



## INTERNATIONAL INDIVIDUAL CONSULTANCY TO SUPPORT THE MINISTRY OF TOURISM TO PREPARE PROPOSAL OF REGULATION FOR COMPLEMENTARY ACCOMMODATION SERVICE PROVIDERS

### TERMS OF REFERENCE

#### A. Background

This consultancy falls within the scope of the Resilient Tourism and Blue Economy Development Project, financed by the World Bank, which foresees, in its Component 2, improvements of the inclusive and sustainable management of tourism, including a specific macro-activity that aims to improve the regulation of the tourism and urban, land and coastal planning.

Following two studies financed by the World Bank, (i) the Tourism White Paper and (ii) *Estudo sobre Alojamento Complementar e Turismo Residencial e Plano de Ação*, the government has been promoting a series of legislative reforms with a view to resolving the constraints identified in above documents. One of the areas identified was precisely the need for regulation of 'Complementary accommodations'.

Tourism in Cabo Verde has grown remarkably during the last decade with an average growth rate during the period of over 9%, having reached its record 819,308 guests in 2019, being close to reaching the government's target of 1.0 million tourists established by the government before the pandemic. This accelerated pace of growth had a very positive impact, which is its contribution to

GDP at a rate of 25% in 2019, thus contributing significantly to the economic development of the country. This increase in tourist demand also encouraged the increase in tourist supply, which according to the National Statistics Institute (INE) data, in 2019 the country had 284 hotel establishments, with accommodation capacity of 13,092 rooms and 21,059 beds.

INE's data for the 3rd quarter of 2022, referring to the movement of guests, refers to the demand for 'complementary accommodation', which demonstrates the interest of guests in this growing segment, and the prospect of having a broader dynamic over the years.

Likewise, it is noticeable that this new type of rental accommodation is sold directly on digital platforms, such as (Airbnb and Booking, among others).

Specifically, in Cabo Verde and with the reference made above to INE data, this new type of accommodation linked to the collaborative economy has been spreading across all the islands, and the services provided by them do not meet the expected legal requirements for entry in the market and operation of tourist enterprises. Many of these types of accommodation fall within the accommodation offer segment called 'complementary accommodation'. However, it can't be hidden that it is also about being able to bring several benefits such as: contributing to diversifying the tourism offer, providing income to families that would otherwise have difficulty to enter the value chain, helping to provide capacity in times of high demand (big events, high season, etc.). Besides, the segment offers a service highly valued by tourists (mainly the independent tourists and even the digital nomads that the country is working to attract), and it can help bring tourists to lesser-known destinations that have limited capacity to attract tourism investment.

Consequently, it is important to produce regulation that helps to provide guidance, comfort and control over the activity and potentially generate tax revenue, always taking into account some risks with over-regulation that could determine the survival of these types of accommodation.

The 2019 Covid pandemic interrupted this growth cycle, with disastrous consequences in terms of demand and tourist supply in 2020 and 2021, already

mentioned at length. In 2022, there is a recovery of the sector's growth dynamics, so it is urgent to resolve the regulatory constraints that were already identified before the crisis.

The Tourism White Paper, already mentioned, flagged the need to regulate Decree-Law nº 6/2011, of January, which regulates the access and exercise of the activity of tourism service providers, defines a concept for complementary accommodation, and presents some access requirements. The other study also mentioned presented as well this need for a better definition of the concept of this activity.

Following these two studies, the Government carried out a legislative amendment, revoking Decree Law nº 6/2011, with the creation of Decree Law nº 44/2022 of October 7<sup>th</sup>, which regulates the access and exercise of the Activity of tourism service providers. The DL nº44, in its Article 3, gives a new definition of 'complementary accommodation': *Temporary accommodation, namely for tourists, for remuneration or provided that they do not meet the necessary requirements to be considered tourist enterprises or as defined in specific legislation*. With regard to 'local accommodation' in specific, the DL nº44 only presents the definition.

It is intended that the definition of complementary accommodation be further clarified, taking into account the aforementioned decree-laws and other related legislation of similar countries. In general, the creation of a regimen that regulates such accommodation is urgently needed, in order to respond quickly and effectively to the proliferation of apartments and rooms that are still in the informal, unregulated sector and which, consequently, are jeopardizing safety and the quality of the tourism offer, also compromising the challenges of the development and sustainability of tourism.

## **B. Objectives**

The purpose of this Term of Reference is to hire an individual international consultant to support the Ministry of Tourism (MTT) to benchmark global practices and trends in the regulation of complementary accommodations and support the development of regulations for Cabo Verde based on the local context and hospitality sector dynamics for complementary accommodations as defined by the DL-nr. 44, comparing to a concepts of similar accommodation of other country .

### **C. Scope of Work**

The consultant will work in articulation with a local lawyer and a technical team from the MTT and carry out the following tasks:

1. Familiarize with current situation of the market in Cabo Verde, based on the Tourism White Paper and the Study of Complementary accommodations, and the residential tourism Action Plan.
2. Benchmark an array of other destinations (e.g. Azores, Madeira, Canary Islands) that have adapted to deal with this type of accommodation and develop more in-depth case studies for 3 of the destinations;
3. Conduct research on the current situation of the online accommodations rental market in Cabo Verde based on properties available through portals such as Airbnb, HomeAway, TripAdvisor, Booking.com, etc. This should include figures on the quantity of accommodations currently available, the type offered, their geographic distribution, etc.
4. In conjunction with the local lawyer and the MTT team, consult key public and private sector entities about their concerns and suggestions in relation to this type of accommodation. This should include the government bodies involved in the registration and supervision of these types of accommodation, more traditional accommodations owners/managers, tour operators, tourism sector associations and a diverse range of operators of this type of accommodation.
5. Together with the local lawyer, present the characteristics, limitations, and specific technical requirements for complementary accommodation providers, including operational safety guidelines;
6. Provide recommendations on how tourist data, particularly in terms of the number and length of stays, can be collected from the complementary accommodation entities.
7. Together with the local lawyer, provide proposals for how tax revenue can be raised from these types of accommodations.
8. Identify specific agreements that have been signed between governments and portals such as Airbnb for purposes of raising taxes and collecting data. To the extent that they are relevant, propose similar arrangements for the case of Cabo Verde.
9. Provide guidance on how the quality of the current complementary accommodations on offer in Cabo Verde can be improved.
10. Write a draft report providing technical guidance that will serve as a key input for the local lawyer's drafting of the new regulations. The report should include the benchmarking and case studies mentioned earlier. It should also provide various options for legislation that can be presented at a stakeholder meeting;
11. Together with the local lawyer, present options for the Draft Regulation in a stakeholder workshop to be organized by the Tourism Development Office.
12. Submit a Final Report providing technical guidance for the regulations, based upon feedback gained through the stakeholder meeting and consultations with MTT and the local lawyer.

**( A international consultant must work as time with national consultant, is the coo-workers )**

#### **D. Deliverables, Timing and Payments**

<b>Deliverable</b>	<b>Minimum Content</b>	<b>Delivery timing</b>	<b>Payment (%)</b>
<b>P1</b> – Inception Report	Presentation of the work plan with detailed tasks.	1 working week after contract signature	10% with approval of P1
<b>P2</b> - Draft of a Technical Guidance report to support elaboration of the Regulation	Presentation of conclusions of studies made and, as a result, recommended guidance for the regulation (including several options to be pursued).	8 working weeks after contract signature	40% with approval of P2
<b>P3</b> - Final Technical Guidance report for the regulations.	Report as described above but incorporating feedback obtained by key stakeholders.	10 working weeks after contract signature	50% with approval of P3

#### **E. Consultant Qualification**

The successful consultant should meet the following qualification criteria:

- Senior consultant, with relevant background in international tourism, with specific solid knowledge of the global complementary accommodation rental market;
- At least 10 years of experience in international tourism;
- Experience with at least three international projects involving analysis and/or development of legislation related to online accommodations rentals
- Demonstrated experience in analyzing tourism and travel industry trends;
- Proven capacity to provide recommendations, founded in data and supported by transparent assumptions;
- Experience in developing world destinations is advantageous;
- Ability to communicate effectively in Portuguese or Spanish.

#### **F. Duration of Consultation**

The total duration of the consultancy is 90 days.

#### **Work management and logistics structure**

The technical follow-up of the consultancy's tasks, as well as the evaluation and validation of the deliveries made by the Consultant, is the responsibility of the *Gabinete de Desenvolvimento do Turismo* (GDT). For this purpose, the GDT will appoint a focal point who will be in charge of direct technical interactions with the Consultant, for the purpose of following up operations, as well as facilitating consultations and working meetings with institutions and key informants.

### **G. Complementary Information and Support Documentation**

In order to carry out this consultancy, the consultant should take into account relevant supporting resources, namely:

- Tourism White Paper;
- *Estudo sobre Alojamento Complementar e Turismo Residencial e Plano de Ação*
- Decree Law nº 6/2011; Decree Law nº 44/2022 of October 7;

It will be up to the consultant to collect additional information he/she deems relevant for carrying out the consultancy.

### **H. Other Relevant Conditions**

The consultant must ensure workspaces, equipment and all the necessary logistics for the full performance of the consultancy object of this TOR.

Deliverables are to be submitted and presented in Portuguese, including a Power-Point presentation of P2.

The P2 – The draft technical guidance report is to be presented in Cabo Verde, so the consultant must consider in the proposal one field mission and second a presentation mission to Cabo Verde.

### **I. Contract Type**

A lump-sum form of Contract shall be signed. Payments of remuneration are linked to approval of deliverables, and the payment of reimbursable expenses are made upon presentation of receipts of expenses incurred at real cost