

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA16223

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Benin	Project ID:	P149117
Project Name:	Benin Cross Border Tourism and Competitiveness Project (P149117)		
Task Team Leader(s):	Magueye Dia		
Estimated Appraisal Date:	18-Jan-2016	Estimated Board Date:	25-Mar-2016
Managing Unit:	GTC07	Lending Instrument:	Investment Project Financing
Sector(s):	Central government administration (20%), SME Finance (15%), Agro-industry, marketing, and trade (15%), Other domestic and international trade (15%), General industry and trade sector (35%)		
Theme(s):	Other Private Sector Development (80%), Micro, Small and Medium Enterprise support (20%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	50.00	Total Bank Financing:	50.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			50.00
Total			50.00
Environmental Category:	A - Full Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The project development objective is to contribute to increased cross-border tourism and private sector investment in selected destinations and value chains

3. Project Description

Component 1: Improving Benin's Tourism Development Framework (US\$8m).

This component aims at making critical improvements to the Investment Climate for private sector development in the tourism sector in Benin, in relation to the objectives of the project. The critical bottlenecks identified are:

- An outdated regulatory environment, especially for licensing, certification and enforcement – it can take up to 3 years for lodging establishments to formalize, and often they do not meet the quality levels or needs of international tourists
- Gaps in the skills programs available to entrepreneurs and workers alike, and mismatch with actual needs of the private sector
- Quasi-absence and inadequacy of promotion and marketing tools and linkages for the industry to promote itself outside of Benin, especially towards tourists from Nigeria
- Inefficient institutions and systems tasked with development, measurement and regulation of tourism

To tackle these bottlenecks, activities will be designed and implemented with a demand-driven approach, and in close coordination with the private sector.

Subcomponent 1.1: Strengthening the enabling environment for tourism development and enterprise creation and growth (US\$ 4m)

The Project will support the identification and implementation of a reform agenda through broad-based consultation. A series of informal and formal discussions between the government and the private sector actors operating in the tourism sector will be organized. These discussions may turn into formal or informal sector-specific Task Forces or Working Groups that would serve as a platform for Public-Private Dialogue (PPD). The Project will support the functioning of Working Groups or Task Forces to arrive at an agreement on the priorities of the policy agenda, to draft an action plan, and to ensure implementation by conducting monitoring and evaluation .

The Project will also set aside resources to support the implementation of proposed reforms that have been deemed high priority by a broad group of stakeholders. Some of the reforms worthy of consideration, as raised by the stakeholders, are revamping the construction permits for tourism-related establishments, tourism licensing and inspection processes, hotel classification and standards compliance, travel facilitation for tourists at the Benin-Nigeria border crossing, and the setup of a national marketing entity with sustained funding sources. The Project will also support an awareness building and communication campaign towards MSMEs on the processes and tools to meet tourism related regulations.

This sub-component will also provide support and technical assistance (US\$2m) to the "Route Des Pêches" Tourism Development Agency in order to increase its effectiveness as the flagship entity for coastal tourism development in Benin. The project will commission a technical and institutional audit and fund a program for the upgrading of the Agency into an agile and effective entity. This includes helping the ADTRP streamline the "Route des Pêches" program by completing critical feasibility studies and elaborating key regulations, and support the elaboration and roll out of a pilot Tourism Investment Strategy. The investment strategy will include the design and implementation of a comprehensive lodging investment strategy for project target areas, with buy in from all stakeholders, including collection of supply-demand marketing intelligence, to develop a tourism investment mobilization plan, development and documentation of the tourism value proposition, preparation of hotel and resort investor list, the development of an outreach plan, preparation of pre-

packaged investment-ready opportunities and stakeholder engagement events.

Subcomponent 1.2: Upgrading the institutions and programs for skills development in tourism (US\$ 1.5m)

Benin has 25 vocational learning institutions providing curricula involving hotels and tourism, out of which 20 are private institutes. Seven of these establishments specialize exclusively in hotel and tourism, the majority of which focus on line-level skills of kitchen, restaurant service and hotel operations. Despite having well-defined policies and governance frameworks on paper, the reality is that the majority of these establishments offer poor-quality training and education. They do not provide consistent courses, operating with reduced staff, without practical equipment and not respecting curricula. There is also a significant mismatch with private sector needs, as only 7% of the tourism workforce has had formal training in tourism and hospitality, and students emerging from such institutions have trouble integrating into the labor force. This subcomponent will improve the frameworks and mechanisms to provide demand-driven capacity building and skills development activities to relevant private sector stakeholders.

- a) Improving the regulatory and institutional framework for skill upgrading: iv) PPD to create demand-driven skill development programs, by facilitating consultations among ministries, private sector and training institutions to enhance the link between training and job placements; v) Updating curricula and teaching manuals for diplomas in tourism & hospitality, including piloting of programs in key establishments; vi) Setting up and piloting a training of trainers program in order to train 70 persons, targeting instructors in tourism institutes, training centers and the MCAAT.
- b) Strengthen the mechanisms to provide training and capacity building to sector stakeholders. This program will be piloted with a group of learning institutions which commit to skills upgrading of existing workers, and will be rolled out on a cost-sharing basis with beneficiaries. This includes upgrading and expanding the MCAAT's modules on continuing education for tourism professionals, including Tourism English modules. Programs will be anchored at existing institutions to ensure their sustainability, post-project.

Subcomponent 1.3: Improving processes and tools for destination marketing (US\$ 2.5m)

A key roadblock to increasing tourism demand is the lack of awareness of Benin's tourism products by key source markets, particularly Nigerians. Demand survey results have shown a significant gap between the positive assessment of Nigerians that have traveled to Benin, and those who have not, for both leisure and business tourists. In order to increase demand and raise Benin's tourist market share, the country needs to develop a cohesive image to improve its visibility as a tourist destination, to position its key assets and undertake substantial promotion. To ensure the continued application of effective marketing approaches, this component also aims to improve the financing mechanisms for tourism promotion, as well as support the creation of a private-sector led destination marketing entity.

Marketing activities will upgrade general tools and systems to target international and regional visitors, with a specific focus on the Nigerian market. This sub-component will finance the following activities, at both national and regional levels:

- A) Destination Marketing: The sub-component proposes to finance the implementation of the initial activities under the marketing and promotion action plan, which was produced during project preparation. This action plan includes i) developing a brand and visual identity for Benin, redesigning the official website as well as marketing and promotion collateral, ii) developing tools for travel trade promotion (B2B) such as sales manuals, familiarization trips, trade shows and tour operator trainings; and iii) targeted marketing and promotional activities towards three specific

Nigerian market segments: a) the Meetings, Incentives, Conventions and Events segment, b) the shopping and beach leisure segment, and c) cultural tourism.

B) Supporting the creation of a destination marketing entity and the structuring of continuous funding sources: The sub-component will support the design and implementation of a framework for private sector driven and financially sustainable tourism promotion entity. To do so, a three phased approach is considered. During phase 1, a business plan and structure will be elaborated with the view to make the entity financially independent by the fifth year. Based on the validation of the plan by broad-based stakeholder dialogue, the Project will support the establishment of the legal and institutional framework for such an initiative during the second phase, including potential restructuring of the FNDPT to serve as a sustained source of partial funding. With the full endorsement by the stakeholders and successful completion of phase 2, the third phase will be to operationalize the institution. Recruitment of technical specialists, capacity building, development of procedure manual, provision of equipment and furniture are all possible support under this component.

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

The objective of this component is to support the critical elements of tourism products, destinations and services to break the vicious cycle of perpetuating under-performance of the tourism sector in Benin. The component will target the destination of Ouidah as the strategic starting points of a sequenced development approach. Ouidah is strategically located on the coast, with favorable transport access and linkages to potential demand (proximity to Cotonou, Nigeria and Togo) in Benin's priority area for tourism development. Most importantly, it contains a well-diversified mix of tourism products and sites that are unique to the region, thus setting the groundwork for its sustained competitiveness. As such, it is a natural starting point to catalyze tourism development in the area as a cultural, leisure and ecotourism hub.

The historic city of Ouidah will be supported and enhanced as the cultural hub, located strategically along key touristic routes (Coastal route, slave route, Voodoo cradle). Investing in developing cultural tourism products is an important strategic fit to create a sustainable, inclusive and diversified product base early-on, as well as respond to increasing demand from key source markets - European, American and Diaspora – and especially Nigerians, who view cultural activities as key components in their destination choices. This market has above-average spending and a high proportion of which reaches the local economy. In particular, redeveloping thematic circuits of tangible and intangible heritage was rated as highly attractive for that market, in Benin as well as in other destinations they tend to favor (Ghana, Kenya, Senegal, and South Africa). Cultural tourism is where infrastructure and product development actions have the greatest potential for impact, as the undeveloped nature of sites is the key roadblock to tapping this segment. Upgrading tourism sites and roads were ranked in the top 3 improvements required to draw Nigerians to Benin.

The project will carry out an integrated approach to providing support to developing this destination, with investments along three main categories: (i) the upgrading of urban and transport infrastructure and services in its historic core, with the goals of improving livability and accessibility for residents and visitors alike (ii) the creation of flagship cultural and heritage products to position the destination, attract, retain and satisfy visitors; and (iii) structuring the tourism offer to improve the competitiveness and revenue-generation potential of the destination all along the year.

Activities were selected through careful analysis and deep consultations with local stakeholders, in particular local civil society and local authorities, to ensure that they articulate with local priorities

and respect local customs. They were designed as meaningful “packages”, both to improve the local urban environment, especially for the most disadvantaged communities, and to attract tourists. To encourage innovative, sustainable and inclusive approaches, some of the activities related to local services and tourism offerings within these categories will be executed through calls for proposals that would encourage participation from NGOs, foundations, research centers and the private sector. This would be structured as a Challenge Fund that would offer matching grants (with high percentage of participation in total costs) for around 5 sub-projects, receiving each between US \$100-500K, for a total of up to US\$2m. This Challenge Fund would be implemented by the same firm selected competitively to manage the SME grant component (see Sub-Component 3.1).

Specific investments would include:

2.1. Upgrading of urban infrastructure and services in Ouidah’s historic core

- a. Upgrading urban infrastructure in the historic core, including creating a pedestrian zone. This includes the paving and rehabilitation strategic portions of roads for tourism circuits as well improving in-city road traffic, improving drainage, providing street lighting, landscaping, creation of a pedestrian zone, and installing benches, trash cans and signage.
- b. Improving solid waste management. Ouidah produced about 5240 tons of solid waste in 2014, with a very low corresponding collection rate. An activity for the improvement of waste collection with specific requirements for inclusiveness and sustainability would be selected and partially funded through the Challenge Fund, and implemented along with the Municipality of Ouidah. In particular local NGOs may help scale up a program already piloted by Oxfam Quebec.
- c. Upgrading urban infrastructure and service provision in the Zoungbodji area. This is a poor community, lacking access to water and sanitation which surrounds some of the most important slave route monuments. Proposed investments in this area include upgrading of roads and drainage, improving access to safe water and sanitation for 200 households, upgrading public spaces, social infrastructure and parking zones. The upgrading of this zone will serve as a demonstration project for the integration of communities to tourism sites in Benin.

2.2. The creation of flagship cultural and heritage products

- d. Creating a flagship interpretation product: rehabilitating the Portuguese Fort as the Ouidah museum and cultural center. This activity includes the rehabilitation of the museum building, scenography and exhibition spaces, concessions, and the rehabilitation of the plaza and park facing the fort as the gateway to the historic core, which includes parking, landscaping, paving, and street lighting. Parts of it, such as the rehabilitation of collections, could be funded and executed through the Challenge Fund. A scientific committee will serve as advisory council to the museum's rehabilitation, while its operations and maintenance (O&M) will be undertaken by the MCAAT, funded in part by concessions and ticket sales.
- f. Creating a flagship heritage product—upgrading the slave route. This activity will support the rehabilitation of memorials and public spaces at the four main stations along the Slave Route that cuts through Ouidah and leads to the coast – this could be executed through the Challenge Fund. It includes also financing signage, lighting, and parking spaces. The Door of No Return area will be restored, landscaped, and its buffer area expanded. This will be done in a way that improves the connection between the coast and Ouidah and creates the conditions for private sector development, especially lodging. The goal is to assist in the route's inscription as a UNESCO World Heritage Site. A scientific committee will serve as advisory council to the route's rehabilitation, and its O&M will be undertaken by the MCAAT and other resources as needed, utilizing resources and competencies from the management of the Portuguese Fort.
- g. Creating a flagship coastal tourism product—a compound integrating a crafts village, Slave

Route interpretation center and tourist information center. This area will integrate a number of products and services offered in the proximity of the Door of No Return in order to add value to and diversify the tourism offer, allowing visitors to stay longer, spend more and increase their satisfaction. This integrated development will house interpretative spaces, concessions and crafts sales and production spaces, as well as function (event) rooms and information points. O&M will be undertaken by the MCAAT with contributions from the Municipality, partly funded by revenue from concessions, the crafts village and ticket sales. The crafts village will be developed in cooperation with Collective Groups and Associations of Artisans of Ouidah (CAGAO). This activity would also draw on the Challenge Fund.

h. Improving historic and heritage circuits in the historic core. This proposed activity will leverage the urban infrastructure investments to upgrade and operationalize four key tourism circuits in Ouidah's historic core. Proposed are (i) essential sites, (ii) memories of slavery, (iii) architecture tour; and (iv) art and design in an open air museum. Each of these circuits will be upgraded with signage, interpretation, lighting, benches, landscaping of public spaces, solid waste & drainage works and an improved layout of the main tourism office.

2.3. Structuring the tourism offer to improve the competitiveness of the destination

i. Improving the tourism events offer. Events, such as the annual Voodoo festival, are a key visitor draw and a proved important element of attracting the Nigerian market. This activity will include upgrading the Verdure Theater and the adjacent esplanade at the French Fort to better host events. TA to professionalize the organization of events could be executed by NGOs or foundations through the Challenge Fund. The Municipality will be charged with O&M of the area, funded partly by events revenues.

j. Developing a beachfront leisure area in Djegbadji to serve as an anchor for leisure tourism on the western point of the "Route des Pêches". This may include infrastructure such as solid waste & drainage, water supply and electricity connection, as well as tourism infrastructure such as a boardwalk, benches, landscaping, concession spaces, beach sports facilities, parking and a playground. The development of an integrated ecotourism product offering in Djegbadji is also being explored, and could include the upgrading of key ecotourism circuits, including lagoon canoe tours and interpretation walks (lagoon, coast, lakes, forest, salt collection), with facilitation for their operationalization by the private sector and training for guides.

A second, and important zone to bolster the MICE and shopping markets and to establish a good practice foothold in the expansion of the coastal tourism product is developing the Fidjirosse beachfront, starting from Cotonou to the west. Pending the successful implementation of the Ouidah investments, and resolution of potential safeguards and inclusive development issues, the project will evaluate the possibility of undertaking light investments in a small portion of the Fidjirosse beachfront area as a second phase during Mid Term Review.

If deemed favorable at MTR, a small pilot area of Fidjirosse will be developed with the aim of transforming it into a quality leisure and entertainment zone close to Cotonou. This will be carried out by upgrading its public spaces and creating opportunities for the upgrading and expansion of regulated, quality private sector establishments. Such investments could include i) public space upgrading: notably drainage, water supply and electricity connection, sanitation facilities, street lighting and landscaping, and ii) tourism infrastructure: boardwalk, benches, landscaping, concession spaces for stalls, stores, restaurants and activities, beach sports facilities, a playground and parking.

The component will support the integration of stakeholders and communities to each of the proposed investments, in order to create ownership over the management and maintenance of the sites. Each

infrastructure project will include funds for technical assistance in the structuring and establishments of sustainable O&M processes. To encourage innovative, sustainable and inclusive approaches, some of the activities related to local services and tourism offerings within these categories will be executed through calls for proposals that would encourage participation from NGOs, foundations, research centers and the private sector. This would be structured as a Challenge Fund that would offer-grants (with high percentage of participation in total costs) for around 5 sub-projects, receiving each between \$100-500K, for a total of up to \$2m. This Challenge Fund would be implemented by the same firm selected competitively to manage the SME grant component (see Sub-Component 3.1.2).

Further, and in addition to capacity building support, the project include specific activities aiming at strengthening the sustainability of the tourism development in the country: (i) finalization of a comprehensive master plan for the whole Fishing Road Tourism Development Area (ADTRP) taking into consideration the specific objectives of sustainable ecotourism development as clearly expressed by the Government, and which will reinforce the delineation of Community Biodiversity Conservation Areas (CBCAs) and existing Protected Marine Areas (MPAs) and will also include updated environmental baseline studies to delineate areas of critical natural habitat within the project's area of influence; (ii) development of urban planning regulations including construction and planning codes and standards specific to the area; (iii) implementation of management plans for Community Biodiversity Conservation Areas (CBCAs) and existing Protected Marine Areas (MPAs) which include capacity building of management bodies and stakeholders; (iv) preparation and internalization of a Strategic Environmental and Social Assessment (SESA) toward tourism development of the Fishing Road Program (ADTRP) and the preparation of specific regulations to protect the related biodiversity; (v) adoption of standards guide for the opening and inspection of infrastructures, hotel complex and associates, including efficiency criteria for resources management (water, energy, etc.). The project implementing unit will include two seasoned specialists: (i) an environmental specialist and (ii) a social safeguard specialist. A total amount of one million eight hundred and fifty thousands (1,850,000) dollars US is earmarked in the project cost, financed by the Bank, to cover the aforementioned environmental and social measures. This cost amount does not include the resettlement compensation cost which will be estimated during implementation through the resettlement action plans.

Component 3: Support to MSME upgrading, linkages and expansion (US\$10m)

The relatively low level of product and service quality offered by Benin's tourism oriented firms constrain the attractiveness of the tourism sector. Similarly, limited exploitation of backward linkages opportunities from tourism to other sectors means that the sector's contribution to broader economy significantly undershoots its potential. The key drivers of firm under-performance include high levels of informality, low levels of managerial and technological capabilities among MSMEs, and difficulties in accessing finance. Broader African experience suggests both demand-side and supply-side financing constraints apply: while only around one-in-five African MSMEs has ever obtained financing from a formal financial institution, only 23% of those who have not received a loan actually applied for one. Bank penetration in Benin is estimated at 5%, and SMEs only make up about 10-15% of the typical Bank portfolio. Loans in the tourism sector are generally oriented towards large enterprises and represents less than 2% of the total bank's portfolio. It is estimated that about 500 SMEs operate directly in tourism sector activities (hotels, restaurants, supermarkets and distribution), and about 300 of them (60%) would have long term (annual) supply contracts with large enterprises. These SMEs typically require short terms financing equivalent to \$7.5m, or about 25% of their turn-over. The objectives of this component are:

- i) Support tourism or tourism related MSMEs to improve product quality and linkages

- ii) Foster growth of tourism or tourism related MSMEs by extended access to credit constraint

Component objectives will be realized through the following key activities:

- i) An MSME Facility will support BDS services and Business Plan preparation and implementation through Business Plan Competitions.
- ii) A Risk Sharing Facility (RSF) with leading commercial banks and financial institutions to ease the financing constraint by SME financing in general and those in the tourism sector in particular.

The component will also apply the geographic filter to maximize impact: within the target destinations in southern Benin (i.e. Ouidah and Fidjrossè) all MSMEs will be eligible for direct support. Beyond this region only MSMEs with supply links to the tourism sector will be eligible. Linkages support will focus primarily on the agribusiness, crafts, and souvenir industries given their strategic importance to Benin's tourism industry, high demand for those local products, and unrealized potential for value addition and job creation (including for women).

Subcomponent 3.1: MSME Facility for Improved Quality and Linkages (US\$5m).

This subcomponent will establish a grant facility with two windows that will (i) finance BDS to improve firm capabilities; and (ii) provide funding to support business plans and linkage opportunities identified by the geographic and thematic project filters. SME funds through the BDS window will be available for a range of purposes, including the development of business plans (including via business plan competitions), support for basic accounting, management support, to open bank accounts, provision of mediation services in disputes with tax authorities, assistance to prepare loan application identification of new market opportunities, efficiency and environmental studies, training programs (including those linked to activities developed under the project), implement technology solutions, etc. Funding disbursed under the window will support acquisition of critical infrastructure (including equipment) and activities directly related to strengthening target value chains on a selective basis. While firm selection will be via business plan competition with wide scope for innovation around improving Benin's tourist offerings, some specific project priorities will also be clearly flagged to participants. For example, an important outcome for this window will be to have generated and funded innovative ideas aimed at strengthening linkages with the agricultural sector. A combination of instruments will be used to work with approximately 40 MSMEs, a lead firm and smallholders to develop a food distribution platform (warehousing with services) that will serve hotels in particular. The MSME grant program will be outsourced to a single private management firm under the supervision of the PIU. The operating manual will be developed (as part of the Project implementation manual) to highlight the operating principles and procedures of the fund, as well as the governance and internal control mechanisms. The SME facility is expected to target approximately 1000 firms and lead to the creation of about 5000 jobs over the course of the project.

Subcomponent 3.2: Risk-Sharing Facility to finance MSME growth (US\$5m)

This component will seek to expand access to finance for tourism and tourism-related SMEs through mechanisms aimed at providing financial institutions with sufficient comfort to lend to and support SMEs while improving their own value chain lending capabilities. An IFC Risk Sharing Facility (RSF) embedding a pooled first loss cover and fee rebates from IDA will be created under the Global SME Facility. The facility would partially mitigate creditor risks and enable financial institutions to increase lending to established SMEs as well as expand their reach to a new cohort of SME clients. It would leverage IFC's existing network of private sector partners in Benin, including top tier hotels as

anchor names and systemically important banks as lenders, to bridge the SME financing gap in the country. In line with the project's objectives, the RSF will have a particular focus on agribusiness and crafts value-chains.

The RSF will be extended to a preselected pair of two private commercial banks on the basis of the banks' willingness to expand their SME financing, as demonstrated by their existing in-house capabilities, a clearly articulated SME strategy and IFC's experience partnering with them. It is presumed that the two banks would be selected from a pool of subsidiaries of international and pan-African banking groups. The programmatic approach to the RSF reflects the lessons being learnt by IFC in a similar WB-IFC value-chain project in Cameroon (the Cameroon Agri Project) where partnering with several banks has created a sense of competition among FIs to provide superior service to eligible SMEs while taking adequately compensated credit risks. The RSF will incentivize banks to extend longer-term loans in addition to their more traditional working capital facilities. The activity will also provide to the selected banks technical assistance (e.g., specific value chain credit know-how, implementation of targeted instruments, ICT support) to enable them to better assess and manage SME relationships and to channel some critical TA to their SME clients.

The RSF will be implemented through competitively selected commercial banks (as DCA) under the overall coordination of the PIU and technical leadership of the appropriate ministries. Based on field assessment and discussions to date with candidate banks and potential anchor firms, the relevant SMEs' financing needs are estimated in the region of \$45m, which, assuming a 50/50 risk sharing agreement, means a RSF in the size of \$22.5m (See Figure 1, below). The component's IDA pooled first-loss contribution of \$4m would represent 17.8% of the \$22.5 million exposure. Of Component 3.2's \$5m total amount, the remaining \$1m will be ear-marked for funding TA to banks and their SME clients. It is estimated that 300 to 500 eligible SMEs operating in or linked to the tourism sector would benefit from RSF-supported financing.

In addition to IFC's specific reporting requirements for RSFs, the banks' effectiveness in deploying the RSF will be periodically reviewed by the DCA. In order to continue to qualify under the program, the banks will have to quickly ramp-up their respective covered portfolios and demonstrate high rates of utilization (>50%). A re-allocation mechanism would also be used to ensure optimal utilization of the facility.

Component 4: Project Management (US\$4.5m)

This component aims to provide the necessary technical, advisory and financial support for the adequate implementation, management and coordination of the Project; ensure that M&E systems for project and sector-wide analysis systems are upgraded and sustained; and implement a robust citizen engagement and communications program for project and sector inclusiveness.

Subcomponent 4.1: Establishment of and support to a Project Implementation Unit (US\$ 4m)

Activities will support the establishment and operations of a project implementing unit (see details in institutional arrangement section) through the financing of equipment, consultant compensation, operating costs, organizational budgets, monitoring and evaluation, systems development, training and communication, capacity building, and technical assistance. More specifically, this includes:

- a) The establishment and operation of a Project Implementing Unit (PIU). The PIU staff will include the following functional capacity (i) PIU Management; (ii) Senior tourism specialist (responsible for Comp 1); (iii) Senior municipal Engineer/Architect/Project Manager (responsible for Comp 2); (iv) Private sector development and local economic linkages specialist (responsible for Comp 3); (v) Fiduciary specialists (procurement, accounting), (vi) Communications and citizen

engagement specialist; (vii) environmental specialist; (viii) social safeguard specialist; and (ix) M&E and tourism statistics specialist.

- b) Construction supervision could be supported by a DCA
- c) Communications, citizen engagement and stakeholder coordination activities. This includes (i) the development of a comprehensive communication strategy for each Project target area as well as the preparation of all communication materials and, where appropriate, the organization of awareness raising events; (ii) the coordination of stakeholder involvement and in project activities; and (iii) the implementation of a citizen engagement plan and looping back feedback to the project implementation.
- d) Set up a monitoring mechanism, building on the sub-component strengthening official statistics recoding capacity of all government agencies involved in the project implementation. The agencies should report statistics to the PIU regularly.
- e) Secretariat services for the technical project steering committee.

Subcomponent 4.2: Upgrading Benin's Tourism Statistics for Sustained M&E (US\$ 0.5m)

This sub-component will support the upgrading of Benin's Tourism Statistics and Information Management System (TIMS) to set the groundwork for the implementation of Tourism Satellite Accounts (TSA), in order to better measure and evaluate impacts and target markets. The project will finance i) the elaboration of a program for upgrading its TIMS, to set the groundwork for TSAs based on the 2014 diagnostic; and subsequently ii) finance priority actions for its TIMS upgrading, including the provision of database systems, IT software and hardware, training and capacity building and process mapping.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The technical assistance activities (components 1.1, 1.3, 2.3, 3.1 and 3.2) will be nation-wide and do not raise any specific safeguard concerns. In contrary, the catalytic investments under component 2 will occur in an area structured by a coastal lagoon (Ouidah and "Route des Pêches") with associated mangrove vegetation (*Racemosa* sp.; *Avicennia* sp.) and planted palm oil trees; because of this ecosystem contribution to fisheries, tourism development and biological conservation (Habitat of stopover of Afrotropical and Palearctic migratory birds, habitat of Sitatunga and African manatee) the country had designated it a Ramsar site (Ramsar no. 1017). Named "Lower valley of the Couffo, Aho channel, coastal lagoon and Lake Aheme", Ramsar site no. 1017 is a 47,000 hectares "continental O" category of wetland consisting in a complex of coastal lagoon, lake and ria located in the southern region of Benin nearby the Atlantic ocean in the eastern part of the gulf of guinea. The area is among the country's most densely populated region (Cotonou, the country's biggest economic metropolis is located in and other medium and small cities are in the same watershed) suggesting why primary rainforests have been replaced with manmade landscapes and megafauna' species have almost disappeared. The high population growth rate in the region will induce increasing pressure on natural resources even in a "no project" situation. Tons of fish, crab, shrimp and oyster are produced by these ecosystems that support tens of thousands of community jobs. Therefore the safeguard analysis had to inform on what threats the mangrove ecosystems and the watercourses would sustain due to the project investments and further activities though the development objective suggest clearly a wise use of biodiversity resources for ecotourism development.

5. Environmental and Social Safeguards Specialists

Abdoul Wahabi Seini (GSU01)

Maman-Sani Issa (GEN07)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>Though the activities aim at supporting tourism development including ecotourism, thereby helping to protect biodiversity conservation in a densely populated area, the project is expected to have moderate to significant and irreversible environmental and social adverse indirect and cumulative impacts if poorly managed. These are loss of natural habitats, degradation of gazetted wetlands, potential increase/prevalence of communicable diseases, safety at work, etc. It has therefore been classified as a Category A project in compliance with OP/BP 4.01.</p> <p>Though the concept stage had identified that specific instruments (ESIA, RAP) would be prepared and disclosed 120 days before appraisal, the pre-appraisal mission findings and recommendations induced changes in the project design as envisioned at concept stage and also uncertainties about the specific investment activities sites. Therefore, only the following frameworks have been prepared and disclosed in-country and at the Bank InfoShop at this time: (i) an Environmental and Social Management Framework (ESMF); (ii) a Resettlement Policy Framework (RPF); and (iii) a Pest Management Plan (PMP). In addition, as a technical support to the development of the tourism area Master Plan, a Strategic Environmental and Social Assessment (SESA) will be financed under component 2. The ToR for the SESAs have been prepared and disclosed before appraisal. ESIA's for specific investments will be prepared during implementation as set out in the ESMF.</p>
Natural Habitats OP/BP 4.04	Yes	<p>Though the project aims at supporting the valorization of the biological hotspots of the coastal area through ecotourism and sustainable tourism development, specific attention should be paid to the footprint this activity would induce on the conservation of species due to likely high influx of tourists. The ESMF (i) set forth guidelines to enhance the sustainability of the ecotourism activities to develop, and (ii) recommended support to existing conservation initiatives at national and community levels.</p>
Forests OP/BP 4.36	No	<p>The project will not finance activity in forest degradation, forestry or forest products commercialization.</p>
Pest Management OP 4.09	Yes	<p>Supporting agricultural activities will undoubtedly induce indirect increase the use of pesticides, fertilizer and others chemical inputs namely in horticulture, food storage and conservation. But as indicated in the project description, and regarding the existing conditions, only horticulture</p>

		and vegetable production in support to tourism activities will be developed. A Pest management plan has been prepared and disclosed in-country and at the Bank InfoShop prior appraisal. The PMP suggests among others natural vector control and agrobiolgy techniques to avoid/lower use of chemicals thereby minimizing indirect long term pollution risk.
Physical Cultural Resources OP/BP 4.11	Yes	The investments area was part of the ancient kingdom of Danxome famous by its contribution to slave trade. For instance, Ouidah city was the principal port of departure to the Americas through the Gore/Senegal stopover. A specific cultural management plan will be prepared in the course of implementation to address the project's rehabilitation of cultural heritage monuments associated with the slave route. In addition, some sacred areas punctuate the mangrove vegetation and some portions of the coastal lagoon. Civil works may uncover and destroy archaeological artifacts or sacred habitats if appropriate measures were not in place during implementation. The ESMF provided clear guidelines and measures for handling chance find underground resources. Further, specific cultural management plan would be prepared in the course of implementation whether the project supports rehabilitation of cultural monument of heritage..
Indigenous Peoples OP/BP 4.10	No	There are no indigenous people in the project intervention area.
Involuntary Resettlement OP/BP 4.12	Yes	The project influence area is located in a landscape composed of public, private and community lands, and the investment sites are expected to host private individual and community activities. Therefore, the project is likely to induce land expropriation, physical resettlement or temporary loss of revenues. Since the exact nature and location of the investments in Djegbadji are not known before the project implementation phase start, a Resettlement Policy Framework (RPF) has been prepared, consulted upon and disclosed prior appraisal. It provides guidance and procedures for the preparation of Resettlement Action Plans (RAP) whenever people displacement cases arise during project implementation.
Safety of Dams OP/BP 4.37	No	The project will not finance dam construction or activity associated with existing dam.
Projects on International Waterways OP/BP 7.50	No	The project will not finance activity located on international waterways or that will directly affect such waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project areas are not under dispute.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project is classified category A due to the potential indirect and cumulative negative impact on biodiversity and natural habitat and the resettlement challenges. Based on the nature of the potential direct/indirect impacts and risks, the following Bank safeguard policies are triggered: Environmental Assessment (OP 4.01); Natural Habitats (OP 4.04); Pest management (OP 4.09); Physical Cultural Resources (OP 4.11); Involuntary Resettlement (OP 4.12). The project will support tourism infrastructure around Ouidah and the coastal area of Djegbadji. However, the specific investments have not yet been determined. Based on progress on the ground, additional investments may eventually be made at Fidjrosse, another coastal area. The project plan at concept stage envisioned that specific investments would be known and ESIA's and RAPs would be prepared accordingly. As a result of the pre-appraisal mission, the project design changed. Because specific investments are yet to be determined, the borrower has prepared the following Safeguard Frameworks that have been disclosed in-country and at the Bank InfoShop: (i) an Environmental and Social Management Framework (ESMF); (ii) a Resettlement Policy Framework (RPF); and (iii) a Pest Management Plan (PMP). No specific investment site will be known before the implementation though Djegbadji and Fidjrosse (eventually) localities in the coastal region are yet identified to host the tourism catalytic investments. In fact, after concept review meeting where it has been initially agreed that specific instruments (ESIA, RAP) would be prepared and disclosed 120 days before appraisal, the pre-appraisal mission findings and recommendations induced changes in the project design as envisioned at concept stage and also uncertainties about the investment sites. Therefore, only the following framework have been prepared and disclosed in-country and at the Bank InfoShop: (i) an Environmental and Social Management Framework (ESMF); (ii) a Resettlement Policy Framework (RPF); and (iii) a Pest Management Plan (PMP).

Further, at appraisal stage the project design has been adjusted and finalized as follows: i) Infrastructure investments will focus on product development in Ouidah and Subject to progress realized on the ground, it could be extended to Fidjrosse in another project or with additional financing., ii) direct financial support to MSMEs under Component 3 is streamlined and is no more focusing on agriculture. It will support provision of Business Development Services and funding to improve firms capabilities and support business plans and linkage opportunities in the tourism value chain. This confirmed the consistency of having prepared only frameworks (ESMF, RPF) instead of specific instruments which will come later in the course of implementation when investment sites are definitely identified and approved.

Overall, the project negative impacts would show up in the medium to long terms with the expected high influx of tourists. The impacts would relate to the following categories: (i) long term depletion of the natural habitats and associated aquatic fauna, including the migratory birds, in the coastal zone; (ii) loss of mangrove vegetation and its associated economic utilities/uses; (iii) temporary disruption of communities' income generating activities; (iv) Involuntary displacement of cultural wealth (worship relics, buried archaeological remains, traditional worship places/shrines or churches); (v) Expropriation and loss of land within the surroundings of Djegbadji village.

<p>Conversely, the positive impacts are expected to materialize in the short term in the following forms: (i) valorizing ecotourism resources thereby enhancing protection and conservation of associated biological wealth and natural habitats; (ii) better valorization and conservation of cultural assets as part of sightseeing activities; (iii) increase of market value of land and social services within the project's zone; (iv) creation of fulltime employment opportunities and improvement of livelihoods to the benefit of local communities; (v) creation of temporary job along with improvement of employees' income.</p> <p>No direct potential large scale, irreversible and/or significant adverse impacts are expected to occur due to the project investments.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p>
<p>The coastal area of Benin, which will host the catalytic investments for tourism development, is part of the Ramsar site no. 1017 because of its mangrove vegetation and the lagoon that hosts indigenous birds and receives seasonally Afrotropical and Palearctic migratory waterfowl. If the project succeed in fostering tourism blooming in the area, the ongoing population growth will be supplemented by high influx of tourists, which even seasonal will induce increased pressure on the natural environment. Depletion of biodiversity, threat to natural habitat and unknown critical natural habitat, pollution of water bodies due to deficient waste management, social changes and health and safety risks (insecurity, sexual communicable diseases, etc.) are likely to occur if appropriate sustainable management tools, land use rules and pollution prevention efforts were not permanently implemented and follow through.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p>
<p>Not applicable.</p>
<p>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</p>
<p>The Government of Benin (GoB) has prepared, consulted upon, approved, disclosed in-country and authorized the Bank to disclose the required safeguard documents: (i) an Environmental and Social Management Framework (ESMF); (ii) a Resettlement Policy Framework (RPF); and (iii) a Pest Management Plan (PMP).</p> <p>Regarding the borrower's capacity in managing the expected environmental challenges, risks and impacts, the institutional and regulatory frameworks was assessed as strong enough and operational to sustain. The national environmental assessment Agency ("Agence Béninoise pour l'Environnement" -ABE) has had a good track record in implementing and/or overseeing environmental and social management plans/measures of Bank-funded operations. On the other hand, the project implementation entity (Ministry of Tourism) has no experience of Bank environmental and social safeguard policies. The project implementing unit will recruit and maintain throughout the project lifecycle two seasoned specialists: (i) an environmental specialist and (ii) social safeguard specialist.</p> <p>Further, and in addition to capacity building support, the project include specific activities aiming at strengthening the sustainability of the tourism development in the country: (i) finalization of a comprehensive master plan for the whole Fishing Road Tourism Development Area (ADTRP) taking into consideration the specific objectives of sustainable ecotourism development as clearly expressed by the Government, and which will reinforce the delineation of Community Biodiversity Conservation Areas (CBCAs) and existing Protected Marine Areas (MPAs) and will</p>

also include updated environmental baseline studies to delineate areas of critical natural habitat within the project's area of influence; (ii) development of urban planning regulations including construction and planning codes and standards specific to the area; (iii) implementation of management plans for Community Biodiversity Conservation Areas (CBCAs) and existing Protected Marine Areas (MPAs) which include capacity building of management bodies and stakeholders; (iv) preparation and internalization of a Strategic Environmental and Social Assessment (SESA) toward tourism development of the Fishing Road Program (ADTRP) and the preparation of specific regulations to protect the related biodiversity; (v) adoption of standards guide for the opening and inspection of infrastructures, hotel complex and associates, including efficiency criteria for resources management (water, energy, etc.).

A total amount of one million eight hundred and fifty thousands (1,850,000) dollars US is earmarked in the project cost, financed by the Bank, to cover the aforementioned environmental and social measures. This cost amount does not include the resettlement compensation cost which will be estimated during implementation through the resettlement action plans.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders consulted during the preparation and that will be consulted during the implementation of the project include, but not limited to: (i) the directly affected people namely farmers, tenants farmers and agricultural land owners; (ii) the sharecroppers; (iii) the fishermen; (iv) the local authorities and communities of the affected communes (Djegbadji, Fidjrosse); (v) national environment NGOs; (vi) national Ramsar Administrative Authority; (vii) national hydrological and fishery department; (viii) national forest and wildlife department. They have been variously consulted during the preparation of the safeguard documents, and will participate in the validation processes in both the two countries prior the issuance of the environmental permits by the relevant authorities.

There was a preparatory meeting for Fidjrosse potential site held on July 28, 2015 at Fiyegnon 1. The meeting attendants were 34 in number and include persons from Locally Elected Representatives, grassroots population (fishermen, masons, mechanics, etc.), tourism service providers, ADTRP and Ministry of Tourism/MCAAT officials and consultants. Two public consultation sessions were held on: July 29, 2015 at Fiyegnon 1 with 403 persons as attendants; and July 30, 2015 at Fiyegnon 2 gathering 268 persons made up of Locally Elected Representatives, communities (fishermen, masons, mechanics, etc.), tourism service providers, ADTRP and MCAAT officials and consultants.

On Djegbadji potential site, two preparatory meeting sessions were held including: the very first one in the District of Djegbadji on July 31, 2015 with twenty-two (22) attendants including village heads, tour guides, grassroots population, ADTRP and MCAAT officials and consultants. The second one was held on August 10, 2015 at the compound of "CEG La Colombe" (a secondary school) in Cotonou. This meeting gathered together 27 persons including village-level development associations (ADED0, ARDD and ARA), village heads, tour guides, grassroots communities, ADTRP and MCAAT officials and consultants. Two public consultations were held in Djegbadji District on respectively on August 3, 2015 and August 17, 2015. The first was attended by 178 persons whereas 206 were present during the second one, including both potentially affected people and other stakeholders.

In General, the formal processes of consultation and public hearing mechanisms as set through the national regulations will apply, and the implementing entity will pursue the communication efforts

to: (i) ensure a good flow of information and facilitate a dialogue with the affected populations, the key stakeholders and the public; (ii) offer avenues for the affected populations' concerns to be appropriately expressed and discussed; (iii) support the implementation of the project's major activities; and (iv) promote a good visibility of the project's results and impacts. More specifically the program will help promote an open discussion and dialogue around the project's rationale, activities and benefits, as well as its risks and complexity, so as to gain stakeholders' positive engagement and ownership and also to manage reputational risks. The development of a grievance redress and conflict resolution mechanism will also be supported.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	10-Nov-2015
Date of submission to InfoShop	25-Nov-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	04-Mar-2016
"In country" Disclosure	
Benin	18-Nov-2015
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	18-Dec-2015
Date of submission to InfoShop	04-Feb-2016
"In country" Disclosure	
Benin	20-Jan-2016
<i>Comments:</i>	
Pest Management Plan	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	10-Nov-2015
Date of submission to InfoShop	25-Nov-2015
"In country" Disclosure	
Benin	18-Nov-2015
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP 4.09 - Pest Management			
Does the EA adequately address the pest management issues?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Is a separate PMP required?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources			
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Is physical displacement/relocation expected? Provided estimated number of people to be affected	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	TBD [<input type="checkbox"/>]
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) Provided estimated number of people to be affected	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	TBD [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]

Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Magueye Dia	
<i>Approved By</i>		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 12-Feb-2016
Practice Manager/ Manager:	Name: Jean Michel Noel Marchat (PMGR)	Date: 12-Feb-2016