

RESILIENT TOURISM AND BLUE ECONOMY DEVELOPMENT PROJECT

Technical Assistance Services to support the three institutions of the business development ecosystem (Pró Empresa, Pró Garante and Pró Capital) in the design and implementation of a Supplier Development Program

Terms of Reference for Hiring an Individual Consultant

Framework

Cabo Verde's stable political and macroeconomic environment has allowed for enormous social development over the past three decades. Cabo Verde is an archipelago of ten islands (nine of which are inhabited) located 500 km off the west coast of Africa. The country's estimated population is 556,000; 1 68% of which live in urban areas. Only about 10% of the territory is classified as arable with limited mineral resources. However, despite the arid climate, mountainous terrain, vulnerabilities to climate change, rising sea levels and natural disasters (including an active volcano on Fogo island), the country has developed relatively rapidly. Largely due to the growth of the tourism sector, gross domestic product (GDP) per capita has nearly quadrupled between 1989 and 2017, rising from US\$800 to US\$3,000. In the same period, the poverty rate fell from nearly 50% to 35%.

The positive history of development led the country to graduate in middle income in 2008. The COVID-19 pandemic brought the trend of economic and social advances to a halt. The pace of growth remained stable between 2016 and 2019, with an average of 4.7%. With the onset of the COVID-19 crisis as of March 2020, the ensuing international travel bans as well as domestic lockdowns caused an estimated 14.8% contraction in GDP in 2020, representing the largest reduction recorded in the history of the country. It is estimated that the crisis has pushed 100 thousand people into temporary poverty.

The economic shock and subsequent response measures worsened the fiscal situation and wiped out recent gains in reducing public debt. To support vulnerable households and save businesses, authorities implemented cash transfers and support for hard-hit sectors, granting temporary tax breaks, accepting deferred tax payments, and creating credit lines with partial guarantees to help companies “cash flow”The authorities also adopted a simplified regime for suspending “lay off”

employment contracts, partially subsidized through the social security system. Driven by the impact of the crisis on tax collections in addition to tax payment deferrals granted to affected companies, tax revenue declined by 23.8% in nominal terms in 2020. As current expenditures expanded the budget deficit widened from 1.8% in 2019 to 8.9% in 2020. With the onset of the crisis in 2020, public debt rose to 152.2% of GDP.

The high vaccination rate against COVID-19 and the recent gradual recovery of tourist flows are reasons for cautious optimism. The gross national income per capita is expected to return in 2024 to the pre-crisis level of 2019. Based on the latest estimate (April 2022) provided by the National Planning Directorate of the Ministry of Finance and Business Development, GDP growth should have reached 7.2% in 2021, supported by the progressive reopening of borders and the gradual resumption of tourist flows. For 2022, with uncertainty related to the conflict in Europe and strong inflation, current GDP growth estimates are set at 4%

The tourism sector in Cape Verde is considered one of the main sources of growth and job creation. This sector has seen sustained growth for two decades, having attracted almost 820,000 tourists in 2019 and the Government expected to reach one million in 2021.

Before the pandemic, tourism directly contributed around 25% of GDP, driving around 40% of global economic activity, employing more than 93,000 people (39% of total employment, 40% of which are women) and bringing in substantial exports (66% of total exports) and IDE flows (26% of total investment)

The main segment of tourism is sun and beach, anchored in the all-inclusive package model and dominated by large resorts and foreign operators. Despite the cultural and scenic diversity present throughout the Cabo Verde archipelago, the tourism industry is mainly concentrated on the islands of Sal and Boa Vista. These two islands combine for over 80% of overnight stays, attracting mainly European sunseekers..

The COVID-19 pandemic, by causing the continuous stoppage of the tourist sector and air transport, had adverse repercussions for the rest of the economy. Indeed, there was a sharp contraction in accommodation and catering, as well as in catering and transport services.

However, local MPME have failed to fully reap the benefits of the growing tourism value chain seen before the pandemic. Indeed, large hotel units, subsidiaries of major international brands, dominant in Cape Verde's tourism context, have assumed corporate policies of risk-averse approach to the supply of local suppliers.

The concentration and specialization of the wholesale trade supplying the hotels had a negative impact on the dynamics of purchasing local products, arguing that they are non-accredited suppliers, lacking quality, certification and traceability criteria.

A wide range of production and logistics constraints, including lack of scale, poor conservation facilities, sub-standard sanitary procedures, lack of proper handling and inefficient inter-island logistics, have impeded the penetration of domestic products and services in these sectors.

The Government of Cabo Verde negotiated with the World Bank Group a financial envelope in the amount of US\$ 35 million, of which US\$ 30 million is a credit from the International Development Association IDA/World Bank and US\$ 5 million is a donation from PROBLUE MDTF. The total amount is intended to finance the Resilient Tourism and Blue Economy Development Project in Cabo Verde.

The development purpose of this Project is to increase the diversity and resilience of the tourist offer and to promote the participation of small and medium companies in the country in the value chains of the tourist industry.

- The Project is structured in 3 components, namely:
- Component 1 - Develop resilient and integrated tourism and infrastructure to support the blue economy;
- Component 2 - Improve the inclusive and sustainable management of tourism and the blue economy;
- Component 3 - Project Implementation Support;

According to the institutional arrangement agreed for the Project, it is the responsibility of the institutions of the business development ecosystem, namely Pró Empresa, Pró Garante and Pró Capital, to carry out activities related to the support to MPMEs of **Component 2** of the Resilient Tourism and Blue Economy Development Project in Cabo Verde.

This Component 2 of the included Supplier Development Program aims to support the development of local MPME that demonstrate the potential to supply tourist establishments and other consumers in the market, respecting the required quality and certification standards.

Objectives of the Supplier Development Program

The Supplier Development Program aims to support the development of local MPMEs to increase their participation in supplying tourist establishments, while supporting the development of a more favorable environment and policies to stimulate private sector investment in development. of the tourism value chains and the blue economy.

The Programme essentially aims to strengthen the quality, reliability and scale of the services and products provided by local MPMEs to the tourism market, particularly those led by women.

This Program should therefore provide a mix of technical assistance financing solutions, business training and facilities for MPMEs to access credit, with emphasis on the following actions:

- a) Provide technical assistance and financial support to MPMEs, which seek to modernize their production systems and improve the products and services provided to the national hotel market;
- b) Implement specific promotion actions for the blue economy sector, with technical and financial assistance throughout the production, supply and service provision chain, including measures aimed at the sector's sustainability and the certification of beneficiary companies
- c) Stimulate the development of policies and programs that are transversal and/or related to sustainable and integrated private sector investment in tourism and other sectors of the blue economy.

More specifically, it intends to intervene in the following areas:

- (i) Co-finance MPME with costs related to technical assistance services for organization and financial support to cover the costs of modernizing production conditions;
- (ii) Co-finance the costs related to technical assistance services with a view to improving storage, conservation and distribution conditions;
- (iii) Co-finance training actions in specific areas that contribute to strengthening the management capacity of MPME;
- (iv) Co-finance technical assistance in the preparation of processes for the phytosanitary certification of products and facilities;
- (v) Co-finance the technical assistance in organizing accounting and auditing services for the production of financial information required in the preparation of MPME funding dossiers, including their follow-up with financial institutions.

The Program, anchored in Pró-Empresa as an agency mandated to provide support and technical assistance to MPME, should articulate with the other public agencies of the national support ecosystem - namely Pró-Garante (guarantees for access to credit) and Pró -Capital (venture capital investments) – in order to develop partnerships and achieve the necessary synergies in concerted support to beneficiary companies. Specific counter-guarantee funds (Pró-Garante) or seed/risk capital tools (Pró-Capital) may even be negotiated and developed to expand the scope of support for the Program as a whole.

The implementation mix of the Supplier Development Programme may also include partnerships with other local private and civil society actors in the target islands, for example incubators and associations representing the private sector, among others.

The program's goals, in accordance with the results framework of the Resilient Tourism and Blue Economy Development Project, point to the:

- Up to 150 MPME beneficiary companies by 2027 (with interim targets of 10, 30, 60 and 100, for the years 2023-2026, respectively, at least half of which must be women-led companies).
- Percentage of beneficiary MPME with verified increase in supply/sales contracts in the tourism value chain – target of 60 percent by 2027 (with interim targets of 20, 40, 50 percent for the years 2024-2026, respectively, with the same breakdown of gender).
- Percentage of beneficiary MPMEs that adopting sustainability and climate resilience practices as a result of technical assistance under the Program – up to 15 percent by 2027 (interim targets of 5 and 10 percent, 2025 and 2026, respectively).

specific outputs

Support the institutions of the ecosystem, namely Pró Empresa, in the design and implementation of the Supplier Development Programme, namely developing the following tasks:

- Design a Program Operations Manual that should specify all operational rules and requirements, covering, among others, the following topics:
 - (i) Type of involvement and articulation among ecosystem institutions;
 - (ii) Definition of eligibility and selection criteria for MPME to benefit from technical assistance and
 - (iii) Articulation and coordination with existing technical assistance programs of Pró-Empresa, namely Pró-Crédito and Startup Jovem;
 - (iv) Definition of co-financing arrangements for technical assistance services and access to credit facilities;
- Prepare models of operational forms, covering all Program processes and procedures, to be used in grant requests, disbursement requests, satisfaction surveys and others that may be agreed;

- Recommend models for management, follow-up and analysis of the results of the technical assistance services to be provided;
- Recommend the scope of institutional arrangements with partner entities;
- Develop models of institutional protocols and partnership contracts to be established within the Program;
- Support the ecosystem institutions in the implementation and management of the Programme, in order to ensure full compliance with its Operations Manual;
- Support in the preparation of monthly progress reports on the design and implementation of the Program, as well as follow-up reports on its implementation;
- Recommend the procedures for monitoring and evaluating each aspect of the Program, including criteria for evaluating the competencies of consultancy service providers;

Calendar and description of consulting products

Description	Minimum content	Deadlines
initial report/inception	This document should contain the methodology and map of all products expected to be delivered during the 6 months of consultancy, the schedule of tasks and planned activities, the risks inherent in the execution of activities, as well as the respective indicators and targets.	15 days after the start of the contract
Monthly report	Monthly situation report regarding the execution of tasks, activities carried out and delivery of products, budgets executed, constraints encountered in project execution and proposal of mitigation measures to overcome such constraints and introduce performance improvements.	Up to 10 days after the end of the month to which it relates

Annual report	<p>Analysis of the results, in view of the objectives, indicators and targets set out in technical assistance;</p> <p>Level of technical and financial execution of project activities.</p> <p>Detailed analysis of the activities carried out in regard to the planned activities.</p> <p>Lessons learned and mitigating measures to be introduced to improve the project's implementation.</p>	No final do contrato
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Consultant's qualifications

To qualify for the consultancy, the Consultant must meet the following requirements:

- Have as academic qualifications the minimum of a degree, in the areas of Economics, Management, Tourism and or other relevant areas;
- Have a minimum of 10 years of practical experience in designing and implementing programs of a similar nature within the MPMEs support ecosystem
- Demonstrated experience in the following activities:
 - (i) Preparation of operational manuals,
 - (ii) selection and hiring of service providers,
 - (iii) development and maintenance of databases and
 - (iv) (iv) administrative procedures for grant payment to eligible beneficiaries.
- Work experience in Cabo Verde or similar realities to Cabo Verde
- Fluency in Portuguese and English, spoken and written;

Duration and Place of Consultancy:

A contractual period of 6 (six) months is foreseen for the design and support in starting and implementing the Programme. The consultancy will be located in Cape Verde, at the headquarters of Pró-Empresa in the city of Praia, with the possibility and forecast of trips to islands (refundable costs) in prior articulation with Pró-Empresa.

At the end of the 6 (six) months of the contract an evaluation of the consultant's performance will be carried out, determining whether the consultancy service should be continued or not.