



**The World Bank**

Benin Cross Border Tourism and Competitiveness Project (P149117)

REPORT NO.: RES27873

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
BENIN CROSS BORDER TOURISM AND COMPETITIVENESS PROJECT  
APPROVED ON MARCH 25, 2016  
TO  
REPUBLIC OF BENIN

FINANCE, COMPETITIVENESS AND INNOVATION

AFRICA

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**ABBREVIATIONS AND ACRONYMS**

ANPT	<i>Agence Nationale de Promotion des Patrimoines du Tourisme</i> , Tourism and Heritage Promotion Agency
AWPB	Annual Work Plan and Budget
GoB	Government of Benin
FM	Financial Management
MSME	Micro Small and Medium Enterprises
IDA	International Development Association
IFR	Interim unaudited Financial Reports
IFC	International Finance Corporation
IPF	Investment Project Financing
PIU	Project Implementation Unit
PRMP	<i>Person in charge of public Procurement (Personne Responsable des Marchés Publics)</i>
RSF	Risk Sharing Facility
Seme City	National Agency for the development of Benin Smart City <i>(L'Agence de Développement de la Cité Internationale de l'Innovation et du Savoir)</i>

**BASIC DATA****Product Information**

Project ID	Financing Instrument
P149117	Investment Project Financing
Original EA Category	Current EA Category
Full Assessment (A)	Full Assessment (A)
Approval Date	Current Closing Date
25-Mar-2016	31-Dec-2021

**Organizations**

Borrower	Responsible Agency
Republic of Benin	Agence Nationale de Promotion des Patrimoines et de Développement du Tourisme (ANPT), Agence de Développement de la Cité Internationale de l'Innovation et du Savoir (Seme City), Seme City

**Project Development Objective (PDO)**

## Original PDO

The Project Development Objective is to contribute to increased cross-border tourism and private sector investment in selected tourism destinations and value chains, in Recipient's territory.

**Summary Status of Financing**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-57810	25-Mar-2016	15-Sep-2016	30-Dec-2016	31-Dec-2021	50.00	10.66	40.65

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

### A. Project Status

1. The project became effective on December 30, 2016, most of the project activities were launcher thereafter. The closing date is December 31, 2021. The Project status by component is as follows:

(a) Component 1 – Improving the Recipient’s Tourism Development Framework (US\$8 million)

This component covers enabling environment reforms, training and marketing activities. The PIU has launched the procurement of the licensing reform consultancy package, a key activity in this component. The \$1.1m contract should be awarded and launched early 2020. Activities to structure the marketing of the destination are in finalization- the new country tourism brand and visual identity is in the final stages of completion, new tourism portal has been finalized and will be officially launched early January 2020, as well as an image bank. Procurement has been launched in early June 2019: (i) for a major campaign piloting the targeting of Nigerian visitors; and (ii). for training of sector workers in tourism English and site management. The process for the GoB in validating terms of reference has been lagging, however with new focal points appointed it is currently moving more rapidly.

(b) Component 2 – Tourism Destination and Product Development (US\$23.5 million):

The technical studies for the new museum have been finalized and the bidding process for the construction work should be launched by end of December 2019.

The government has deemed unqualified the firm selected for the rehabilitation of the Portuguese Fort and subsequently canceled the bidding process initiated in March 2019. A new one was relaunched in August 2019 and led to the selection of a consortium of Beninese and Senegalese firms. The contract has been signed and the construction work should start by February 2020 after the resettlement and compensation of the impacted population (a couple of dozens of art work sellers and other traders operating around the fort) is completed in an adherence with the Bank policy and standards.

It is important to note that following a competitive selection to hire a construction firm for the rehabilitation of the Portuguese fort, the market price for the works turned out to be higher than the initial allocation.

Five infrastructure investments in Ouidah have been agreed upon after a period of re-evaluation. The bidding processes for the four out of five infrastructure investments have been launched and should be finalized by the end of Q3 FY20. The construction works should start by end April 2020. The safeguard screenings will be done on all these additional investments in Ouidah prior the construction works start.

A consultancy to professionalize tourism events, focusing on the flagship annual Voudou festival has been hired.

(c) Component 3 – Support to MSME Upgrading, Linkages, and Expansion (US\$10 million):

The first round of the Challenge Fund is well underway and will undergo their first tranche of disbursements to their initial four beneficiary projects after disbursement conditions are lifted.

The second round has been launched. 336 applications were received, out of which 35 were shortlisted for the next stage. Up to 10 award winners will be selected during the upcoming Forum for Innovation - “Made in Africa” - to receive incubation services and seed money to develop their projects.

The intermediate targets and implementing modalities of the Business Plan Competition have been approved by the Bank team. The first call for expression of interest will be advertised by January 2020. The overall objective of



this component is to assist 1 000 entrepreneurs, and to support the creation of 5 000 jobs by the end of the project.

The Joint IFC/IDA Risk Sharing facility is fully operational. The partner bank has used the facility up to a level of 70% to extend US\$7 million worth of credit to SMEs in Benin.

(d) Component 4 – Project Management (US\$4.5 million)

Most of the PIU key staff has been recruited, including the consultant for the development of the Tourism Statistical system.

2. All project ratings were Moderately Satisfactory in the last Implementation Status and Results report of -June 2019.

## B. Rationale for Restructuring

3. Following project approval, the changeover in GoB led to the establishment of the Tourism and Heritage Promotion Agency (*Agence Nationale de Promotion des Patrimoines du Tourisme - ANPT*) as the entity in charge of tourism, while the Ministry of Tourism is now a regulator. The ANPT is a cross-cutting agency within the Presidency with a wide representation in its Executive Board. Therefore, the Implementation Agency will now be housed under the ANPT instead of the Ministry of Development, and the implementation arrangements will be changed accordingly.

4. Under component 2: The final costs of the rehabilitation of the Portuguese fort exceed the amount initially budgeted during project preparation. The resources under Category 5 (“UNALLOCATED”) will be reallocated to Category 1 to cover the additional costs for the rehabilitation of the fort. This will not entail changes in the results framework.

5. Under Component 3.1 of the Project, an MSME Support facility will be set up, utilizing a business plan competition mechanism to improve the quality and linkages of MSMEs. The original PAD stated that a single private management firm will be recruited to manage this facility. However, following the elections, a new agency, the Seme City, has been created, whose mandate is to support innovation and entrepreneurship. This agency would be better suited to manage this facility. The Project has already partnered with the Seme City to manage the organization of an African Innovation Forum (FORIMA) in June 2018 and the preparatory work for the Challenge Fund. The Seme City has the technical and fiduciary capacity to manage this sub-component, as well as allowing the project to support the strengthening and effectiveness of government institutions for long-term sustainability.

## Financial Management

6. As part of the Benin Cross-Border Tourism and Competitiveness Project, a financial management assessment of the Seme City (National Agency for the development of Benin Smart City) was carried out in accordance with the FM Manual for World Bank Investment Project Financing Operations that became effective on March 1, 2010 and re-issued on February 10, 2017. The objective of the assessment was to determine whether this implementing entity has acceptable FM arrangements (system of planning and budgeting, accounting, internal controls, funds flow, financial reporting, and auditing) in place that satisfy the World Bank’s Policy and Directive – IPF which describes the overall FM Bank policies and procedures. The implementing entities’ arrangements are acceptable if they are considered capable of recording correctly all budgets, transactions and balances, supporting the preparation of regular and reliable financial statements, safeguarding the entities’ assets, and are subject to auditing arrangements acceptable to the Bank.

7. The Seme City will manage the second Operational Account to be opened in a reputable commercial bank to receive funds allocated to the Subcomponent 3.1: Improving MSME Product Quality and Linkages. The assessment of its



financial management team has revealed the following major strengths: (i) financial management staffing consists of two main people (a Financial Management Specialist, and an Accountant with a good experience in managing donors funded projects); (ii) there is an acceptable governance structure comprising of a board of directors, an internal audit arrangement based on bi-annual internal audit report to be prepared by an audit firm recruited for this Agency by the GoB and a statutory independent auditors “Commissaires aux Comptes” recruited for this Agency by the GoB; (iii) financial management system with an adequate separation of duties, and (iv) a manual of procedures as well as accounting software namely SUCCESS are in place and functioning and fiduciary staff have been trained in the use of these tools.

8. Going forward the financial management system of the project will run as follows:

- The FM team of the Seme City will manage the FM aspect of the Subcomponent 3.1 under the overall oversight of the ANPT's Financial Management Direction.
- The ANPT's FM team will prepare a consolidated annual work plan and budget (AWPB) for implementing the project overall activities. The AWPB will be submitted to the board of directors for an approval, and thereafter to IDA for the no objection not later than 30 November of the year preceding the year the work plan should be implemented.
- The following additional measures will need to be implemented: (i) the adoption of the project current manual of procedure as annex to the Agency's Manual of procedure; (ii) the revisiting of the Agency's software parameters to take into consideration the specificity of the new Project; (iii) the internal audit arrangement designed for the Project under ANPT will cover activities to be implemented under Subcomponent 3.1; and (iv) the external audit arrangement designed for the Project under ANPT will cover activities to be implemented under Subcomponent 3.1.
- Activities implemented under Subcomponent 3.1 will be included in the Interim unaudited Financial Reports (IFR) to be prepared every quarter by ANPT in a format and content agreed with IDA and submitted to the Bank 45 days after the end of the quarter.
- The arrangement designed for the first Operational Account will apply for the second Operational Account to be opened in a reputable commercial bank on terms and conditions acceptable to the Bank to receive funds allocated to the Subcomponent 3.1. Cash withdrawal transactions from the operational Account will be authorized respectively by the Director the FM Specialist of Seme City.

## Procurement

9. **Arrangements for implementing procurement activities:** Procurement activities will be carried out by the ANPT. Following the termination of the procurement Specialist of the ANPT, the procurement analyst was promoted as Person in charge of Procurement (Personne Responsable des Marchés Publics - PRMP). The Bank procurement team, which has assessed and endorsed this new arrangement, will closely monitor its performance in the next three months and propose corrective measures if needed.

- (a) Seme City (*L'Agence de Développement de la Cité Internationale de l'Innovation et du Savoir*) will be the implementing agency in charge of fiduciary and technical implementation of Sub-Component 3.1 and the Challenge Fund activities through the signed Agreement between the ANPT and Seme City. Seme City is a newly created agency and has a limited experience in procurement of projects financed by the Government. The Seme City has recruited a procurement specialist, the nominated Person in charge of Procurement (PRMT), who has a previous experience in procurement of the projects financed by the World Bank.



10. The ANPT shall be responsible for the coordination of procurement activities under the project, including the consolidation of procurement plans and the reporting.

The procurement risk is rated as substantial before the mitigation measure and after the mitigation measure is implemented, the residual risk would be moderate.

## **II. DESCRIPTION OF PROPOSED CHANGES**

III.

11. Reallocation of the unallocated funds (Category 5) to Category 1

12. The implementation arrangements (and corresponding Schedule in the Financing Agreement) will be amended to reflect the following changes:

- (a) The ANPT will be responsible for the overall supervision of the Project instead of the Ministry in charge of Development;
- (b) The Chairman of the Board of the ANPT will chair the Strategic Committee of the Project Steering Committee and its General Manager will chair the Technical Committee which will include the Ministry of Tourism as one of the members;
- (c) The Project Management Unit (PMU) will be housed within the ANPT instead of the Ministry in charge of Development;
- (d) The Partnership Agreements will be signed with ANPT instead of the Ministry in charge of Development.
- (e) The Seme City (L'Agence de Développement de la Cité Internationale de l'Innovation et du Savoir) will be the implementing agency in charge of fiduciary and technical implementation of the Sub-Component 3.1 and the Challenge Fund activities. An agreement will be signed between the ANPT and Seme City.

### **Safeguards**

13. The safeguards instruments will be updated to reflect the changes in implementation responsibilities and arrangements. In order to apply a single set of standards that are suited to the private sector, the WB-IFC jointly financed Risk Sharing Facility under component 3.2 of the Project, will be covered by the World Bank's OP 4.03 on Performance Standards for Private Sector Activities.

14. Change related to the Financing Agreement

- (a) The Financing Agreement will provide that, the Recipient shall cause the Project Entities to maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism.
- (b) The Disbursement Table under Section IV.A.2 of Schedule 2 to the Financing Agreement will be revised to reflect the reallocation of Project proceeds between Category 5 and Category 1.
- (c) The Financing Agreement: APPENDIX, point 18: will be amended to replace reference to the "Grant Facility and Challenge Fund Program Manager" means the private firm in charge of managing the Grant Facility will be amended to "Grant Facility and the Challenge Fund Program Manager" means the Seme City, the entity in charge of managing the Grant Facility"

**IV. SUMMARY OF CHANGES**

	Changed	Not Changed
Implementing Agency	✓	
Reallocation between Disbursement Categories	✓	
Institutional Arrangements	✓	
Other Change(s)	✓	
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

**IV. DETAILED CHANGE(S)****IMPLEMENTING AGENCY**

Implementing Agency Name	Type	Action
Ministry in Charge of Development	Implementing Agency	Marked for Deletion
Agence	Implementing Agency	Marked for Deletion
Agence Nationale de Promotion des Patrimoines et de Développement du Tourisme (ANPT)	Implementing Agency	New
Seme City	Implementing Agency	New

**REALLOCATION BETWEEN DISBURSEMENT CATEGORIES**

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-57810-001	Currency: EUR			
iLap Category Sequence No: 1	Current Expenditure Category: Gds,Wks,NCS,CS,OP,TR			
31,600,000.00	2,394,623.66	35,200,000.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: Part. Credit Guarantees Comp 3.2(i)			
4,600,000.00	0.00	4,600,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: Grants			
4,200,000.00	0.00	4,200,000.00	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: PPF REFINANCING			
1,900,000.00	1,123.51	1,900,000.00		
iLap Category Sequence No: 5	Current Expenditure Category: UNALLOCATED			



	3,600,000.00	0.00	0.00
<b>Total</b>	<b>45,900,000.00</b>	<b>2,395,747.17</b>	<b>45,900,000.00</b>