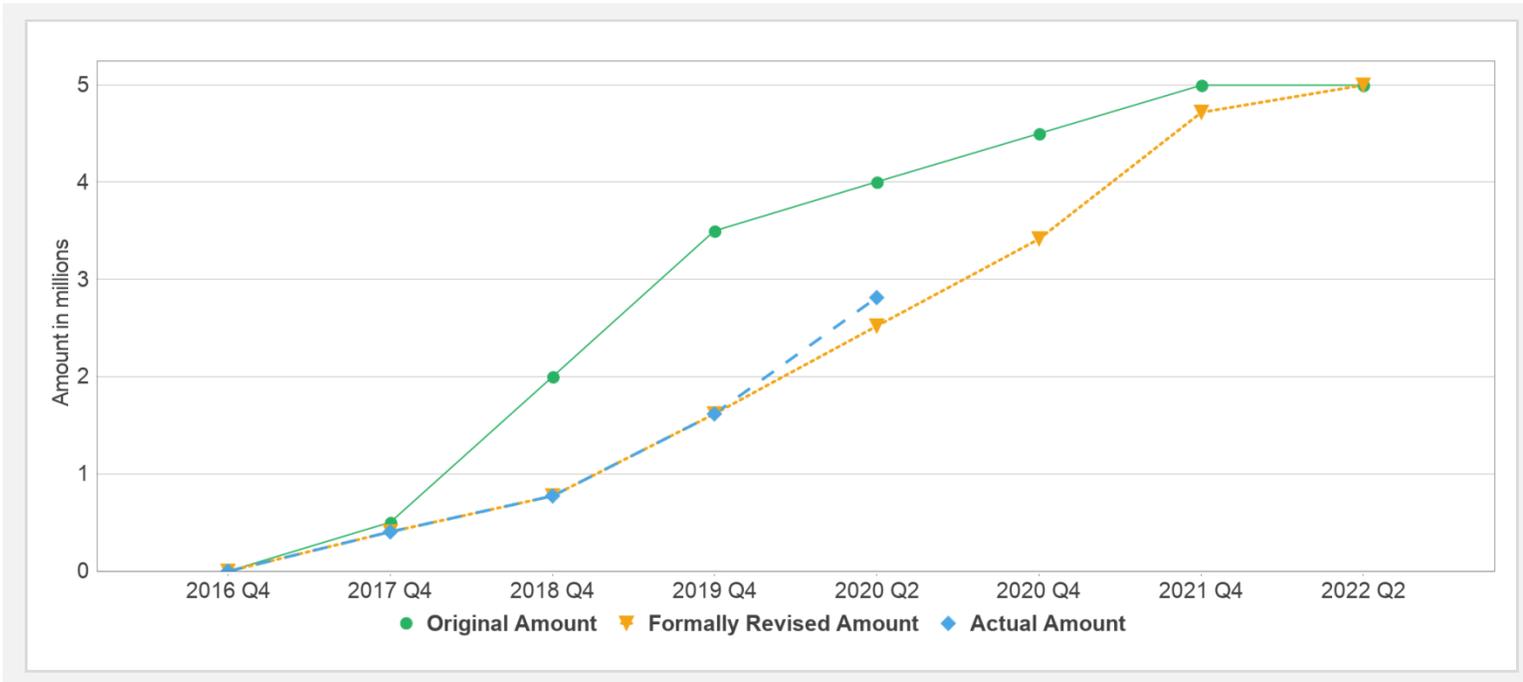
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P146666	IDA-58010	Effective	USD	5.00	5.00	0.00	2.81	2.30	55%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P146666	IDA-58010	Effective	10-May-2016	17-Jun-2016	15-Nov-2016	31-May-2021	31-May-2021

Cumulative Disbursements



Restructuring History

Level 2 Approved on 29-Nov-2018

Related Project(s)

There are no related projects.