



## Competitiveness for Tourism Development (P146666)

AFRICA | Cabo Verde | Finance, Competitiveness and Innovation Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 5 | ARCHIVED on 31-Dec-2018 | ISR35307 |

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: 30-May-2019

Actual Mid-Term Review Date: --

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	● Moderately Satisfactory
Overall Risk Rating	● Moderate	● Moderate

### Implementation Status and Key Decisions

The overall project implementation rating was maintained at MS, given implementation delays caused by early changes in Government structure in 2016, and then again in early 2018, followed by a level II restructuring has been processed to reflect such changes. This said, it's encouraging to note that implementation is picking up and the team foresees this rating to return to Satisfactory in the next cycle, if the current trend persists. Below, a general overview of project status and decisions per beneficiary is provided:

**1. Ministry of Tourism and Transport:** As a key beneficiary to the project, the following strategic activities are currently ongoing:

a) **Creation of the Tourism Board/Institute:** the project team noted the ambitious timeline presented by authorities for the establishment of this new body, and the still pending discussion with the Ministry of Finance and Council of Ministers Cabinet. The updated version of the statutes of the Tourism Institute were requested for analysis, particularly considering the lack of clarity over the relationship between the governing stakeholders of



the tourism sector (in particular between the DGTT and the Tourism Chamber), for example regarding tourism licensing, where the Tourism Chamber was granted a delegation of authority from the Ministry of Tourism and Transport, and issues such as the mandate for foreign promotion of the Cabo Verde destination.

Regarding the substance of the proposed Tourism Board/Institute reform, the project team continues to have concerns about how the Tourism Board/Institute will be structured. The World Bank has provided considerable support over the past few years on the topic (in the form of a South-South Knowledge Exchange to Seychelles, an international tourism board benchmarking study shortly thereafter and an international conference on the matter) so that the new tourism board aligns with international best practices and the Cabo Verdean context. Specific concerns that have been voiced by the project team in these forums and since project inception relate to:

- Lack of clarity on roles and responsibilities of the tourism board;
- Size and composition of the Board of Directors, with a public-private model being recognized as international best practice;
- Large number of staff members at start-up, whereas a recommended approach would be to start with fewer staff, but ensuring they are highly qualified and well-compensated;
- High operating costs (related to large number of staff, multiple offices, etc.) at the expense of critical programmatic budget;
- Organizational structure, which should be reviewed to ensure alignment with strategic priorities.

b) Tourism Code: at the initiative of the Ministry, an effort to streamline all existing legal decrees regulating the tourism sector into a single legal framework, dubbed Tourism Code, is meant to resolve overlaps and increase predictability and transparency of the legal framework to all stakeholders. The procurement of a firm to conduct the legal due diligence and draft a provisional code for public discussion is now ongoing.

c) Tourism masterplan for the islands and strategic guidance for the tourism sector: The DGTT is pursuing island-specific tourism masterplans. The procurements for the Maio, Santiago, Fogo & Brava plans are now ongoing. The project team noted the need to maintain a coherent methodology among all islands, and ensure the value and applicability of these plans, especially how they connect with the ongoing spatial planning in POTs at the micro level and the macro tourism national guidelines; previous tourism due diligence that might have already been performed at island-level should also be taken into account. If the cost to conduct island-specific plans is deemed too excessive, the project team advised to keep other options open, namely a single contract be issued for work across all islands - individual strategies and action plans would still be produced for each island, along with a unified action plan at the country level.

## **2. Institute for the Management of Quality and Intellectual Property (IGQPI)**

The inception technical assistance for the design of the small accommodations quality label criteria has concluded after two final validation workshops which took place in September of 2018 in the islands of Santiago and São Vicente. The subsequent stages now involve the preparation and launch of the pilot program that will take place in the island of Santiago, with continuing strong project support. The project team further stressed the need to safeguard sustainability of the program, and to work closely with DGTT, Tourism Chamber and Tourism Fund to ensure proper technical assistance and credibility to the quality seal recipients. To this end, IGQPI also informed about the preparation of a decree to strengthen overall coordination of the program, specifically through the establishment of a Quality Seal Steering Committee ("*Comité Directivo*") which will be approved via a line Ministry decree.

## **3. Tourism Chamber:**

A series of six activities had been presented by the Tourism Chamber for potential project support earlier in the year and about which the World Bank team presented detailed comments: Google Maps content development for CV tourist attractions; Blue flag program for coastal protection and management; tourism utility statutes as part of the tourism regulatory framework overhaul; Santa Maria sand replenishment study; tourist guide training; and quality program for service providers and members of the chamber.

All these activities have been placed on hold due to non-agreement between the Tourism Chamber and the line Ministry of Tourism and Transport. The project team acknowledges the new role of the Tourism Chamber, as designated in a specific MoU with the Government (the team is yet to receive the final version of this delegation of powers document) but noted nonetheless that any funding of activities should be coordinated and pre-agreed with the line Ministry and governing bodies of tourism.

## **4. National Institute for the Management of the Territory (INGT)**

The procurement to draft six POTs – Tourism Zoning Plans (which govern the tourism land banks dubbed ZDTIs) - in São Vicente and Sal has concluded and the works have initiated. INGT intends to subsequently prioritize ZDTIs in Santiago and Fogo islands due to their emerging tourism potential. Further, a broader exercise to reexamine the current potential of ZDTIs and potentially identify and legislate new spaces will take place in 2019. The project team will be interested to learn more and potentially support this process - the designation of tourism land banks is very fundamental to destination planning and development, and subsequent FDI attraction.

## **5. National Commerce Chambers**

The project has thus far supported four activities for both Chambers that aim to build capacity of these key private sector intermediaries and their members: Financial Resource Mobilization Unit; Quality Certification Support Program for local SMEs; integrated software platform for Chamber services; and an integrated videoconference system (financed by the project and on-lent to the Chambers by the GovCV). The project will continue to support the Chambers during 2019 in subsequent iterations of these activities, particularly a second edition and potential expansion of the quality certification support program which works with local SMEs in enhancing capacity to tap into tourism value chains. Further, the project has assisted the Northern Chamber in cruise-ship tourism capacity building activities, and the Southern Chamber in equipping the conflict resolution and mediation unit. Further Chamber-specific capacity building activities will be negotiated according to available funding allocations for 2019.

## **6. Ministry of Culture and Creative Industries**

The Ministry of Culture and Creative Industries (MCCI) is a recent beneficiary of the project which intends to have a lead role in promoting more culturally-driven content and events to enrich and feed into national tourism itineraries. The first activity co-funded by the project - a historical reenactment in Cidade Velha of the arrival of Jesuits - was organized by the MCCI in close cooperation with a technical team from a Portuguese Municipality with experience in organizing medieval enactments. The MCCI presented additional initiatives to publicize and showcase the national culture offering in a tourism context, and the project team encouraged the Ministry to draft concept notes and estimate budgets for these programmatic activities – UGPE and the WB will subsequently assesses their eligibility for project support.

## **7. Ministry of Justice and Labor**



The technical assistance on insolvency reform is progressing satisfactorily after the procurement of a firm that is currently working with the Ministry of Justice in drafting the secondary regulations of the Insolvency and Recovery Code. This follows from recommendations compiled in the first National Insolvency Conference, project-supported, which brought insolvency practitioners from all over the country to Sal island in March of 2018. The project has also supported two delegations featuring elements of judiciary and Government on training/exchange trips on this topic to Mauritius in 2017 and Mozambique in 2018; the project team and UGPE noted that further training/dissemination activities on insolvency in Cabo Verde are eligible for support under the project and spurred the Ministry of Justice to compile a programmatic workplan to that end, covering the whole of 2019.

#### 8. Competitiveness Unit

Based in the Prime-Minister's office and tasked with overseeing and coordinating the Doing Business reform agenda, the main short-medium term priority with the Competitiveness Unit is initiating work on the secured transactions framework and movable collateral registry. The Ministry of Justice, notably the Directorate-General of Registry, Notary and Identification, should be involved as a lead technical counterpart. A gap analysis, which will inform subsequent steps, is planned for implementation during the first quarter of 2019.

#### 9. Unit for the Surveillance of State Enterprises (UASE)

The project has co-financed, following a Government request directed through the UASE unit in the Ministry of Finance, a feasibility and economic analysis of the Salinas Resort in Maio island – this is the largest tourism structure of that island, incomplete and idle since circa 2010. This due diligence is expected to inform and contribute towards the sustainable tourism development of this island. The project team will monitor the outcome of such project, and the attached tourism planning for Maio island.

#### 10. ProEmpresa

Incorporated in 2017, ProEmpresa replaces ADEI as the Government SME support agency across all sectors, including tourism. Following a request, the project supported a technical assistance to design a strategic plan for this agency. Now undergoing the final phase, a conclusion report should be delivered during the first quarter of 2019. Further potential support via capacity building will be due for discussions based on the findings and outcome of this inception assistance.

## 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	35.00
Date	10-May-2016	--	12-Jun-2018	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	18.00
Date	10-May-2016	--	12-Jun-2018	01-Mar-2021

### Overall Comments

Regarding the "investment generated" indicator:

The team plans to take stock of new tourism investment generated (and actually implemented) under the tenure of Cabo Verde TradeInvest (CVTI), which has been supported by the project in terms of its restructuring and investor outreach plan, by the time of the mid-term review. Beyond this, once the Tourism Institute has become operational, it is expected that the Institute will take the lead in tourism FDI outreach and mobilization.

Regarding the "increased bed nights" indicator:

Given the fact that the first pilot for the quality seal program has not yet been launched, there is not yet any result to report under this indicator.

### Intermediate Results Indicators by Components

Component 1: Enhancing governance framework of the tourism sector				
► Start-up of operations of the joint tourism and investment promotion agency (CI-ATIC) (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	No	Yes
Date	10-May-2016	--	12-Jun-2018	01-Mar-2021
► Development of a national tourism strategy (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	No	Yes



Date	10-May-2016	--	12-Jun-2018	01-Mar-2021
<b>Component 2: Diversify tourism sector and increase inclusiveness of tourism-led growth by strengthening the competitiveness of local MSMEs</b>				
<b>► Beneficiaries of the small accommodation quality label that feel project investments reflected their needs (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	75.00
Date	10-May-2016	--	12-Jun-2018	01-Mar-2021
<b>► Number of MSME representatives trained by private sector organizations (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	23.00	100.00
Date	10-May-2016	--	12-Jun-2018	01-Mar-2021
<b>▲ Of which women (%) (Percentage, Custom Supplement)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	35.00
<b>► Establishment of a moveable collateral registry (Yes/No, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	No	Yes
Date	10-May-2016	--	12-Jun-2018	01-Mar-2021
<b>► Number of investor leads receiving improved investment promotion services in the tourism sector (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	18.00
Date	10-May-2016	--	12-Jun-2018	01-Mar-2021
<b>► Implementation of a formal investor outreach program (Yes/No, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	No	Yes
Date	10-May-2016	--	12-Jun-2018	01-Mar-2021
<b>► Implementation of a formal investor facilitation program (Yes/No, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	No	--	No	Yes
Date	10-May-2016	--	12-Jun-2018	01-Mar-2021

## 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	1.42	3.71	28%

### 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.

---