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Report No: PAD3064

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR7.3 MILLION
(US\$10 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CABO VERDE

FOR A

SOCIAL INCLUSION PROJECT

November 20, 2018

Social Protection & Jobs Global Practice
Africa Region

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CURRENCY EQUIVALENTS

Exchange Rate Effective Oct 31, 2018

Currency Unit = SDR

SDR0.72352 = US\$1

US\$1.38213 = SDR1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

| | |
|--------|---|
| ASA | Advisory Services and Analytics |
| CMU | Country Management Unit |
| CNPS | National Center for Social Pensions (Centro Nacional de Pensões Sociais) |
| CPF | Country Partnership Framework |
| CPS | Country Partnership Strategy |
| CRI | Corporate Result Indicator |
| CVE | Cape Verdean Escudo |
| DFIL | Disbursement and Financial Information Letter |
| DGIS | General Directorate for Social Inclusion (<i>Direção Geral de Inclusão Social</i>) |
| DGPOG | Directorate of Planning, Budget and Management (<i>Direção de Planeamento, Orçamento e Gestão</i>) |
| FA | Financing Agreement |
| GDP | Gross Domestic Product |
| GNI | Gross National Income |
| GPN | General Procurement Notice |
| GRM | Grievance Redress Mechanism |
| GRS | Grievance Redress Service |
| HQ | Headquarters |
| IBRD | International Bank for Reconstruction and Development |
| ICS | International Competitive Selection |
| ICT | Information and Communications Technology |
| IDA | International Development Association |
| IDRF | Household Income and Expenditure Survey (<i>Inquérito às Despesas e Receitas Familiares</i>) |
| IEFP | Institute of Employment and Vocational Training (<i>Instituto do Emprego e Formação Profissional</i>) |
| IFAC | International Federation of Accountant |
| IFR | Interim Financial Reports |
| ILO | International Labour Organization |
| IPF | Investment Project Financing |
| ISP | Implementation Support Plan |
| LEAP | Livelihood Empowerment Against Poverty |
| M&E | Monitoring and evaluation |
| MDGs | Millennium Development Goals |
| MFIS | Ministry of Family and Social Inclusion |
| MIS | Management Information System |
| MORABI | Cape Verdean Women's Self-Promotion Association (<i>Associação Cabo- Verdiana de Auto-Promoção da Mulher</i>) |
| NGOs | Non-Governmental Organizations |
| OMCV | Women's Organization of Cape Verde (<i>Organização das Mulheres de Cabo Verde</i>) |
| OVC | Orphans and Vulnerable Children |
| PAD | Project Appraisal Document |

| | |
|--------|--|
| PDO | Project Development Objective |
| PEDS | Strategic Plan for Sustainable Development (<i>Plano Estratégico de Desenvolvimento Sustentável</i>) |
| PIU | Project Implementation Unit |
| POM | Project Operations Manual |
| PP | Procurement Plan |
| PPP | Purchasing Power Parity |
| PPSD | Project Procurement Strategy for Development |
| RSI | Social Income for Inclusion Program (<i>Programa Rendimento Social de Inclusão</i>) |
| SCD | Systematic Country Diagnosis |
| SDGs | Sustainable Development Goals |
| SOE | Statement of Expenditures |
| SPN | Specific Procurement Notice |
| UGPE | Unit for Management of Special Projects (<i>Unidade de Gestão de Projectos Especiais</i>) |
| UN | United Nations |
| UNICEF | The United Nations Children's Fund |
| USR | Unified Social Registry |
| VfM | Value for Money |

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DATASHEET

BASIC INFORMATION

| | | |
|--------------|------------------------------|-----------------------------------|
| Country(ies) | Project Name | |
| Cabo Verde | Social Inclusion Project | |
| Project ID | Financing Instrument | Environmental Assessment Category |
| P165267 | Investment Project Financing | C-Not Required |

Financing & Implementation Modalities

| | |
|---|---|
| <input type="checkbox"/> Multiphase Programmatic Approach (MPA) | <input type="checkbox"/> Contingent Emergency Response Component (CERC) |
| <input type="checkbox"/> Series of Projects (SOP) | <input type="checkbox"/> Fragile State(s) |
| <input type="checkbox"/> Disbursement-linked Indicators (DLIs) | <input checked="" type="checkbox"/> Small State(s) |
| <input type="checkbox"/> Financial Intermediaries (FI) | <input type="checkbox"/> Fragile within a non-fragile Country |
| <input type="checkbox"/> Project-Based Guarantee | <input type="checkbox"/> Conflict |
| <input type="checkbox"/> Deferred Drawdown | <input type="checkbox"/> Responding to Natural or Man-made Disaster |
| <input type="checkbox"/> Alternate Procurement Arrangements (APA) | |

| | |
|------------------------|-----------------------|
| Expected Approval Date | Expected Closing Date |
| 13-Dec-2018 | 31-Oct-2022 |

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To support the Recipient's efforts in building an effective social protection system that promotes social and productive inclusion.

**Components**

| Component Name | Cost (US\$, millions) |
|---|-----------------------|
| Strengthening the Recipient's Social Protection Systems | 7.70 |
| Expansion of the RSI Program | 2.00 |
| Support Project Management | 0.30 |

Organizations

Borrower: Republic of Cabo Verde

Implementing Agency: Ministerio da Familia e Inclusao Social - Ministry of Family and Social Inclusion

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

| | |
|--------------------|-------|
| Total Project Cost | 10.00 |
| Total Financing | 10.00 |
| of which IBRD/IDA | 10.00 |
| Financing Gap | 0.00 |

DETAILS**World Bank Group Financing**

| | |
|---|-------|
| International Development Association (IDA) | 10.00 |
| IDA Credit | 10.00 |

IDA Resources (in US\$, Millions)

| | Credit Amount | Grant Amount | Total Amount |
|--------------|---------------|--------------|--------------|
| National PBA | 10.00 | 0.00 | 10.00 |
| Total | 10.00 | 0.00 | 10.00 |

Expected Disbursements (in US\$, Millions)



| WB Fiscal Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------|------|------|------|------|-------|
| Annual | 0.36 | 2.00 | 3.40 | 3.30 | 0.94 |
| Cumulative | 0.36 | 2.36 | 5.76 | 9.06 | 10.00 |

INSTITUTIONAL DATA**Practice Area (Lead)**

Social Protection & Labor

Contributing Practice Areas**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag**Does the project plan to undertake any of the following?**

| | |
|---|-----|
| a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF | Yes |
| b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment | Yes |
| c. Include Indicators in results framework to monitor outcomes from actions identified in (b) | Yes |

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**Risk Category****Rating**

| | |
|---|---------------|
| 1. Political and Governance | ● Low |
| 2. Macroeconomic | ● Low |
| 3. Sector Strategies and Policies | ● Low |
| 4. Technical Design of Project or Program | ● Moderate |
| 5. Institutional Capacity for Implementation and Sustainability | ● Moderate |
| 6. Fiduciary | ● Substantial |
| 7. Environment and Social | ● Low |

| | |
|-----------------|------------|
| 8. Stakeholders | ● Moderate |
| 9. Other | |
| 10. Overall | ● Moderate |

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

| Safeguard Policies Triggered by the Project | Yes | No |
|--|-----|----|
| Environmental Assessment OP/BP 4.01 | | ✓ |
| Performance Standards for Private Sector Activities OP/BP 4.03 | | ✓ |
| Natural Habitats OP/BP 4.04 | | ✓ |
| Forests OP/BP 4.36 | | ✓ |
| Pest Management OP 4.09 | | ✓ |
| Physical Cultural Resources OP/BP 4.11 | | ✓ |
| Indigenous Peoples OP/BP 4.10 | | ✓ |
| Involuntary Resettlement OP/BP 4.12 | | ✓ |
| Safety of Dams OP/BP 4.37 | | ✓ |
| Projects on International Waterways OP/BP 7.50 | | ✓ |
| Projects in Disputed Areas OP/BP 7.60 | | ✓ |

Legal Covenants

Conditions

| Type | Description |
|--------------|---|
| Disbursement | No withdrawal shall be made under Category 3 until the Recipient has adopted the Grants |



| | |
|-----------------------|--|
| | Manual in form and manner satisfactory to the Association (Financing Agreement, Schedule 2, Section III.B.1(b)). |
| Type Effectiveness | Description The Recipient has prepared and adopted the Project Operations Manual in form and manner satisfactory to the Association (Financing Agreement, Article IV 4.01 (a)). |
| Type Effectiveness | Description The UGPE has recruited a Project manager, under terms of reference satisfactory to the Association (Financing Agreement, Article IV 4.01 (b)). |
| | |





A. Country Context

1. **Cabo Verde is a small archipelago of 4.033 sq km located 550 km off the West African coast, facing major development constraints.** The local population (537,661 people), is scattered over nine islands and approximately 85 percent of the population currently lives on four islands: Santiago (56 percent), São Vicente (15 percent), Santo Antão (7 percent) and Fogo (7 percent). The population of Cabo Verde lives mostly in cities. About 66 percent of the population lives in urban areas - the highest of Sub Saharan Africa - up from 27 percent in 1982. The main causes of this migration to the cities are the frequent droughts and the emerging opportunities in the tourism sector. The economy depends largely on the services sector which accounts for roughly 60 percent of economic activities and 65 percent of labor force participation. Commerce, hotels and restaurants provide around 23 percent of jobs, followed by public administration and public services (19 percent).
2. **Cabo Verde witnessed spectacular social and economic progress between 1990 and 2008.** During this period, its GNI per capita grew six-fold and it was the only non-extractive economy in Sub-Sahara Africa to reach middle-income status in such a short time. Poverty levels were reduced considerably, largely driven by fast growth in the tourism sector and remittances.
3. **Remittances play an important role in Cabo Verde's poverty reduction and has been an important factor, together with falling fertility, in the decline in poverty between 2007 and 2015.** Migrants play an important role in Cabo Verde's development through the financial resources they channel into the economy through remittances and foreign investment. According to the Household Income and Expenditure Survey (IDRF) 2001 survey data, more than a quarter of remittances goes to the poorest 40 percent of the population and remittances as a proportion of total consumption expenditure is much higher for this group (11 percent) than for the richest 60 percent (where remittances are equivalent to only 7 percent of expenditure).
4. **Economic growth collapsed following the global financial crisis in 2008, exacerbated by the European sovereign debt crisis, and has remained low (although it picked up somewhat in 2016).** The dramatic drop in economic growth is primarily attributed to a sharp decline in the level of investments and a substantial fall in returns to investments.
5. **Despite Cabo Verde's robust GDP growth and the important reduction in poverty in the last 10 years, 35 percent of the population remains poor.** With a GNI per capita of US\$3,290 Cabo Verde remains one the countries with the highest inequality in West Africa¹ and almost 30 percent of the youth do not work nor study. About ninety percent of the poor live on four of the nine inhabited islands. The capital Praia is home to 21 percent of the poor, followed by the interior of Santiago (39 percent), São Vicente (13 percent), Santo Antão (12 percent), and Fogo (10). Rural areas are twice more affected by poverty, unemployment and poor service delivery and most of the rural poor live in municipalities where small-scale agriculture and fisheries are the main sources of income.
6. **Almost half of the rural population live under poverty conditions.** Despite the fact that poverty has decreased more than 20 percentage points during the last 15 years in the country (35.2 percent in 2015 in comparison to 56.8 percent of 2001) rural areas have experienced a significantly lower rate of poverty reduction than urban areas. While in urban areas during this period the incidence of poverty dropped 42 percent from its initial value, in rural areas the reduction rate only reached 27 percent. Out of the total rural



population, 48.5 percent lives in poverty and 42 percent face extreme poor conditions. The poverty gap in rural areas is twice the gap in urban areas.

7. **Overall unemployment was 12 percent in 2017 (32 percent among the youth).** Youth unemployment is high and rising, especially in urban areas, and among women and in the capital Praia. In 2017, 82 percent of the unemployed lived in urban areas and 49 percent of the urban youth (74 percent for women) were unemployed. The relatively high number of school leavers is adding to the already high youth unemployment rate and informality.

8. **Poverty also has a clear gender dimension.** Poverty data from 2015 show that 39 percent of female headed households were poor, compared to 31 percent of those headed by men. The proportion of women who are employed (conducts paid work) is lower than men (45 vs 59 percent in 2017) even if disparities in human capital are minor². This difference is especially pronounced in rural areas where only 35 percent of women is involved in economic activities compared to 57 percent of men. Unemployment among the youth is also higher in women. Even if women's rights are well anchored in the law and most Cabo Verdeans support equal rights³, existing gender norms that grant women almost exclusive responsibility for domestic chores, undermine the ability of women to participate more fully in the labor market and raise the welfare of their family⁴.

9. **Poverty is also mostly concentrated among households with children.** Out of the total poor households, 85 percent of them have children under 15 years old at home, whereas in non-poor households, those with children are at 57 percent. Among the extreme poor population of households, 91 percent consist of households with children. Single headed households with children represent 45 percent of the total poor households.

10. **The Government of Cabo Verde is especially concerned with the social and economic vulnerability of poor children.** Lack of access to preschool and child-labor of children of poor families remains one of the main concerns for the Government of Cabo Verde that aims at promoting policies and programs to facilitate social reinsertion of children of poor households. Children are the age group most affected by poverty in Cabo Verde with 31.3 percent of children living in poor households and with 9.3 percent of children affected by chronic malnutrition. Poverty is more prominent in large female headed households.

11. **On the positive side, Cabo Verde was one of the first countries in Africa to achieve the Millennium Development Goals (MDGs).** However, performance on the Sustainable Development Goals (SDGs) has been uneven. The country scores particularly well on SDG4 (Education) due to high school enrolment and literacy, SDG 6 (drinking water – less well on sanitation) and SDG 13 (Climate Action, driven by low CO₂ emission). The country's greatest challenges in terms of reaching SDG targets are in SDG8 (Decent Work and Economic

¹ With a Gini of 46, Cabo Verde inequality is higher than Mauritius, Maldives and St Lucia., similar to the Seychelles and Kenya and typical for Latin American countries. However, the Gini index in Latin American countries is based on income, while in Sub-Saharan Africa this is calculated from consumption data. As the distribution of income is typically more unequal than the distribution of consumption, inequality in Cabo Verde is likely to be close to the most unequal countries in Latin America.

² Some difference in work experience exists but plays a minor role.

³ e.g. more than 90 percent of Cabo Verdeans believe that women should have the same chance of being elected to political office as men (Afrobarometer 2015)

⁴ Heloisa Marone 2016 Demographic Dividends, Gender Equality, and Economic Growth: The Case of Cabo Verde. IMF working paper 16/169



Growth), SDG 9 (Industry Innovation and Infrastructure) as expenditures on Research & Development are low, SDG 10 (Reduced Inequalities), and SDG 11 (Sustainable Cities and Communities).

B. Sectoral and Institutional Context

12. **According to Decree-Law 54/2016, the Ministry of Family and Social Inclusion (MFIS) is in charge of the design, the implementation and the coordination of social inclusion policies and programs** aiming at protecting vulnerable families and individuals and contributing to gender equality, as well as to the design and implementation of policies for the integration of the immigrant population.

13. **In Cabo Verde, Social Protection is one of the fundamental rights of citizens and is regarded as one of the essential tools for economic development and the guarantor of equality, peace and social justice.** The social protection system is governed by Law No. 131/V/2001 of 22 January 2001, which establishes three different schemes, namely Social Assistance, Compulsory Social Protection and Complementary Social Protection.

14. **The Social Assistance prong covers the whole resident population in situations of social and economic vulnerability.** Social assistance provides benefits in cash or in-kind and provides social support through services, equipment, programs and projects. The General Directorate of Social Inclusion (DGIS) is in charge of the coordination of all social assistance interventions and relies on different institutions such as the National Center of Social Pensions and the municipal councils for the implementation of programs. Social Assistance programs are small and fragmented and coverage is still insufficient.

15. **Total Social Protection spending in Cabo Verde increased from 3.7 percent of GDP in 2010 to 5.3 percent of GDP in 2017.** These figures placed Cabo Verde among the top providers of Government funds in terms of social protection expenditures in Sub-Saharan Africa. Social protection is the second largest component of social expenditures in Cabo Verde, after Education.

16. **Compared to other African countries, Cabo Verde has an advanced social protection system, though programs are very fragmented and coverage of the poor remains insufficient.** The three axes of social protection (social assistance, insurance and labor market policies) are all well developed and have been improving continuously through reforms in the past three decades. Cabo Verde has a robust legal framework for Social Protection and a relative large number of programs trying to tackle the country's vulnerability. Notwithstanding these positive features of Cabo Verde's Social Protection system, efficiency (less fragmentation and adequacy of benefits) and effectiveness (increased coverage) need to be improved to advance with the Social Protection agenda supporting growth and reducing inequality.

17. **The Social Protection System covered 55 percent of the total population in 2017.** Around 33 percent of the total population benefit from the social insurance system mainly through health assistance. Social assistance coverage is around 22 percent of the total population. Assuming perfect targeting of the poor, social assistance covers 66 percent of the total poor in the country. In the past decade, Cabo Verde successfully focused on improving assistance to the elderly. Through different policies and programs, coverage of the elderly population is now almost universal either through a social pension for the elderly, or through other forms of social protection and assistance. However, there remains a large portion of the poor that are not covered by social assistance, especially poor families with working age members. Extending



coverage of social assistance targeted to the poorest and the youth in rural areas is one of the current challenges faced by the Cabo Verde Government.

18. **The Government of Cabo Verde piloted in 2017/2018 a cash transfer program, the *Rendimento Social de Inclusão* Program (RSI) with 1,700 households benefitting from the Program.** The Government of Cabo Verde intends to support poor households through this newly created program that will combine cash transfers and access to productive and social inclusion. The pilot originally intended to provide monthly cash transfers (US\$62) for six months to selected households in selected municipalities, but delays caused the Government to pay all six payments in one single transfer. In addition, the components of productive and social inclusion have not been piloted yet. Productive and social inclusion are meant to be part of the second component of the program (the first component is the cash transfers) and are framed under the *Plano de Acompanhamento Familiar* (Family Assistance Plan) which aims at linking poor and vulnerable families to existing social and extension services that are run by municipalities.

19. **Social inclusion of poor children is not properly addressed.** Access to crèches or preschool for children under 5 is not mandatory and is very limited with only 5.1 percent of children under 2 frequenting one of these institutions. Access to preschool is not only important for educational reasons, but in terms of child protection and providing economic opportunities for women. Women in families with no access to pre-school have less access to employment and economic opportunities reducing therefore the household income. Usually, poor women take the children to work which minimizes their employability; or they leave the children with the older siblings causing the drop-out of these from primary or secondary education.

20. **To mitigate this weakness, the Government of Cabo Verde launched, in November 2017, a “*Plano Nacional de Cuidados*” (National Plan for Social Care services) and considers this a priority pillar of the Social Protection system in the years to come.** The objective is to create a network of small municipal crèches for children 0 to 3 years old, as well as day centers for older dependents, thereby addressing the needs of the poorest households and in particular of those poor female-headed households.

21. **Implementation of Social Protection Programs in Cabo Verde follows a decentralized approach.** Policies and programs are designed, supervised and financed by MFIS, but the actual implementation is carried out by the municipalities. Municipalities also partly finance the programs through taxation and other resources and in addition they implement their own social protection activities not supported by MFIS. This decentralized approach has resulted in a proliferation of social protection programs at the central and decentralized levels. The last social protection assessment carried out in 2016⁵, accounted 40 social protection programs implemented by national institutions and 181 directly implemented by municipalities.

22. **There is limited technical capacity within the municipalities to implement social protection programs.** Municipalities are understaffed and underfinanced and there is a clear demand for further investment in institutional strengthening and capacity building. Even though municipalities gained fiscal autonomy in the last years, most of the spending is executed at the central level and systems for tracking results of Government programs are not functioning adequately, despite considerable investments in Information and Communications Technology (ICT) systems.

⁵ A Protecção Social em Cabo Verde. Situação e desafios. ILO. 2012.



23. **In such a decentralized context, the Government of Cabo Verde lacks adequate tools to ensure monitoring and evaluation of programs.** Only the Social Pensions program has a proper Management Information System (MIS) that can provide accurate information. MFIS does not carry out impact evaluation of its programs on a regular basis. Even though municipalities are meant to present financial and progress reports to MFIS, only the financial information is properly compiled.

24. **Municipalities implement and coordinate several productive inclusion activities.** Despite some municipalities having their own programs and training centers, productive inclusion activities are mainly implemented by the Institute of Employment and Professional Training (IEFP) or Non-Governmental Organizations (NGOs) such as MORABI (Associação de Apoio à Auto-Promoção da Mulher no Desenvolvimento), OMCV (Organização das Mulheres de Cabo Verde OMCV), Citi Habitat, etc. The role of the municipalities is mainly to provide advice, financial support and to refer beneficiaries to the programs. Overall productive inclusion activities target mostly extreme poor individuals and cover several areas such as technical, vocational, and life skills training, economic inclusion activities and entrepreneurship.

25. **However, current social assistance programs are missing the link with the above-mentioned productive inclusion activities to ensure a sustainable graduation out of poverty for the poor households participating in the programs.** The lack of social registries and monitoring systems does not allow MFIS to refer beneficiaries to different programs and to provide a more comprehensive package of support. Social Assistance beneficiaries rarely receive additional support to improve their productivity or employability and social assistance, except for programs for the elderly, has been mainly implemented as a one-time assistance package.

26. **To tackle the above-mentioned weaknesses in the sector, the Government of Cabo Verde, through MFIS, intends to focus on two main interventions: the continuous expansion of its newly created Unified Social Registry (USR), and the implementation and expansion of the RSI Program.** The USR is currently being piloted with support from UN agencies (ILO and UNICEF), but it still misses the regulatory framework that would guide its operationalization at national level. The RSI Program, as mentioned above, has also been piloted. The pilot tested the cash transfer component, but MFIS intends to design additional components to the program that would ensure access to productive inclusion initiatives and to social care services.

27. **Through the proposed Project, the World Bank aims to support a systems approach in Cabo Verde to increase the efficiency (less fragmentation and more coordination) and effectiveness (larger coverage of poor households through adapted interventions) of the safety nets sector in the country.** The Project would support Government-led Programs, including the USR and the RSI and would support their expansion at national level by strengthening central and local capacities for implementation and by providing financial support. Through the expansion of the USR, the Project would support a national instrument for outreach and targeting of social programs. The USR would ensure that social programs have an adequate targeting and that Government avoids any non-intended duplication of benefits. The URS would also enable Government to better understand the demand for social programs, based on the collection of socio-economic data at decentralized level. The implementation of the RSI would reduce the actual gap in terms of coverage of social assistance programs targeting poor but productive households. The expansion of the RSI would contribute to poverty reduction among households with children and working-age members and would contribute to overall productivity of the country by increasing productivity and employability of beneficiary households.



C. Higher Level Objectives to which the Project Contributes

28. **The proposed Project is aligned with the World Bank Group's Country Partnership Strategy (CPS, Report No: 92248-CV), which states that Cabo Verde's overarching vision is to achieve economic transformation through five pillars: public sector governance; human capital development; competitiveness; infrastructure; and social cohesion.** The latest Country Partnership Strategy for Cabo Verde covers the period 2009-2012. A new Country Partnership Framework (CPF) is under preparation. The proposed Social Inclusion Project would provide selective, demand-driven assistance that deepens the Cabo Verde- Bank partnership in two pillars of the CPS: (i) promoting good governance and public-sector capacity; and (ii) strengthening human capital and social inclusion. Pillar 5 of the CPS specifically aims at strengthening Social Cohesion. The aim is to substantially reduce poverty by reducing unemployment, enhancing productivity, extending the coverage of the social protection system, ensuring better health services for all, supporting youth development and integration into the economy, and promoting the gender dimension.

29. **As proposed by the CPS, the Project would use a systematic approach in terms of planning, coordinating, monitoring and evaluating safety net programs.** A strong institutional strengthening component would be included under the Project to support the development of a proper safety nets system in the country with effective delivery instruments.

30. **In preparation of the forthcoming CPF, the Systematic Country Diagnostic (SCD) considers social inclusion as one of the three pillars for poverty reduction and enhancing shared prosperity in Cabo Verde.** The SCD acknowledges the necessity for an enabling environment for shared action and responsibilities, and channeling direct support to vulnerable people, for instance, in the form of cash transfers.

31. **The Project is aligned with Cabo Verde's Strategic Plan for Sustainable Development (PEDS) for 2017-2021.** The Project specifically supports Objective 3 of ensuring social inclusion and reducing social and regional inequality and asymmetry. This would be done by supporting the living conditions of families and promoting social inclusion through (i) an integrated support to vulnerable families; (ii) facilitating access to income opportunities and to social services for vulnerable families; (iii) improving the social care system; and (iv) protecting children and adolescents against social and personal risks.

32. **The proposed Project is also aligned with Cabo Verde's Strategy for the Development of the Social Protection sector (*Estratégia para o Desenvolvimento da Protecção Social em Cabo Verde*).** The Social Protection Strategy aims at contributing to the reduction of poverty and inequality in the country. The Project would specifically support objectives 2,3, 4 and 5 of the Strategy that aim to (i) improve employability of poor and vulnerable households; (ii) increase access to basic social services for poor populations; (iii) ensure social and economic support to individuals living in poverty or highly vulnerable to poverty; and (iv) improve institutional capacity for program implementation.

33. **The Project would support two national Programs (USR and RSI) and the decentralization of social services in the country.** Technical and financial assistance would be provided to scale up the country's USR and RSI programs. The Government of Cabo Verde has these two programs at the core of the Social Protection Strategy and is providing financings for its implementation. However, Worl Bank technical and financial support is required to scale up these interventions.

34. **The Project is also aligned with the World Bank Social Protection and Labor Strategy for Africa (2012-2022).** It supports the overarching goal of helping improve resilience, equity and opportunity for people in both low-and middle-income countries. The Project would follow the strategic direction of moving from fragmented approaches to more harmonized systems for social protection.

35. **Finally, the Project would contribute to the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity.** The Project would promote boosting shared prosperity, by increasing focus on the least well-off in Cabo Verde. The cash transfer component would target the lowest quintiles of the Cabo Verdean population to increase their incomes. A targeting system would be developed to accurately identify the poorest households in the country and cash transfers would be complemented by facilitating access to productive and social inclusion initiatives to achieve a sustainable graduation out of poverty.

I. PROJECT DESCRIPTION

A. Project Development Objective (PDO)

PDO Statement

36. The PDO is to support the Recipient's efforts in building an effective social protection system that promotes social and productive inclusion.
37. The effectiveness of the system would be measured by its capacity to target extreme poor households with adequate coverage (close to 50 percent of the extreme poor).
38. The Project's performance in achieving its PDO will be measured through the following key outcome indicators:
- Beneficiaries of Social Safety Nets Programs – RSI- (disaggregated by gender of the cash transfer recipient)
 - Beneficiary households of RSI in Q1 of the income distribution
 - Number of RSI beneficiary households benefitting from productive inclusion activities
 - Beneficiaries of the RSI registered in the Unified Social Registry

B. Project Components

39. The project will be articulated around three main components: (1) Strengthening the Recipient's Social Protection Systems; (2) Expansion of RSI Program; and (3) Support Project Management.

Component 1 – Strengthening the Recipient's Social Protection Systems (US\$2.0 million equivalent)

40. The specific objective of this component is to enhance the capacity of MFIS and other institutions (municipalities) involved in the social protection sector to implement, monitor, and evaluate safety nets programs as an integrated and permanent system.



Subcomponent 1.1 - Building permanent systems to implement Social Protection programs

41. This subcomponent would build the capacity of MFIS in general, and in particular DGIS, the Directorate of Planning, Budget and Management (*Direção de Planeamento, Orçamento e Gestão* or DGPOG) and participating municipalities, as the institutions responsible for the social protection related activities under the Project. This subcomponent aims to establish the delivery systems required to effectively implement social protection programs and enhance the capacity of staff within DGIS and municipalities to manage these programs.

42. This subcomponent would build on the ongoing technical assistance Project (P166778)⁶ and support the further development of the following systems: a targeting system, a payment system, a M&E system, the MIS of the RSI program, a Grievance Redress Mechanism (GRM) and a referral system for safety net beneficiaries to access productive opportunities. Specific activities include the following:

- **Targeting system.** A targeting system for the safety net programs, most notably for the RSI program, was designed including tools for geographical and household targeting. The Project would help fine-tune the targeting methodology including the development of poverty maps using the 2015 household survey data and adjusting the poverty index to determine eligibility for the RSI program.
- **Payment system.** It is expected that the Government would continue using the payment system for the RSI program⁷. The project would support further improvements reaching beneficiaries particularly in more remote areas, building on the recommendations of the study financed by the on-going TA Project.
- **M&E system.** The Project would help the MFIS improve its M&E system by: (i) defining a Results Framework for the RSI detailing development Objectives and Results Indicators and identifying adequate instruments to measure these indicators; (ii) conceptualizing the instruments to be used to monitor the program, including the M&E modules for the sector's MIS; and (iii) assessing beneficiary satisfaction.
- **MIS.** A MIS would be designed and implemented for the RSI Program. The MIS would at least include modules for beneficiary registration and identification, payments, referral to productive and social inclusion activities and a grievance redress mechanism. The MIS would be hosted at DGIS and a MIS specialist with an IT profile will be hired for its development and maintenance.
- **GRM.** A complaint redress system would be designed and implemented under the Project. It would allow beneficiary households, as well as non-beneficiary, to lodge complaints about selection, payments and any other issues arising during program implementation and seek redress.
- **Communication system and strategy.** The Project will support MFIS and DGIS to set up a communication system and strategy for the sector and specifically for the RSI Program and the USR. Communication activities will provide key program information to external and internal audiences through formal and informal channels. The communications strategy will help create awareness, understanding, improve participation/outreach and reduce risk of misinformation.

⁶ Support to the scale up of the Social Protection System in Cabo Verde (P166778)

⁷ Cash transfers for the RSI were delivered via electronic fund transfers -direct deposit from the Treasury into beneficiaries' individual bank accounts-.



- **Referral system for safety net beneficiaries to access productive opportunities.** In order to achieve a sustainable graduation out of poverty, safety nets beneficiaries would be referred to productive inclusion opportunities supported under Component 2 of the Project. It is expected that a subset of beneficiaries would be able to take advantage of opportunities provided in their municipalities, and a selection process would be designed, matching with additional criteria such as minimum and maximum age and minimum level of school education currently being used by the programs.

43. **Project Implementation Support for MFIS.** This subcomponent would support the recruitment of targeted technical assistance to aid MFIS in implementing activities related to the Project. It is anticipated that the MFIS would be responsible for leading their programs and overall implementation of Project activities. In order to address existing staffing and capacity constraints, the Project would finance the recruitment of technical experts to sit within MFIS and/or municipalities to provide hands-on capacity building and support Project implementation. Due to the expected high increase in workloads to establish various governance and service delivery systems under the Project, MFIS would recruit technical assistance to oversee management of the proposed activities in addition to technical staff.

44. **Capacity building for MFIS staff and municipalities staff.** As Subcomponent 1.1 aims to increase the Government's capacity to implement, monitor and evaluate existing programs and effectively use the delivery systems developed, it would support the provision of additional technical assistance and specific capacity building initiatives for MFIS and selected municipalities. Activities would include specific training, participation in international workshops and events and/or study tours to other similar programs.

Subcomponent 1.2: Expanding the Unified Social Registry

45. **This component would support the scale up of Cabo Verde's USR.** The Government of Cabo Verde is committed to the operationalization of an USR that would serve as a national instrument for outreach, intake, and determination of potential eligibility for all social programs. The USR is also conceived as a planning tool for municipalities to better understand the vulnerability of their populations and generate additional demand for social programs. The USR would strengthen local capacities to design policies and programs and perform monitoring and evaluation of existing programs.

46. The Government of Cabo Verde, through MFIS and the municipalities, has recently piloted the USR in 16 municipalities (out of 22) but progress still needs to be made in improving the data collection protocols and tools, investing in adequate hardware and software to protect the information collected and investing in capacity building of Government staff that would be managing the USR.

47. This subcomponent would support MFIS move forward with this agenda by:

- a. **Conceptualizing the USR.** The Project would finance the definition of the business processes for the USR by promoting an open debate between MFIS and the participating municipalities. The implementation of the USR is made up of broad implementation phases, each phase with several activities and specific steps.
- b. **Defining outreach processes.** The Project would support the development of a communication strategy for the USR. Outreach fosters basic awareness and understanding about the role and functioning of the USR and its relation to social programs. A key aspect of outreach involves communication, to inform the



intended population about possible social programs that they may be eligible for and to inform them about the processes for registering in the USR.

- c. **Assessing needs and conditions to determine potential eligibility for social programs.** The USR will collect a range of information on categorical characteristics (age, gender, household composition, disability status) and socio-economic factors (incomes, employment, property, assets, education, etc.). The data required for these processes will come from (i) self-reported information from the questionnaire and interview process (intake and registration); and (ii) data exchange with other administrative systems via interoperability. This information will then be transformed into measures of welfare and compared to pre-defined eligibility criteria to determine potential eligibility for social programs.
- d. **Developing adequate hardware and software for the operationalization of the USR.** In order to support the operationalization of the USR, a software hosting the data base and the targeting modules has been developed by DGIS. The Project would finance additional improvements and maintenance of the system based on the results of on-going technical assistance⁸. In addition, the Project will finance necessary adequate hardware to be installed at the central and decentralized levels.
- e. **Financing the scale up of the USR to additional municipalities.** Government has already piloted the USR in 16 municipalities registering 17,000 families. The Project, through the provision of Municipal Grants, would finance operational costs to scale up the USR to additional 8,000 families.

48. Component 1 of the Project would finance (i) technical assistance to set up the delivery systems; (ii) technical assistance to develop and manage the USR; (iii) non-consultancy services and operational costs for the data collection for the USR; (iv) Municipal Grants to scale up the USR; (v) necessary equipment (computers, printers, etc.) for the set up and roll out of the delivery systems; and (vi) specific training to Government staff.

Component 2: Expansion of the RSI Program (US\$7.7 million equivalent)

49. The objective of this component is to scale up and improve targeting and efficiency of the RSI Program, which was designed, financed and piloted by the Government of Cabo Verde in 2017/2018, and aims to provide (i) cash transfers to very poor families; (ii) access to productive inclusion initiatives to the same beneficiaries; and (iii) access to care services for very poor families.

Subcomponent 2.1: Cash transfers to poor households with children

50. **This subcomponent would scale up the cash transfers in the frame of the RSI.** The Government of Cabo Verde initiated the cash transfer component of the RSI in 2017, which aims at providing additional income to very poor families during a limited time (currently two years)⁹. This subcomponent would scale up the cash transfer to additional 4,000 families that would be registered in the USR and would be selected through a poverty index (Proxy Means Test, PMT) that has already been developed by DGIS with World Bank technical assistance.

⁸ The software for the USR is currently being developed with financial support from the ILO.

⁹ The pilot program, entirely designed by the MFIS and financed through the State Budget, started in 2017 and the pilot currently provides benefits to 1,700 poor families. The pilot program has been implemented in all municipalities of the country and targets poor families with children under the age of 15 and impeding access to basic social services.



51. **Level and duration of benefits.** Benefits for the participating families would amount to CVE5,500 (approx. US\$62) per month and per family. This level of benefits was reviewed jointly by the Government and the Bank during project preparation, and was found adequate, as it is equivalent to 25 percent of the consumption of extreme poor families and represents 22 percent of the poverty line, which is in line with international standards. Participation of poor families in the program would be up to two years. Special extension of an additional one-year participation in the cash transfer program may be granted after two years, under conditions that will be detailed in the program implementation manual.

52. **Coverage and beneficiary targeting.** The RSI program would be implemented in all 22 municipalities of the country, as was the case for the pilot. Beneficiary households would need to be included in the USR first, and selected through a poverty index already developed by MFIS. Criteria for households to be selected would include: (i) be classified as poor, following the process of registration on the USR and the application of a poverty index; and (ii) have at least one child under the age of 15 at the time of enrollment in the RSI program. It is estimated that, under the project, the benefits of around 4,000 families would be covered for two years, in addition to a minimum of 1,700 households being covered by the State budget. The project would therefore cover more than half of the extreme poor population (which is calculated at around 8,000 households).

53. **Delivery systems.** The Project would benefit from the delivery systems developed under on-going technical assistance and Component 1 of the Project, namely the targeting system, the M&E system, the MIS including modules for beneficiary registration and identification, the payments, referral to productive inclusion activities and grievance redress. The pilot RSI was implemented without these delivery systems, but its expansion to a much larger scale would require some of these systems to be developed.

54. **Payment of beneficiaries.** Payments will be done every month for two years and will be made to the recipient designated by the beneficiary households. Cash transfers will be delivered via electronic fund transfers -EFT- (direct deposit from the Treasury into beneficiaries' individual bank accounts). Municipalities will collect recipients' bank accounts information and MFIS will consolidate the final list of beneficiaries (program payroll) that will be transferred to the Treasury. For those households without a bank account MFIS will identify local banks to open individual accounts for them. Payments will be delivered to the authorized member of the family. Payments will be administered by the National Center for Social Pensions (*Centro Nacional de Pensões Sociais*, CNPS) that also manages the non-contributory social pension. MFIS will keep the budgetary function while the operation and relationship with Treasury and payment service providers for electronic funds transfer will be led by CNPS.

Subcomponent 2.2: Support to productive and social inclusion of RSI beneficiaries

55. The objective of this component is to support RSI beneficiaries in achieving productive and social inclusion, and increase their access to the labor market, self-employment and income generating initiatives.

56. In the framework of the *Programa de Acompanhamento Familiar* (Family Assistance Program) which is being developed by MFIS with support from UNICEF, and through the establishment of a family plan, beneficiaries of the RSI Program would be provided with facilitated access to training and other productive opportunities on the one hand, and to childcare services on the other hand, with the aim of promoting their social and economic inclusion.



57. **Geographical coverage of the component.** It is expected that 9 out of the 22 municipalities¹⁰ in the country would be targeted for this component and that 2,000 households (out of the 4,000 RSI beneficiary households) would benefit from its activities. Those municipalities have been selected according to the following criteria: (i) the demonstrated capacity of the municipality and the private sector, including NGOs, to set up training programs targeting the poorest; and (ii) the existence of certain agriculture value chains or other economic and productive sectors, or of a labor market that have the potential to absorb newly trained beneficiaries. The reason not to support all the households that will benefit from the RSI programs is based on the fact that (i) not all municipalities have enough absorption capacity for the productive inclusion sector due to lack of human and financial resources and, therefore, it is preferable to focus on those municipalities that have shown a good performance record in the past; (ii) it is possible that not all cash transfer households have members with the adequate profile to participate in productive inclusion activities due to their household composition and education level; and (iii) being this the first World Bank supported Social Protection operation in the country, it is advisable not to over-compromise Government's operational capacity by setting up very ambitious targets.

58. **Productive inclusion activities.** Municipalities in Cabo Verde are already providing, to various extents, and largely with their own resources, some support to poor families to facilitate their productive inclusion. Civil society is also very active in this sector. Support usually includes vocational training, small business management trainings, support to self-employment, extension services and access to existing economic opportunities in the municipalities and islands where they live. Even though the budget is mainly managed by the municipalities, the main players in productive inclusion are the IEPF and NGOs. The role of municipalities is more limited to funding and linking beneficiaries to existing economic and social inclusion services.

59. The Project would develop a referral system for safety net beneficiaries to access productive inclusion opportunities. In order to achieve a sustainable graduation out of poverty, beneficiaries from the cash transfers would be referred to productive inclusion opportunities supported by the Project. Members of the households could be one of the parents or a teenage or adult child. The selection process, with additional criteria such as minimum and maximum age and minimum level of school education, would be further defined in the Project Operations Manual (POM). The referral module would be part of the MIS for the RSI Program.

60. The Project would finance (i) Municipal Grants to implement technical and vocational trainings provided by the IEPF¹¹ or other institutions (including NGOs and the same municipalities) for RSI beneficiaries, and technical assistance to improve their quality; and (ii) Municipal Grants to either pay for tuition fees or initiate income generating activities for the benefit of eligible households with a family plan prepared and approved pursuant to the criteria set out in the Grants Manual. The grants would be used to cover operating costs from municipalities related to the monitoring and evaluation of these programs. A Municipal Grants Manual will be developed for the Project detailing the fiduciary arrangements and disbursement conditions for the Municipal Grants.

61. The Project would not develop new training programs but would rather facilitate access of RSI beneficiaries to programs available at the local level. Therefore, the specific type of activities offered to

¹⁰ This component would be implemented in the following municipalities: Santa Cruz, Santa Catarina and Praia in Santiago; Porto Novo, Paul and Ribeira Grande in Santo Antão; Mosteiros and São Filipe in Fogo and São Vicente in São Vicente.

¹¹ IEPF offers various technical trainings adapted for poor and vulnerable populations. These are short duration courses on different sectors including tourism, agro-businesses, services, technology and other.



participants would depend on the opportunities existing on their island and municipality of residence.

62. **Support to childcare services.** Through a decentralized approach giving a large competence to municipalities in this area, the Project would support the Government in improving childcare services in the poorer areas where most of RSI families live. The services which would be supported, in the form of day centers, would partially relieve women of RSI beneficiary households from time-consuming dependent care activities, and facilitate their access to economic, employment and/or training opportunities. Municipalities will present a budgeted plan to MFIS at the start of the Project, detailing those eligible childcare centers to receive support. Upon approval by MFIS following the procedures described in the Grants Manual, municipalities would receive Municipal Grants (financed through the component) to implement their plans. Eligible expenses for municipalities under this component would include: recruitment of temporary staff for the day centers, equipment and operating costs. No works (i.e construction of centers) will be considered under this component.

63. **Municipal Grants.** Municipal Grants under the Project will be disbursed based on milestones, targets and conditions to be set in the Project's Grants Manual. MFIS will enter into a Municipality Agreement with participating municipalities detailing *inter alia* the obligation of the participating municipalities to adequately keep records of the funds provided and to provide progress reports.

64. Beside support to childcare centers, the component will also support the National Plan for Social Care Services (*Plano Nacional de Cuidados*). The Project would specifically support two initiatives of the Plan, namely:

- a. The development of necessary legislation and regulations to formalize the role of the social workers that currently lack any official certification. The Project will support MFIS in developing the legal and regulatory framework of care services through the financing of specialized technical assistance.
- b. Finance a limited number of scholarships to participate in Social Work courses for people who are currently working as social workers without any proper certification. The Project will build on this preliminary work to improve and standardize the training of social workers.

65. Component 2 of the Project would finance (i) cash transfers for RSI beneficiaries; (ii) operational costs to deliver cash transfers to RSI beneficiaries; (iii) Municipal Grants to implement productive and social inclusion activities; (iv) scholarships to beneficiaries participating at Social Work courses; and (v) technical assistance to improve the curriculum for the Social Worker certificate.

Component 3 – Support to Project Management (US\$0.3 million equivalent)

66. This component will directly finance the costs associated with the fiduciary management of the Project and the staff required to oversee coordination and Project M&E. Per the agreement with the Ministry of Finance, all technical aspects of World Bank-financed projects are to be handled by the respective ministries while all fiduciary aspects are to be handled by the Unit for Management of Special Projects (*Unidade de Gestão de Projectos Especiais*, UGPE). The UGPE is an entity that is shared across projects and each project is responsible for contributing resources to cover shared costs such as UGPE staff, operating costs (i.e., rental space, transportation, utilities, etc.), external audits, etc. In addition, the Project will also recruit a Project Manager to be based at UGPE to coordinate between the UGPE, MFIS and municipalities, and liaise effectively with UGPE and technical teams at MFIS regarding fiduciary aspects.



67. Component 3 of the Project would finance goods, consultancy services and non-consultancy services for the UGPE to support implementation and fiduciary management of the Project.

C. Project Beneficiaries

68. Direct beneficiaries of the Project would be (i) 4,000 extreme poor families who will participate in the cash transfer component of the RSI in all 22 municipalities in the country; (ii) 2,000 members of the RSI beneficiary households who will participate in training and other economic and productive inclusion activities in nine selected municipalities; (iii) children who will have improved access to care services in nine selected municipalities; (iv) social workers receiving a scholarship (up to 50) to obtain a certificate of Social Worker; and (v) MFIS and municipalities' staff (up to 150) who will participate on specific trainings and study tours financed by the Project.

D. Results Chain

69. **Problem Statement:** High levels of poverty due to low coverage of the safety net system, and poor linkages with social and productive inclusion programs.

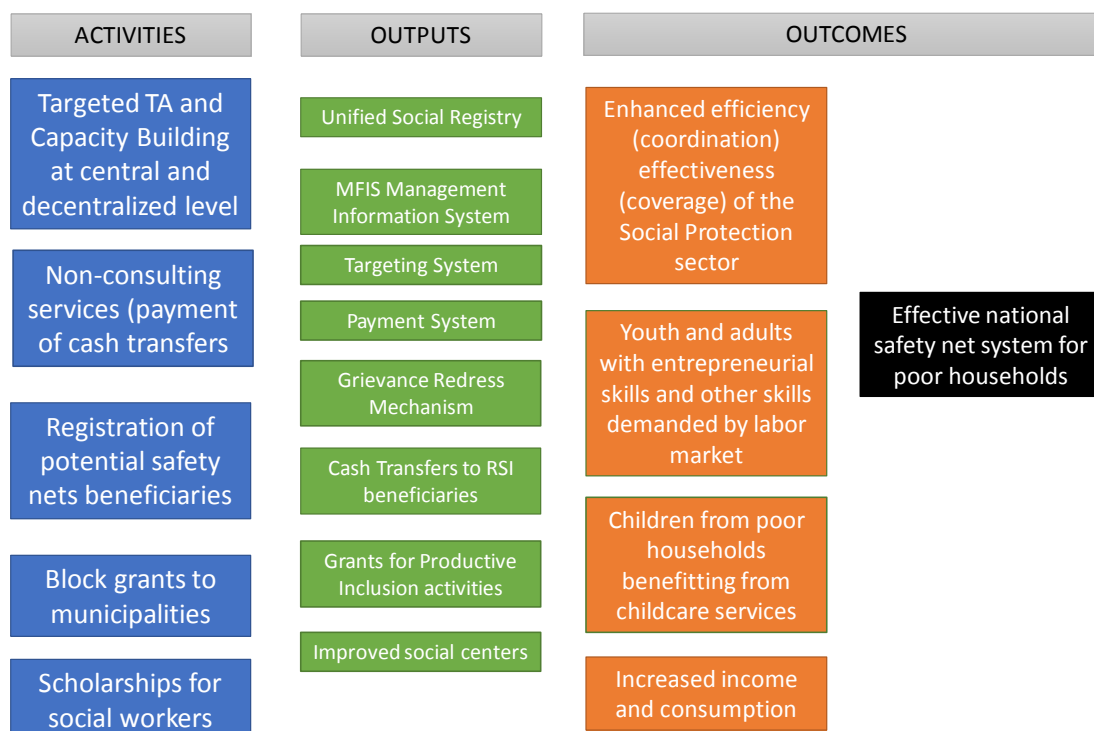
70. **Under the Project, the theory of change underlies the relationship between Project-supported activities and expected outputs and outcomes.** The Project will help increase efficiency and effectiveness of social protection interventions using a systems approach.

71. The Project will support the Government of Cabo Verde in its efforts to reduce poverty and vulnerability in the country. It will seek to support a two-fold approach of protecting poor households through cash transfers and enhancing social and productive inclusion. First, the Project will seek to expand and improve the Government's cash transfer program (RSI) into an effective safety net, with increasing coverage and efficient targeting and payment systems. Secondly, it will also seek to improve social and productive inclusion of beneficiary families through (i) improved access to training and economic activities of these families; and (ii) increased access to childcare for poor families, which often constitutes a barrier to social and productive inclusion. The two-fold approach would be supported by strong institutional strengthening efforts to make sure that adequate human and technical capacity exists at the central and decentralized levels for the implementation of programs.

72. Targeted technical assistance and capacity building activities to Government staff are expected to contribute to the set up of proper delivery systems for social protection and productive inclusion programs, including the USR. Enhanced monitoring and evaluation of programs would improve the governance (transparency and accountability) and the combination of the Project financial support and technical assistance would enhance the effectiveness (adapted interventions to the specific target groups and at large scale) of the social protection sector.

73. The proposed project will help scale up unconditional cash transfers and productive and social inclusion activities in the country. It is expected that a large number of extreme poor households (up to 50 percent) will be covered by these initiatives, which will likely increase income and consumption of these households, and therefore reduce poverty. Provision of productive inclusion opportunities to vulnerable households can be effective in reducing poverty and providing greater economic opportunities.

Figure 1: Results chain



E. Rationale for Bank Involvement and Role of Partners

74. World Bank's support brings technical and financial value added to the social protection sector in Cabo Verde. Despite having one of the most advanced Social Protection systems in West Africa, coverage of the poor in Cabo Verde remains insufficient. Cabo Verde intends to use a decentralized approach towards social protection, but municipalities in charge of implementing the programs lack technical and financial capacity.

75. The World Bank has worldwide experience in supporting innovative social safety nets and productive inclusion interventions in countries with limited financial and operational capacity. The proposed intervention is in line with World Bank's Strategies for Social Protection in Africa aiming at building solid Social Protection systems supported by an adequate policy framework. More specifically, the World Bank has already supported the implementation of cash transfers and productive inclusion initiatives with very positive results in several African countries including Tanzania, Kenya, Malawi or Rwanda among others.

76. World Bank financial support would allow to scale up programs and activities that are currently implemented and financed at small scale by the Government of Cabo Verde. MFIS has already implemented a pilot of the RSI program with around 1,700 beneficiary households and has also initiated the data collection for the Social Registry in 16 municipalities. The proposed Project would allow increasing the beneficiary coverage for these interventions.

77. Donor support to Social Protection in Cabo Verde is still limited and the proposed Project would address a gap in the Government's capacity to implement national policies. The proposed intervention is expected to attract other donors and partners to support the social protection agenda in the country.



F. Lessons Learned and Reflected in the Project Design

78. Even though this is the first IPF on Social Protection in Cabo Verde, the World Bank has been providing technical assistance to the Social Protection sector in Cabo Verde since 2017 through an Advisory Services and Analytics activity, namely the Support to the Scale Up of the Social Protection System Project (P165270).

79. This previous engagement, together with the Systematic Country Diagnostic performed in 2017, has enabled the Bank to obtain several lessons learned that have been reflected in the Project design:

80. **Effective poverty reduction in Cabo Verde requires a diverse set of interventions.** To address poverty reduction, a variety of activities are needed to effectively meet the needs of the most vulnerable populations. Research has found that cash transfers have a greater overall impact when they are accompanied by complementary measures (e.g., training programs, school feeding, etc.). In addition to providing resources to meet immediate needs – the Project includes productive and social inclusion initiatives.

81. **The Social Protection sector needs to operate as a system.** Even though the legal framework for Social Protection in Cabo Verde is quite robust, the Social Protection sector in Cabo Verde operates in a fragmented manner with a large number of social protection interventions implemented by different Government and non-Government agencies in a uncoordinated way. Different programs are implemented at centralized (MFIS and DGIS) and decentralized level (municipalities), with no mechanism for coordination. The lack of adequate management information tools does not allow for a proper monitoring and evaluation of programs and beneficiaries and therefore it leads to potential duplication of benefits and low efficiency and effectiveness of the sector. To minimize this risk and improve the efficiency and effectiveness of the sector, the Project would follow the strategic direction of moving from fragmented approaches to more harmonized systems for social protection. This would be achieved by (i) improving vertical and horizontal coordination on the different branches of social protection; (ii) building adequate delivery systems for social protection programs (USR, MIS, targeting system, Social Registry, payment system, etc.); and (iii) by building administrative and operational capacity for program implementation at central and decentralized level.

82. **Institutional Strengthening is needed to build capacity to implement social protection programs.** The Project aims at supporting existing Government policies and programs in the social protection sector. However, Government technical and financial capacity for the implementation of these policies and programs is still weak at the municipal level. In addition, the DGIS is understaffed with only a few public servants managing the core safety net programs at the national level and lacking specialized staff in key positions. The Project will provide Institutional Support to MFIS, DGIS and participating municipalities that aims at increasing their technical capacity at the central and decentralized levels. This component will finance specific technical assistance, operating costs for the different programs and specific training for Government staff.

83. **Support to decentralization is key for the implementation of social protection policies and programs.** Municipalities need to take a leading role in the implementation of social programs. In this sense, support to decentralization of social programs through the provision of technical and financial resources to municipalities would be key to ensure effectiveness and efficiency of the system.

84. **Existing gender imbalances in Cabo Verde should be considered when targeting social services and productive and social inclusion activities.** Data on poverty and employment rates show that women are



significantly disadvantaged in Cabo Verde. According to the National Plan for Gender Equality (2014-2018), women take most of the responsibility for domestic chores, which undermines the ability of women to participate more fully in the labor market and raise the welfare of their family. This is more evident among poor households in rural areas. To address this gap the Project will support the improvement of childcare centers in selected municipalities so that women can leave their children and have more time to dedicate to income-generating activities and training. Specific gender indicators were identified for the Project including the disaggregation of cash transfer beneficiaries by gender and the number of female headed households that use the childcare centers improved through the Project. These indicators would provide an idea of the number of women that increased their income through the Project and the number of women that increased their available time for income-generating activities and/or training. In the frame of the Family Assistance Plan, specific surveys will be carried out to assess how many women actually initiated income-generating activities or training because of Project support.

II. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

85. **The proposed project would be implemented over four years.** The emphasis of the first year after effectiveness will be on enhancing Government capacity and consolidating the institutional building blocks of the social safety net system, including the establishment of the country's social registry. A more detailed description of the institutional and implementation arrangements for the Project is provided in Annex 1.

86. **The proposed project supports the Government's efforts to build an effective social protection system and to expand the RSI program.** The DGIS is responsible for the implementation of the RSI Program under the overall stewardship of the Ministry of Family and Social Inclusion (MFIS), and in close partnership with the municipalities. The proposed project will strengthen country systems and enhance capacity at the central and municipal levels to implement and monitor the RSI program. Therefore, the Project will be implemented within the existing social protection framework set by recent laws and regulations and its institutional and implementation arrangements will follow the current Government administrative structure.

87. **The Project implementing agency would be MFIS and Project coordination and fiduciary management (procurement and financial management) functions for the Project will rely on the UGPE within the Ministry of Finance.** MFIS, through two directorates (DGIS and DGPOG), will have primary technical responsibility in carrying out the Project and would play a role in the implementation of the components and their various activities, in accordance with the existing roles and responsibilities assigned to them within the ministry (see below). In addition, municipalities would play a key role in implementing all three components at decentralized level, under the guidance, control and leadership of MFIS and would receive Municipal Grants for the implementation of programs. The UGPE would have primary Project coordination and fiduciary management (procurement and financial management) functions for the Project (see paragraph below).

88. **The Social Registry is housed at DGPOG within MFIS.** Municipalities manage local teams of registration agents and finance part of the registration exercise, while the DGPOG provides technical assistance, guidance and some financial resources. DGPOG will hire consultants and benefit from technical assistance to carry out the activities financed by the Project.



89. **The RSI program is managed by the DGIS of MFIS.** DGIS has the responsibility for the design of the program and supervises its implementation at the decentralized level. DGIS will hire consultants and benefit from technical assistance to carry out the activities financed by the Project.

90. **Municipalities have a key role in the implementation of safety nets in Cabo Verde and would continue doing so under the Project.** In addition to registering households in the USR and implementing the RSI program at the local level, they will identify activities to promote productive inclusion of RSI beneficiaries and refer them to institutions and associations. Municipalities are understaffed and underfinanced. The Project would provide Municipal Grants to selected municipalities that would allow them to hire additional technical assistance. In addition, municipalities will be invited to participate in capacity building activities on social protection organized by the Project.

91. **Fiduciary management and coordination of the Project would be carried out by the UGPE at the Ministry of Finance.** The UGPE is the management unit in charge of all World Bank projects and is familiar with the Bank fiduciary procedures and its overall procurement and financial management (FM) performance is satisfactory. The UGPE will appoint a Project manager who will be responsible for providing training and support to the Project implementing entity (MFIS), especially in the areas of procurement, project management, and M&E, as needed. The Project manager will also be responsible for consolidating inputs from these entities to prepare semiannual progress reports and streamlining communication with the World Bank. The Project manager will work closely with the UGPE fiduciary staff and MFIS staff.

B. Results Monitoring and Evaluation Arrangements

92. **The results framework of the Project specifies the PDO, Project development results indicators, intermediate indicators, baselines and targets, frequency, data source, methodology, and responsibilities for data collection.** The social protection sector currently has very weak M&E systems. Hence, there is a strong focus under the Project to support the further development of existing systems and establishing new ones, so they can be used to effectively monitor performance of various Government programs in this area.

93. Specifically, the Project will involve the following monitoring and evaluation mechanisms:

- a. **MIS.** Project results will be monitored by the DGIS management team through a comprehensive MIS that will be developed under the Project. The MIS will include applications for the operation and for monitoring specific aspects of the Program. The MIS will provide reports and monitor results based on data collected at the district level before it is consolidated at the national level by DGIS.
- b. **Spot checks.** Once the program has begun to be expanded and systematic monitoring is required, the UGPE, with technical support from DGIS, will enter into contracts with independent consultants to carry out sampling field verifications (spot checks) to verify the accuracy and validity of information that is entered into the MIS for program administration, tracking and monitoring, including the production of reports and the authorization of payments.
- c. **Process evaluation.** In addition, the Project will also conduct a process evaluation of the processes and operations of the RSI program and an assessment of the accuracy of the targeting mechanisms. These instruments will provide program managers with the information needed to adjust and fine-tune the program's parameters, supervision schemes, and monitoring as necessary.
- d. **GRM.** The Government will implement a grievance procedure to provide beneficiaries with a way to raise



any concerns or complaints about the implementation of safety net programs including the RSI Program and the Project at different stages, including targeting and payments. The mechanism will be spelled out in the communication strategy, and any complaints and claims, as well as their processing time by the appropriate Government authorities, will be duly recorded in the MIS system.

- e. **Audits.** Finally, independent technical and financial audits will help the Government to assess financial management of the funds.

94. **For the purpose of monitoring Project indicators,** the UGPE will be in charge of overall M&E activities, with inputs from each of the units carrying out activities under the Project. The reports will include figures on the number of RSI beneficiaries, payments, complaints and response times and beneficiaries that have participated in the social and productive inclusion activities.

95. **Combined World Bank implementation support missions led by the Task Team Leader for Social Protection will take place at least every six months in order to monitor and report on progress made under the Project through the implementation status and results reports.** An in-depth review will be undertaken at the Project implementation mid-point. This mid-term review will provide an opportunity to assess overall progress in project implementation, update the results monitoring framework, review allocation across components, re-assess the risks and propose corrective measures to ensure achievement of project development objectives.

C. Sustainability

96. **Financial sustainability has been taken carefully into consideration in the program design.** Under the social protection envelope, the Project will promote cost efficiency by developing systems which minimize inclusion errors, have reduced operational costs, and have a robust M&E. The Project will provide cash transfers to 4,000 households (equivalent to 50 percent of all households in extreme poverty). The cost of the Project interventions is US\$2.5 million annually (representing 0.18 percent of the country's GDP in 2016) which the Government would very likely be able to maintain moving forward. If the Government were to expand the Project to reach all extreme poor households in Cabo Verde, this would require an investment of 0.37 percent of the country's GDP, which is affordable as the current country's investment in social assistance is at 1.9 percent of GDP. In fact, the cost of the RSI program would be less than several social assistance programs such as the school feeding for basic education (US\$5.1 million) and the higher education scholarship (US\$5.1 million) which likely benefit children from better-off families.

97. In addition, the Government has expressed its commitment to increase financing of the program over the coming years, at a minimum rate of 1,400 additional beneficiary families in 2018 and 2019. This budget has been confirmed for 2019. World Bank financing through the proposed project would therefore be in parallel to the Government's own financing and would allow increasing coverage at a much faster pace.

III. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis (if applicable)

98. **This Project will support a twin-track approach to poverty reduction by protecting the poor and vulnerable populations of Cabo Verde through a cash transfer and by promoting productive opportunities**



through increased access to productive inclusion initiatives. The Project design is informed by available empirical evidence on the effectiveness of cash transfer and productive inclusion programs in reducing poverty and supporting opportunities for employment and overall economic growth.

99. **This chapter presents the technical, economic and financial analysis for Component 2 by the proposed project: Expanding the *Rendimento Social de Inclusão* (RSI).** The microsimulations were performed using Cabo Verde's most recent nationally representative household survey, the "*Inquérito às Despesas e Receitas Familiares (IDRF), Condições de Vida 2015*".

100. **Component 2 of the Project would provide support to poor and vulnerable individuals and households in the form of income opportunities** through cash transfers, improved childcare services for poor families, and new training and productive opportunities in particular for poor families participating in the cash transfer program.

101. **The positive impacts of Cash Transfer programs like the RSI have been well documented.** A number of impact evaluations undertaken in Latin America and Africa provide evidence of the positive impacts of Cash Transfer programs in reducing poverty and inequality. Emerging evidence in Africa also highlights the broader positive outcomes of Cash Transfer programs. A recent meta-evaluation of safety nets programs in Africa¹² shows that safety net programs significantly increase consumption among beneficiaries. Per dollar transferred to beneficiary households, it is estimated that on average 74 cents goes towards consumption. This result can be interpreted as strong evidence that well-targeted programs can be effective at reducing inequity and alleviating extreme poverty. Furthermore, an average of 36 cents per dollar transferred goes specifically towards food, indicating that safety nets are used to raise standards of living and improve household welfare.

102. **Safety net programs also present a direct impact on asset accumulation by beneficiaries.** For instance, on average livestock ownership increases by 34 percent and ownership of other household and business durables increases by 10 percent. When examining impacts on incomes, an average increase in earnings of 50 percent and an average increase in business ownership of 70 percent has been documented. Thus, safety nets beneficiaries use accumulated assets to improve their labor productivity and earnings.

103. **As for the productive inclusion component, evidence shows that providing skills has a high rate of return and a positive effect on reducing poverty.** It is expected that by (i) ensuring better alignment of productive inclusion and skills development programs with the needs of the labor market; and (ii) focusing on entrepreneurship and job creation, investments in skills development will produce higher rates of economic returns in Cabo Verde.

104. **The Project would support the cash transfer program in all the country's municipalities, at a low-cost relative to the country's GDP, making it highly sustainable.** In 2017, the total cost of the Project was US\$0.7 million which represents 0.04 percent of the country's GDP: of which US\$0.53 million (0.03 percent of GDP) were used directly on cash benefits to 1,700 families and US\$0.18 million (0.01 percent of GDP) on the USR. The program scale-up to reach all poor households (32,738 families) in the country—not just the extreme poor with children—would require 1.34 percent of the country's GDP which is quite affordable for Cabo Verde and is in line with the average spending on safety nets in Africa of 1.2 percent of GDP.

¹² Ralston, Andrews and Hsiao, 2017.



105. **The benefit level for RSI beneficiaries is CVE5,500 (approx. US\$62) per month and per family.** The average household size in the country is six individuals, so beneficiaries will receive 917 escudos monthly per member ($\text{CVE}5,500/6 = \text{CVE}917$). This value is below the value of the extreme per capita poverty line (CVE4,133 monthly per individual), and the average household per capita consumption of the extreme poor (CVE3,176 monthly per individual). The RSI benefit level is close to the average poverty gap of the extreme poor (CVE988 per individual) which represents the average benefit level required to bring the extreme poor close to the extreme poverty line.

106. **The adequacy of the RSI benefit is in line with other cash transfer programs in the Africa Region.** CVE5,500 per month per family represents 22 percent of the extreme poverty line and 27 percent of the average household consumption of extreme poor families with children under 15. The average benefit level of cash transfer in lower middle-income countries in Africa is US\$63 PPP 2011 which represent on average 22 percent of the 1.9 international extreme poverty line. Similar programs in Africa targeting families with children also provide benefit levels similar to the RSI program in Cabo Verde such as the Cash transfer for OVC in Kenya (US\$40 PPP 2011) or the Foster Care Grant in Namibia (US\$41 PPP 2011).

107. **Ex-ante microsimulations have been conducted to estimate the expected impacts on poverty and inequality of the Project.** Among others, programs' impact on poverty and inequality depend on their ability to reach the poor (targeting), the number of beneficiaries (coverage), and the value of transfer (generosity). The simulated scenarios follow the specificities of the program design and the consumption levels are simply adjusted by the amount of the transfer. The simulations consider CVE5,500 per family per month as the benefit level and perfect targeting of the extreme poor with children under 15 (4,000 families).

108. **The extreme poverty rate would reduce by one percentage point and inequality would slightly decrease.** As the benefit level is close to the average extreme poverty gap, it is expected that both extreme poverty gap and extreme poverty rate would be reduced. The extreme poverty rate would decrease by one percentage point from 11 percent to 10 percent. The extreme poverty gap would reduce as well from 2.5 percent to 1.6 percent. Inequality, measured by the GINI coefficient, would be reduced from 42.3 to 41.9. Considering the 1,700 families that are already receiving benefits from the RSI program, a total of 5,700 beneficiary families will help extreme poverty rate and gap decreased by a total of two percentage points to nine percent and 1.2 percent respectively. On the other hand, no impact was found on total poverty rate and total poverty gap is slightly reduced from 11.4 to 10.7. This is explained because the simulation only considers perfect targeting of extreme poor families with children. The transfer amount would be enough to bring them out of extreme poverty but is not enough to bring them out of poverty. Very poor households have a consumption level well below the poverty line, thus any increase in their consumption will likely make them less poor without changing their poverty status.

109. **Among beneficiaries, extreme poverty rate would be reduced by 13 percentage points, and the extreme poor will be less poor.** It is expected that the program will lift out of extreme poverty approximately 500 beneficiary families. Additionally, the program will make beneficiaries who do not come out of extreme poverty, less poor. On average the extreme poverty gap among beneficiaries would reduce from 38 percent to 18 percent.

110. **The Project is expected to create benefits of higher monetary value than its costs.** Social safety net programs affect not only beneficiary households but, through local economy effects and spillovers, also nonbeneficiary households. For each \$1.00 equivalent transferred to beneficiaries, nonbeneficiaries also see real income increases in the Ethiopia Social Cash Transfer Pilot Program, in LEAP in Ghana, in the OVC program in



Kenya, in the Lesotho Child Grants Program, in the Zambia Child Grant Program, and in the Zimbabwe Harmonized Social Cash Transfer Program. These income increases are mainly mediated through greater demand for goods and services in the retail and agriculture sectors of local economies in which other households are also involved. Together with the impacts on beneficiaries, these additional income effects lead to local economy multipliers of 1.08 to 1.84. So, each dollar transferred to a poor household is projected to add more than a dollar to the local economy.¹³

B. Fiduciary

(i) Financial Management

111. The Social inclusion Project will be implemented by the MFIS and the fiduciary tasks of the Project would be carried out by the UGPE at the Ministry of Finance. The FM arrangements will be based on the existing arrangements in place under UGPE which has the fiduciary responsibility of three Bank-financed projects. The overall FM performance of the UGPE is Satisfactory. Proper books of accounts and supporting documents have been kept in respect to all expenditures. The UGPE is familiar with the World Bank FM requirements. The interim un-audited financial reports (IFRs) for the ongoing projects are also submitted on time, acceptable to IDA and the external auditors of the two active projects have issued an unqualified (clean) opinion on the 2017 Financial Statements. FM satisfies the Bank's minimum requirements under Bank Policy and Directive on Investment Project Financing (IPF) effective in 2017.

112. In order to accommodate the Project in the existing financial management system and ensure readiness for implementation, the POM including detailed procedures for cash transfers mechanisms, scholarships for social workers and Municipal Grants under components 1 and 2 will be elaborated and validated before effectiveness. The eligible expenditures should be defined as well as number of payments and indicators that would be included in the performance contract signed with municipalities. Cash transfers will be delivered via electronic fund transfers (direct deposit from the Treasury into beneficiaries' individual bank accounts). Municipalities will collect recipients' socio-economic information and bank accounts information and MFIS will consolidate the final list of beneficiaries that will be transferred to CNPS and from them to the Treasury. For those households without bank accounts, MFIS will identify local banks to open individual accounts for them. The following measures should also be taken: (i) the recruitment of a Project manager that will coordinate activities between the MFIS and UGPE by one month after effectiveness; (ii) the recruitment of an internal auditor by three months after effectiveness; (iii) the customization of the existing accounting software to include the bookkeeping of the Project and generate interim financial reports and financial statements by three months after effectiveness; and (iv) the recruitment of an external auditor to audit the Project financial statements including a specific opinion on the management of Municipal Grants no later than six months after effectiveness.

113. Given the number of stakeholders involved in the Project and considering the components, two of which will use a decentralized approach by giving Municipal Grants and make cash transfers to poor households, overall FM risk of the Project is rated as Substantial.

¹³ Ralston, Andrews and Hsiao, 2017.



(ii) Procurement

114. **Procurement under this project will be carried out in accordance with the World Bank's "Procurement Regulations for IPF Borrowers"** (Procurement Regulations) dated July 1, 2016 and revised in November 2017 and August 2018 under the "New Procurement Framework (NPF), and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as July 1, 2016.

115. **Under Component 1, UGPE will have to initiate a limited number of procurement activities.** These procurement activities consist of (i) the purchase of small goods, using shopping procurement methods; (ii) the hiring of national consultants, using ICS procurement method; (iii) one contract of a firm which has been developing the MIS for all social assistance programs of MFIS, in order to produce three additional modules (under single source procurement method); and (iv) the purchase of twelve vehicles (three for MFIS and one for each of the selected nine municipalities) in the national market.

116. **Under Component 1, the Project will also finance Municipal Grants to carry out data collection for the registration of households under the Unified Social Registry.** With these grants, municipalities may need to (i) contract experts, hired as individual consultants; and (ii) buy some equipment and consumables. Such procurement will follow simplified procurement methods, as detailed in the POM.

117. **Component 2 will also provide Municipal Grants to carry out social and productive inclusion activities.** As for the Municipal Grants under Component 2, municipalities may need to (i) contract experts, hired as individual consultants; and (ii) buy some equipment and consumables. Such procurement will follow simplified procurement methods, as detailed in the POM.

118. **All procurement activities financed by the credit are under Component 1 and shall be carried out by the UGPE.** The list of these key activities is included in the Project Procurement Strategy for Development (PPSD), which has been agreed to. The MFIS, technically responsible for the implementation of Component 1, will work in close collaboration with the UGPE so that activities are implemented in a timely manner. The MFIS will be in particular responsible for producing all ToR for technical assistance and specifications for goods. The UGPE has implemented several projects since its establishment in 1999, has significant experience with World Bank procurement procedures and its performance is satisfactory. In addition, the UGPE is currently implementing several projects under the new Procurement Regulations and is staffed with two qualified procurement specialists. The following measures are proposed to mitigate these risks: (i) update of the provisions in the existing POMs to include the new World Bank Procurement Regulations; (ii) establishment and maintenance of an acceptable procurement filing system throughout the life of the Project; and (iii) and (iii) reorganization of the UGPE procurement team for repartition of the workload.

119. **The PPCSD prepared by the Borrower describes how procurement activities will support Project operations.** The PPCSD is linked to the Project implementation schedule and will help ensure proper sequencing of Project activities. The PPCSD covers procurement institutional arrangements, including roles and responsibilities, procurement methods, thresholds, and prior review arrangements. It also includes a detailed description and assessment of the implementing entities capacity for carrying out procurement and managing contracts within an acceptable governance structure and accountability framework. The procurement arrangements described above are based on the weaknesses and mitigation measures explained in the PPCSD.

120. The procuring entity, the bidders, and service providers (that is, suppliers, contractors, and consultants) shall observe the highest standard of ethics during the procurement and execution of contracts financed under the Project in accordance with paragraph 3.32 and Annex IV of the Procurement Regulations. Annex 1 provides a detailed description of procurement and institutional arrangements.

C. Safeguards

(i) Environmental Safeguards

121. No environmental impacts are expected under the Project as this will not include any construction or rehabilitation of infrastructure.

(ii) Social Safeguards

122. **The Project is expected to bring several positive social impacts through the activities implemented.** The cash transfers are likely to increase income and consumption of extreme poor households supported by the Project. Complementary measures to the cash transfers are expected to improve human development indicators related to the child care services. Skills development initiatives will likely enhance the employability of graduates including those referred by the cash transfer program.

(iii) Grievance Redress Mechanisms

123. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

IV. KEY RISKS

124. **The overall risk rating for the operation is Moderate.** Only the Fiduciary risk is rated as Substantial due to the number of stakeholders involved in the Project and the use of a decentralized approach for some subcomponents through use of Municipal Grants. To mitigate this risk, adequate fiduciary instruments will be put in place to make sure that municipalities use funds and report expenditures in a transparent and timely manner, including the development of a Municipal Grants Manual and the recruitment of an internal auditor. Risks related to technical design of the Project, institutional capacity for implementation and sustainability, stakeholders and fiduciary are considered as moderate. The other risks (political and governance, macroeconomic, sector strategies and policies and environmental and social) are rated as low.



125. The Project has two main components and four subcomponents, two of which (USR and Productive Inclusion) are implemented for the first time in Cabo Verde. These two subcomponents require strong coordination efforts and technical assistance support and in this sense the risk is considered as moderate. The Project would use a decentralized approach for implementation with municipalities taking considerable responsibilities in the execution of the different activities. Municipalities are currently understaffed and lack adequate funding for social programs. The low capacity of municipalities would be mitigated through Component 1 of the Project which includes specific capacity building and institutional strengthening activities for municipalities. The moderate risk for stakeholders is related to the fact that UNICEF and the ILO have been providing technical assistance to Government in the area of Social Protection over the last years, and more specifically, for the development of the USR. In this sense, adequate coordination needs to be promoted with these UN agencies in order to achieve multiplier effects and avoid duplications.

126. Climate and Disaster Risk Screening has been done for the Project. The Project will only be moderately exposed to drought and high-level rise, but this is not expected to affect the Project outcome. Some of the activities implemented under the Project would help mitigate these risks. Cash transfers and productive inclusion activities would potentially mitigate the risk by providing alternative livelihood options to selected beneficiaries.



V. RESULTS FRAMEWORK AND MONITORING

Results Framework COUNTRY: Cabo Verde Social Inclusion Project

Project Development Objectives(s)

To support the Recipient's efforts in building an effective social protection system that promotes social and productive inclusion.

Project Development Objective Indicators

| Indicator Name | DLI | Baseline | Intermediate Targets | | | End Target |
|---|-----|----------|----------------------|-----------|-----------|------------|
| | | | 1 | 2 | 3 | |
| Enhanced effectiveness of social protection system | | | | | | |
| Beneficiaries of social safety net programs (CRI, Number) | | 0.00 | 8,500.00 | 17,000.00 | 28,500.00 | 28,500.00 |
| Beneficiaries of social safety net programs - Female (CRI, Number) | | 0.00 | 5,000.00 | 10,000.00 | | 15,000.00 |
| Beneficiaries of Safety Nets programs - Unconditional cash transfers (number) (CRI, Number) | | 0.00 | 8,500.00 | 17,000.00 | 28,500.00 | 28,500.00 |
| Beneficiary households of RSI in Q1 of the income distribution (Percentage) | | 0.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| Enhanced efficiency of the social protection sector | | | | | | |
| Number of RSI beneficiary | | 0.00 | 300.00 | 700.00 | 1,500.00 | 2,000.00 |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | End Target |
|---|-----|----------|----------------------|-------|--------|------------|
| | | | 1 | 2 | 3 | |
| households benefitting from productive inclusion activities (Number) | | | | | | |
| Beneficiaries of the RSI registered in the Unified Social Registry (Percentage) | | 30.00 | 30.00 | 60.00 | 100.00 | 100.00 |

Intermediate Results Indicators by Components

| Indicator Name | DLI | Baseline | Intermediate Targets | | | End Target |
|--|-----|----------|----------------------|--------|--------|------------|
| | | | 1 | 2 | 3 | |
| Strengthening the Recipient’s Social Protection Systems | | | | | | |
| MFIS and Municipalities staff trained to effectively monitor and implement social safety net programs (Number) | | 0.00 | 30.00 | 60.00 | 120.00 | 150.00 |
| RSI cash transfer payments completed by a formal payment agent (Percentage) | | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Percentage of claims registered in the Project's GRM resolved in a timely manner - Citizen Engagement Indicator (Percentage) | | 0.00 | 0.00 | 60.00 | 75.00 | 80.00 |
| Expansion of the RSI Program | | | | | | |
| RSI beneficiary households receiving cash transfers on time (Percentage) | | 0.00 | 50.00 | 70.00 | 80.00 | 80.00 |
| Number of childcare services | | 0.00 | 5.00 | 15.00 | 25.00 | 27.00 |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | End Target |
|--|-----|----------|----------------------|-------|-------|------------|
| | | | 1 | 2 | 3 | |
| supported by the Project (Number) | | | | | | |
| Beneficiaries satisfied with the support provided by the RSI program (Percentage) | | 0.00 | 50.00 | 70.00 | 70.00 | 70.00 |
| Number of female headed households using the childcare centers supported by the Project (Number) | | 0.00 | 10.00 | 30.00 | 90.00 | 100.00 |

Monitoring & Evaluation Plan: PDO Indicators

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|---|------------------------|-----------|---------------|---|------------------------------------|
| Beneficiaries of social safety net programs | | Annual | Project's MIS | The Project's MIS will register the number of households that are enrolled in the RSI program and the composition of the household. The MIS will also register how many beneficiaries have received the cash transfers. | MFIS |



| | | | | | |
|---|--|--------|---------------|---|------|
| Beneficiaries of social safety net programs - Female | | Annual | Project's MIS | The Project's MIS will register how many households are registered in the RSI program and the composition of these households disaggregated by gender. It will also register how many of these households actually receive the cash transfers. | MFIS |
| Beneficiaries of Safety Nets programs - Unconditional cash transfers (number) | | Annual | Project's MIS | The RSI is an unconditional cash transfer Program. The Project's MIS will register how many households are enrolled in the RSI Program and the composition of these. The Project's MIS will also register how many of these households actually receive the cash transfers. | MFIS |
| Beneficiary households of RSI in Q1 of the income distribution | Percentage of households receiving cash transfers under the RSI Program that | | | | |



| | | | | | |
|---|--|--------|-------------------------|--|------|
| | belong to the bottom 20 percent of the income distribution | | | | |
| Number of RSI beneficiary households benefitting from productive inclusion activities | Number of RSI beneficiary households that, in addition, participate at productive or social inclusion activities financed by the Project | Annual | Project MIS | All beneficiaries enrolled in the RSI and complementary activities would need to be registered in the Project's MIS | MFIS |
| Beneficiaries of the RSI registered in the Unified Social Registry | Percentage of the total number of beneficiaries to be supported by the Project (28,500) that are actually registered in the Unified Social Registry. | Annual | Unified Social Registry | The Unified Social Registry will collect information from households that are potentially eligible for the RSI Program. These being eligible according to the Project Operations Manual, will be enrolled in the Program. All beneficiaries to be enrolled in the RSI must be previously registered in the Unified Social Registry. The Project's MIS will have an enrolment module that will receive information from the Unified Social Registry and can | MFIS |



| | | | | | |
|--|--|--|--|--|--|
| | | | | therefore estimate the number of RSI beneficiaries that are registered in the Social Registry. | |
|--|--|--|--|--|--|

Monitoring & Evaluation Plan: Intermediate Results Indicators

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|---|---|-----------|--|---|------------------------------------|
| MFIS and Municipalities staff trained to effectively monitor and implement social safety net programs | Number of Government staff from MFIS and municipalities that receive specific training on implementation of safety nets programs | Annual | Progress and training reports | MFIS will collect attendance sheets to trainings | MFIS |
| RSI cash transfer payments completed by a formal payment agent | Percentage of cash transfers that are delivered for a formal payment agent (Bank, mobile money, etc.) | Annual | Project MIS and payment agent reports | Formal payment agents will provide monthly reports on payments to beneficiaries. This information will be stored in the Project's MIS | MFIS |
| Percentage of claims registered in the Project's GRM resolved in a timely manner - Citizen Engagement Indicator | Number of claims that are registered in the Project's MIS and resolved within the time stated in the Project's Operational Manual | Annual | Reports from the Project's MIS, which will have a module for the Project's | Once the claims are registered in the GRM, the GRM module will measure the time it takes to resolve the claims and the MIS will | MFIS |



| | | | | | |
|--|---|--------|---|---|------|
| | | | GRM | provide reports on the percentage of claims that are resolved in a timely manner. | |
| RSI beneficiary households receiving cash transfers on time | Percentage of beneficiaries receiving their cash transfers within the timeline defined in the Project Operations Manual | Annual | Payment agents reports and Project MIS | Payment agents will produce monthly reports with the dates of payments with beneficiaries. The frequency will be compared to the one defined in the Project Operations Manual | MFIS |
| Number of childcare services supported by the Project | Number of childcare centers in selected municipalities that are supported through the Project by receiving equipment or complementary staff or receiving a grant for operating costs. | Annual | Reports provided by municipalities and MFIS | MFIS will approve municipal plans to support childcare services. After transferring grants to municipalities for the implementation of the activities, MFIS will collect and compile progress reports from municipalities | MFIS |
| Beneficiaries satisfied with the support provided by the RSI program | Percentage of beneficiaries who are satisfied with the support provided by the Rendimento Social de Inclusao Program | Annual | Satisfaction surveys will be carried out | Satisfaction surveys will be carried out. | MFIS |



| | | | | | |
|---|--|--------|--|---|------|
| Number of female headed households using the childcare centers supported by the Project | Number of female headed households that leave their children in the childcare centers supported by the Project. This indicator is part of addressing the gender gap through the Project. | Annual | Registries from the childcare centers supported by the Project | Childcare centers do have enrolment and attendance records. Childcare centers will send the information to municipalities for compilation and municipalities will send the information to MFIS. | MFIS |
|---|--|--------|--|---|------|



ANNEX 1: Implementation Arrangements

1. **The proposed project supports the Government's efforts to build an effective social protection system and to expand the RSI program.** The General Directorate for Social Inclusion (DGIS) is responsible for the implementation of the RSI Program under the overall stewardship of the Ministry of Family and Social Inclusion (MFIS), and in close partnership with the municipalities. The proposed project will strengthen country systems and enhance capacity at the central and municipal levels to implement and monitor the RSI program. Therefore, the Project will be implemented within the existing social protection framework set by recent laws and regulations and its institutional and implementation arrangements will follow the current Government administrative structure.
2. **The Project implementing agency would be MFIS and Project coordination and fiduciary management (procurement and financial management) functions for the Project will rely on the Unit for Management of Special Project (UGPE) within the Ministry of Finance.** MFIS, through two directorates (DGIS and DGPOG), will have primary technical responsibility in carrying out the Project and would play a role in the implementation of the components and their various activities, in accordance with the existing roles and responsibilities assigned to them within the ministry (see below). In addition, municipalities would play a key role in implementing all three components at the decentralized level, under the guidance, control and leadership of MFIS and would receive Municipal Grants for the implementation of programs. The UGPE would have primary Project coordination and fiduciary management (procurement and financial management) functions for the Project.
3. **The USR is housed at the General Directorate of Planning, Budget and Management (DGPOG – *Direção Geral de Planeamento, Orçamento e Gestão*) within MFIS.** Municipalities manage local teams of registration agents and finance part of the registration exercise, while the DGPOG provides technical assistance, guidance and some financial resources. DGPOG will hire consultants and benefit from technical assistance to carry out the activities financed by the Project.
4. **The RSI program is managed by the DGIS of MFIS.** DGIS has the responsibility for the design of the program and supervises its implementation at the decentralized level. DGIS will hire consultants and benefit from technical assistance to carry out the activities financed by the Project.
5. **Municipalities have a key role in the implementation of safety nets in Cabo Verde and would continue doing so under the Project.** In addition to their role in the process of registering households in the Social Registry and in implementing the RSI program at the local level, they will play a leading role in identifying social and economic activities to promote economic inclusion of RSI beneficiaries, in referring beneficiaries to institutions and associations managing these activities and in promoting child care services for families participating in productive inclusion initiatives. Municipalities are understaffed and underfinanced. The Project would provide Municipal Grants to selected municipalities that would allow them to hire additional technical assistance for the implementation of Project activities. In addition, municipalities will be invited to participate in capacity building activities on social protection organized by the Project.
6. **Fiduciary management and coordination of the Project would be carried out by UGPE at the Ministry of Finance.** The UGPE is the management unit, under the Ministry of Finance, in charge of all World Bank projects



and is familiar with the Bank fiduciary procedures and its overall procurement and financial management (FM) performance is satisfactory. The UGPE will be in charge of all fiduciary aspects of the Project and will appoint a Project manager who will be responsible for providing training and support to the Project implementing entity (MFIS), especially in the areas of procurement, Project management, and M&E, as needed. The Project manager will also be responsible for coordinating and consolidating inputs from MFIS and participating municipalities to prepare semiannual progress reports and streamlining communication with the World Bank. The Project manager will work closely with the UGPE fiduciary staff and MFIS staff.

7. **Civil Society (NGOs).** The platform of NGOs will act as a supervision agency for the Project making sure that the Project is aligned with the existing policies and programs for the sector. In addition, NGOs, selected through a competitive process, could be responsible for designing and delivering the complementary activities to the RSI in municipalities where no capacity exists.
8. **Donors and development partners.** For the USR, ILO and UNICEF will play a key role in determining the content and costs of the activity.

Financial Management Arrangements

9. **Budgeting:** The budgeting process from elaboration to execution and control will be clearly defined in the POM including FM arrangements. UGPE will prepare the budget in consultation with MFIS's DGPOG. A detailed annual work plan and the budget will be reviewed by the Project coordinator and submitted for approval to MFIS before the beginning of its execution. Annual draft budgets will be submitted to the Bank for non-objection before adoption and implementation.
10. **Accounting:** The UGPE will use the cash basis to maintain the Project's accounts. Annual financial statements will be prepared by the UGPE using the governmental generally accepted accounting principles in Cabo Verde. The Project accounting will be managed through the existing accounting software TOMPRO which has multi-project and multi-donor features, it will be customized to consider the new project. All accounting procedures will be documented in the POM.
11. **Internal Control Systems:** The daily operations of the Project will be guided by the POM, which will incorporate the FM procedures and the specificities of the Project including cash transfers mechanisms and Municipal Grants. The manual will be updated throughout the life of the project as needed to reflect the current procedures.
12. **Municipal Grants:** Municipal Grants under the Project will be disbursed based on milestones, targets and conditions to be set in the Project's Grants Manual. The Grants Manual shall contain *inter alia* details on the selection criteria and implementation of all Municipality Grants including (i) the performance targets and indicators, milestones and conditions to be accomplished by the municipalities in order to be able to receive the Municipality Grants; and (ii) fiduciary and progress reports to be provided by participating municipalities. The Grants Manual will also include a template of Municipality Agreement detailing *inter alia* the obligation of the Recipient to transfer an amount determined on the basis of the criteria set forth in the Grants Manual; and the obligation of the participating municipalities to (i) provide the appropriate resources to all beneficiaries of Municipality Grants; (ii) keep records of the funds provided and progress reports; and (iii) comply with the provisions of the Grants Manual and the Anti-Corruption Guidelines.



13. **Internal audit:** An internal auditor will be hired to carry out ex-post reviews of transactions and ensure that the payments will be made to right beneficiaries and at the right time.

Financial Reporting Arrangements

14. UGPE will produce quarterly unaudited Interim Financial Reports (IFRs) during Project implementation encompassing activities for all components. The IFRs are to be produced on a quarterly basis and submitted to the Bank within 45 days after the end of the calendar quarterly period. The UGPE will also produce the Projects Annual Financial Statements and these statements will comply with Government generally accepted accounting principles in Cabo Verde and World Bank requirements. These Financial Statements will be comprised of:

- A Statement of Sources and Uses of Funds which includes all cash receipts, cash payments and cash balances;
- A Statement of Expenses
- Accounting Policies Adopted and Explanatory Notes
- A Management Assertion that Project funds have been expended for the intended purposes as specified in the relevant financing agreements.

Funds Flow and Disbursement Arrangements

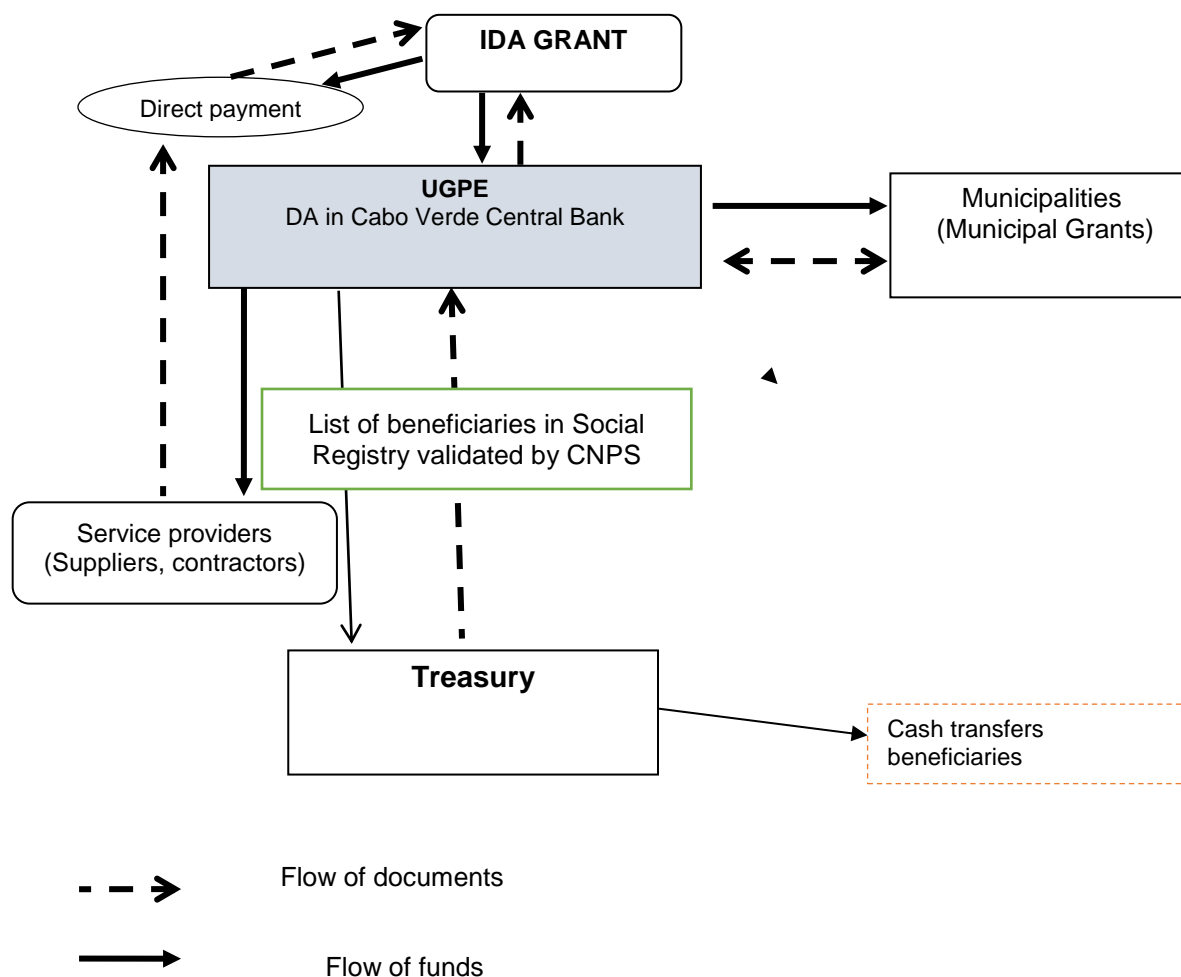
15. **Disbursement methods:** The following disbursement methods may be used under the Project: reimbursement, advance, direct payment and special commitment as specified in the Disbursement and Financial Information Letter (DFIL) and in accordance with the Disbursement Guidelines for Investment Project Financing, dated February 2017. Disbursements would be report-based whereby withdrawal applications will be supported with Statement of Expenditures (SOE). The DFIL will provide details of the disbursement methods, required documentation, DAs ceiling and minimum application size.
16. **Designated Account (DA):** A DA will be at Cabo Verde Central Bank. During Project implementation the DA will be replenished through the submission of withdrawal applications. Requests for reimbursement and reporting on the use of advances will be accompanied by a SOE providing information on payments for eligible expenditures and records required by the Bank. All supporting documentation will be retained at UGPE and must be made available for periodic review by Bank' missions and external auditors.

Auditing Arrangements

17. The Financing Agreement (FA) requires the submission of Audited Financial Statements for the Project to IDA within six months after year-end. An external auditor with qualification and experience satisfactory to the World Bank will be appointed to conduct annual audits of the Project's financial statements. A single opinion on the Audited Project Financial Statements in compliance with International Federation of Accountant (IFAC) will be required. The auditor will also review a sample of municipalities and issue a specific opinion on Municipal Grants. The external auditors will also prepare a Management Letter giving observations and comments, and providing recommendations for improvements in accounting records, systems, controls and compliance with financial covenants stipulated in the FA.

18. In accordance with World Bank Policy on Access to Information, the Borrower is required to make its audited financial statements publicly available in a manner acceptable to the Association; following the World Bank's formal receipt of these statements from the Borrower, the World Bank also makes them available to the public.

Figure 1.1: The funds flow diagram





19. The following actions need to be taken to enhance the financial management arrangements for the Project:

Table 1.1: FM Action Plan

| No | Action | Due Date | Responsible |
|----|---|---|-------------|
| 1 | Elaborate the FM section of the Project implementation procedures including the cash transfers mechanisms and Municipal Grants payments | By effectiveness | UGPE |
| 2 | Recruitment of a Project manager that will coordinate activities between the MFIS and UGPE | By one month after effectiveness | UGPE |
| 3 | The customization of the existing accounting software to include the bookkeeping of the Project | By one month after effectiveness | UGPE |
| 4 | Recruit an internal auditor for bank financed projects | By Three months after effectiveness | UGPE |
| 5 | Recruitment of an external auditor | Not later than six months after effectiveness | UGPE |

Financial Covenants

20. Financial covenants are the standard FM requirements are covered under Section 5.09 of the IDA General Conditions and the Disbursement and Financial Information Letter (DFIL). Additional covenants will be added to the Legal Agreements to reflect actions set out as legal covenants in the FM action plan.

Procurement arrangements

Applicable policies and procedures

21. The Borrower will carry out procurement under the proposed project in accordance the 'World Bank Procurement Regulations for IPF Borrowers', issued in July 2016 and revised in November 2017 and August 2018 (Procurement Regulations) and the provisions of the Financing Agreement. Procurement activities will be carried out in accordance with the World Bank's 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants' (revised as of July 1, 2016).

Advertisement

22. The UGPE shall prepare and submit to the World Bank a General Procurement Notice (GPN). The World Bank will arrange for the publication of the GPN in United Nations Development Business online and on the World Bank' external website. The UGPE may also publish the GPN in at least one national newspaper.

23. The UGPE shall publish the Specific Procurement Notices (SPNs) for all goods and non-consulting services, and the Requests for Expressions of Interest for consulting services on their free access websites, if available, in at



least one newspaper of national circulation in the Borrower's country, and in the official gazette. For open international procurement selection of consultants using an international short list, the Borrower shall also publish the SPN in the United Nations Development Business online and, if possible, in an international newspaper of wide circulation; and the World Bank will arrange for the simultaneous publication of the SPN on its external website.

Procurement documents

24. In the event of international competitive procurement of goods, non-consulting services, and consulting services, the Borrower shall use the applicable World Bank standard procurement documents with minimum changes, acceptable to the World Bank, as necessary to address any Project-specific conditions.
25. The Open National Market Approach is a competitive bidding procedure normally used for public procurement in the country of the Borrower and may be used to procure goods and non-consultant services, provided it meets the requirements of paragraphs 5.3 to 5.6 of the Procurement Regulations.

Project Procurement Strategy for Development (PPSD) and Procurement Plan (PP)

26. As part of the preparation of the Project, the Borrower prepared its PSD which described how fit-for-purpose procurement activities will support Project operations for the achievement of Project development objectives and deliver Value for Money (VfM). The procurement strategy is linked to the Project implementation strategy, ensuring proper sequencing of the activities. It considered institutional arrangements for procurement; roles and responsibilities; thresholds, procurement methods, and prior review, and the requirements for carrying out procurement. It also included a detailed assessment and description of government capacity for carrying out procurement and managing contract implementation, within an acceptable governance structure and accountability framework. Other issues taken into account included the behaviors, trends and capabilities of the market (i.e. Market Analysis) to inform the procurement plan. The finalized versions were approved during negotiations.
27. The PP covering the first 18 months of Project implementation was prepared approved by the World Bank during Project negotiations. The PP will be updated by the procuring entity on an annual or as-needed basis to reflect actual Project implementation needs. Updates of the PP will be submitted to the World Bank for 'no-objection' and the PSD updated accordingly.
28. The main procurement activities are provided in table below.


Table 1.2: Procurement for key contracts of the 18th first months

| Contract Title Description and Category | Estimated cost and risk rating (US\$) | Bank Oversight (Prior/Post) | Procurement Approach | Selection Method | Evaluation Method |
|--|--|--|---------------------------------|--------------------------------------|---|
| Purchase of beneficiary debit cards | 50,000 (Moderate risk) | Post | Limited | Request for quotations | Qualifying criteria/lowest evaluated cost |
| As per PAD, purchase of IT equipment for Project's MIS | 34,000 (Moderate risk) | Post | Limited | Request for quotations | Qualifying criteria/lowest evaluated cost |
| Purchase software licenses for the same MIS | 60,000 (Moderate risk) | Post | Limited | Direct Contract | Qualifying criteria/lowest evaluated cost |
| Hire a firm to develop additional three modules of the MIS | 100,000 (Low risk) | Post | Open | Direct Contract | Quality based selection |
| Purchase 12 vehicles for MFIS and municipalities | 600,000 (Low risk) | Post | Open/ National | Request for bid | Qualifying criteria/lowest evaluated cost |
| Hire local consultants to perform spot checks | 50,000 (Low risk) | Post | Limited/ National | Selection of Individuals consultants | 3 CVs at least compared |
| Hire an external audit firm | 100,000 (Low risk) | Post | Open | Least-cost-based Selection | Qualify/ lowest price |
| Hire local firms to produce communication material like leaflet and videos | 110,000 (Low risk) | Post | Limited | Request for Quotation | Qualifying criteria/lowest evaluated cost |
| Hire 8 local consultants to support the implementation of the Project during 4 years | 590,000 (Moderate risk) | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |



| | | | | | |
|---|---------------------------------------|-------------|---------------------------|---|--------------------------------------|
| Project Coordinator (based at UGPE) | 20,000 (Moderate risk) | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |
| National Coordinator for Social Registry | 25,000 | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |
| Project Operations Specialist | 21,000 | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |
| Data Base manager | 14,500 | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |
| Legal Specialist | 21,000 | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |
| Communications Specialist | 11,000 | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |
| Productive Inclusion Coordinator | 17,000 | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |
| Social Protection Specialist (1) | 10,500 | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |
| Social Protection Specialist (2) | 10,500 | Post | Open/ National | Selection of Individuals consultants | Manifestation of interest |

29. **Incremental operating costs.** Operating costs financed by the Project are incremental expenses, including office supplies, vehicles operation and maintenance, maintenance of equipment, communication costs, supervision costs (such as transport, accommodation, and *per diem*), and salaries of locally contracted staff. They will be procured using the procurement procedures specified in the POM.
30. **Institutional arrangements and Assessment of the Capacity of the Agency to Implement Procurement.** The UGPE will carry out procurement under the Project for Component 1. The UGPE has implemented several projects since its establishment in 1999 and has strong experience with World Bank procurement procedures. In addition, the UGPE is implementing several projects under the new Procurement Regulations, for which two procurements specialists are responsible.
- The Component 1 of the Project has the specific objective to enhance the capacity of MFIS and other institutions (municipalities) involved in the social protection sector to implement, monitor, and evaluate safety nets programs as an integrated and permanent safety net system. Thus, the MFIS will be responsible for drafting Terms of Reference (TORs), participating in consultants' proposals evaluation committees, and the validating deliverables. Component 2 will finance cash transfers to beneficiary households, and grants to municipalities to carry out social and productive inclusion activities. Municipalities will be responsible for purchasing small goods and hiring local consultants under their grants, using national procurement rules.



31. An assessment of the UGPE's capacity to implement Bank procurement was conducted and determined that UGPE has the experience and qualifications to carry out procurement under this project. However, the Project will increase the team's workload. In addition, the UGPE has no technical expertise to prepare technical documents and evaluate technical proposals. Therefore, the UGPE will need to work closely with the MFIS to ensure that they fully play their technical role in the relevant procurement activities. However, the MFIS have limited capacity on implementation of World Bank-financed projects and may not be able to provide effectively such support. There are risks of possible delays in Project implementation, and ineffective procurement would deliver poor results. The overall procurement risk is rated Substantial, but it is expected to become Moderate once the following mitigation measures are implemented: (i) update of the provisions in the existing POMs to include the new World Bank procurement regulations; (ii) establishment and maintenance of an acceptable procurement filing system throughout the life of the Project; and (iii) reorganization of the UGPE procurement team for repartition of the workload.

The table below details identified procurement risks and related mitigation measures:

Table 1.3: Procurement risks and mitigation measures

| Risk Description | Description of Mitigation | Responsibility | Deadline |
|--|--|----------------|----------------------------------|
| Additional workload for the UGPE staff that can result in delays and ineffective procurement | Reorganization of the UGPE procurement team for repartition of the workload | UGPE | Three months after effectiveness |
| Lack of technical expertise at UGPE to prepare technical parts of procurement document | Close collaboration with the MFIS to ensure that their technical input is accurately reflected in relevant procurement documents and processes | UGPE/MFIS | When necessary |
| Limited capacity of the MFIS provide timely input for procurement documents and processes | Close collaboration with and coaching/training from UGPE | UGPE/MFIS | When necessary |

32. **Frequency of procurement reviews and supervision.** World Bank prior and post-reviews will be carried out based on the thresholds indicated in table below. The standard post-procurement reviews by World Bank staff should cover at least 15 percent of the contracts subject to post-review. They consist of the review of technical, financial, and procurement actions, reports and decisions. The World Bank will conduct supervision missions every six months, as well as annual post-procurement reviews. A World Bank procurement specialist or a specialized consultant will be included in the supervision missions. The World Bank may also conduct an Independent Procurement Review at any time, and this until two years after the closing date of the Project.
33. **The procurement risk is rated Substantial.** Table 1.4 summarizes the procurement prior review thresholds for 'Substantial risk' Projects. These prior review thresholds can evolve according to the variation of procurement risk during the life of the Project. The thresholds for the Bank's prior review requirements are also provided in the table.

**Table 1.4: Procurement Prior Review Thresholds (US\$ million)**

| Category | Prior Review Threshold (US\$ millions) | Procurement Methods Thresholds (US\$ millions) | | | |
|---|--|--|---------------|------|------------------------------------|
| | | Open International | Open National | RFQ | Short List of National Consultants |
| | | | | | Consulting Services |
| Goods, ICT, and non-consulting services | ≥2 | ≥1.0 | <1.0 | ≤0.1 | n.a. |
| Consultants (Firms) | ≥1 | n.a. | n.a. | n.a. | ≤0.3 |
| Individual Consultants | ≥0.3 | n.a. | n.a. | n.a. | n.a. |

ANNEX 2: Implementation Support Plan

Implementation Support Plan (ISP)

1. **The proposed project would be implemented over four years.** The emphasis of the first year after effectiveness will be on enhancing Government capacity and consolidating the institutional building blocks of the social safety net system, including the establishment of the country's social registry.
2. **The ISP seeks to provide the ongoing assistance to the Government that will be required to successfully implement the Project.** Despite being designed to be relatively simple in its approach, the proposed project is expected to be entirely implemented and monitored by Government institutions and systems. Given that this is the first World Bank-financed project for MFIS, additional technical assistance and implementation support will be required initially. Close monitoring will be required to make sure that procedures set up in the financing agreement and operational manual are respected. Additionally, the proposed project builds on other Government and donor funded interventions. In order to mitigate against various risks and facilitate smooth implementation of the Project, there is a need for close supervision coordination with other development partners. From this perspective, the ISP includes the following:
 - Ongoing technical assistance provided by World Bank consultants to help conceptualize and operationalize the new delivery systems including the USR, targeting system, payment system, and MIS. Strong IT support will also be needed to properly develop the systems (software) and roll these out (hardware and training).
 - Specific technical assistance from World Bank consultants to (i) help develop the M&E systems and assist in carrying out spot checks and process evaluations; and (ii) guide the development of the productive and social inclusion initiatives together with municipalities and local NGOs.
 - One to two additional implementation support missions to be carried out during the first 18 months of implementation to establish the necessary governance frameworks, ensure strong coordination and Project management, and create a strong foundation for the rest of the Project.
 - After the first 18 months, two implementation support and supervision missions, including Head Quarters (HQ) and Country Management Unit (CMU) staff from technical areas, fiduciary staff and safeguards specialists to be conducted annually. These missions will be carried out with development partners to jointly review the Project and ensure adequate coordination of the Project with other donor initiatives. Assessments and other mission related documents to be complemented by at least annual reviews of M&E systems, FM, procurement, and safeguards.
 - In addition to the implementation support missions, a mid-term review will be conducted no later than the third year of implementation.



Table 2.1 Main Areas of Additional Support and Timing

| Time | Focus | Skills Needed | Resource Estimate |
|----------------|--|--|---------------------|
| First 6 months | Technical assistance for systems development, including the USR, MIS, targeting, and payment systems Capacity building in procurement and FM | Knowledge in information systems and registry of beneficiaries Procurement and FM M&E | US\$100,000 |
| 6-48 months | Technical assistance to assist with RSI systems operations (including M&E and spot checks; payments i.e., accuracy, transparency, etc.; and expansion of the program) Technical assistance to support the development of productive and social inclusion initiatives Specific technical assistance to municipalities for public expenditure management | Knowledge of cash transfer systems, targeting Knowledge of productive and social inclusion M&E Governance | US\$80,000 per year |
| Other | M&E support Decentralization | M&E Governance | US\$70,000 |

Table 2.2 Skills Mix Required

| Skills Needed | Number of staff weeks per year | Number of trips | Comments |
|---|--------------------------------|-----------------|---------------------------|
| Task Team Leader – Social Protection | 10 | 2 | HQ based |
| Institutional Capacity Building Specialist (including decentralization) | 12 | 2 | HQ based |
| Social Registry Specialist | 10 | 2 | Consultant, country based |
| Cash Transfer Specialist | 8 | - | Consultant; country based |
| Productive Inclusion Specialist | 6 | 2 | Consultant; country based |
| Targeting Specialist | 4 | 2 | HQ based |
| MIS specialist | 12 | - | Consultant; country based |
| ICT support | 3 | 1 | HQ based |
| Procurement | 3 | - | Country based |
| Financial management | 3 | 2 | CMU based |
| Safeguards | 1 | 1 | CMU based |



FM Implementation Support Plan

3. Based on the outcome of the FM risk assessment, the following implementation support plan is proposed. The objective of the implementation support plan is to ensure the Project maintains a satisfactory financial management system throughout the Project's life.

Table 2.3: FM Implementation Support Plan

| FM Activity | Frequency |
|--|---|
| Desk reviews | |
| Interim financial reports review | Quarterly |
| Audit report review of the Project | Annually |
| Review of other relevant information such as interim internal control systems reports. | Continuous as they become available |
| On site visits | |
| Review of overall operation of the FM system | Bi-yearly for UGPE (Implementation Support Mission) |
| Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit and other reports | As needed |
| Transaction reviews (if needed) | As needed |
| Capacity building support | |
| FM training sessions | As and when needed. |



ANNEX 3: Detailed Project description

Component 1: Strengthening the Recipient's Social Protection Systems (US\$2.0 million equivalent)

1. The specific objective of this component is to enhance the capacity of MFIS and other institutions (municipalities) involved in the social protection sector to implement, monitor, and evaluate safety nets programs as an integrated and permanent safety net system.
2. This component is divided into two sub-components that aim to strengthen institutional capacity to sustain initiatives supported by the Project.

Subcomponent 1.1 – Building permanent systems to implement Social Protection programs

3. **This subcomponent would build the capacity of MFIS, and DGIS in particular, as the institution responsible for the social protection related activities under the Project.** This subcomponent aims to establish the delivery systems required to effectively implement social protection programs and enhance the capacity of staff within DGIS to manage these programs.
4. **This subcomponent would build on the ongoing technical assistance Project (P166778) and support the further development of the following systems:** a targeting system, a payment system, a M&E system, a MIS, a GRM and a referral system for safety net beneficiaries to access productive opportunities. Specific activities include the following:
 - **Targeting system.** A targeting system for the safety net programs, most notably for the RSI program, was designed including tools for geographical and household targeting. The Project would help finetune the targeting methodology including the development of poverty maps using the 2015 household survey data and adjusting the poverty index to determine eligibility for the RSI program.
 - **Payment system.** It is expected that the Government would continue using the payment system used for the RSI pilot.
 - **M&E system:** Current safety nets programs do not systematically collect progress indicators and no impact evaluations of the core safety nets programs have ever been carried out. The Project would help the MFIS improve its M&E system by: (i) defining a Results Framework for the core safety nets program (mainly the RSI and the Social Pensions program) detailing development Objectives and Results Indicators and identifying adequate instruments to measure these indicators; (ii) conceptualizing the instruments to be used to monitor existing programs, including the M&E modules for the sector's MIS, progress evaluations and impact evaluations; and (iii) assessing beneficiary satisfaction. The M&E system intends to make use of IT tools (mobile phones for instance) as instruments for rapid and cost-efficient data collection.
 - **MIS.** A MIS would be designed and implemented for the RSI Program. The MIS would at least include beneficiary registration and identification modules, a payments module, referral to productive inclusion



activities module and a grievance redress module. The MIS will be MFIS main tool for program management.

- **GRM.** A complaint redress system would be designed and implemented under the Project. It would allow beneficiary households, as well as non-beneficiary, to lodge complaints about selection, payments and any other issue arising during program implementation and seek redress.
 - **Referral system for safety net beneficiaries to access productive opportunities.** In order to achieve a sustainable graduation out of poverty, safety nets beneficiaries would be referred to productive inclusion opportunities supported under Component 2 of the Project. Potential beneficiaries of this component would be any member of the RSI beneficiary households (either one of the parent or one of the children above 16 years of age). The Project would not build or finance new training programs but would support access to poor families to existing programs at local level. It is expected that only a subset of beneficiaries would be able to take advantage of opportunities provided in their municipalities, and a selection process would be designed, matching with additional criteria such as minimum and maximum age and minimum level of school education currently being used by the programs.
5. **Project Implementation Support for MFIS.** This subcomponent would support the recruitment of technical assistance to help MFIS in implementing activities related to the Project. It is anticipated that the MFIS would be responsible for leading their programs and overall implementation of Project activities. To address existing staffing and capacity constraints, the Project would finance the recruitment of technical experts to sit within MFIS and/or municipalities to provide hands-on capacity building and support Project implementation. Due to the expected high increase in workloads to establish various governance and service delivery systems under the Project, MFIS would recruit technical assistance to oversee management of the proposed activities in addition to technical staff (in such areas as payment systems, M&E, communication etc.). These staff would be housed within MFIS and/or the municipalities and would interact with and report to MFIS staff for all policy and technical matters.
6. **Capacity building for MFIS staff and municipalities staff.** As Subcomponent 1.1 aims to increase the Government's capacity to implement, monitor and evaluate existing programs and effectively use the delivery systems developed, it would support the provision of additional technical assistance and specific capacity building initiatives for MFIS and selected municipalities. Activities would include capacity building, communication and advocacy activities for the main departments responsible for implementation, monitoring, and evaluation of the Project at the central and sub-national levels.
7. Eligible activities under this subcomponent would include: (i) technical assistance to the Project for the development of systems and to manage specific processes; (ii) equipment and hardware for the delivery systems to be developed; (iii) development and implementation of an information, education, and communication (IEC) strategy; and (iv) trainings, study tours and other initiatives to enhance the capacity of MFIS and municipalities' staff to implement, coordinate, and monitor their Programs.



Subcomponent 1.2: Expanding the Unified Social Registry

8. **This component would support the scale up of Cabo Verde's USR.** The Government of Cabo Verde is committed to the operationalization of a USR that would serve as a national instrument for outreach, intake, registration, and determination of potential eligibility for all social programs. The USR is also conceived as a planning tool for municipalities to better understand the vulnerability of their populations. The Social Registry would strengthen local capacities to design policies and programs and perform monitoring and evaluation of existing programs.
9. In this sense, Cabo Verde has recently piloted the Social Registry in a few municipalities, but progress still needs to be made in developing supporting legislation, improving the data collection protocols and tools, investing in adequate hardware and software to protect the information collected and investing in capacity building of Government staff that would be managing the USR.
10. The proposed task would support Cabo Verde move forward with this agenda by:
 - **Conceptualizing the USR.** Specifically, the USR will support outreach, intake and registration, and assessment of needs and conditions to determine potential eligibility for social protection programs. The implementation of the USR is made up of broad implementation phases, each phase with several activities and specific steps. Some of these functions involve the “front office”, such as outreach, intake and registration, whereas others are primarily “back-office” functions, such as assessment of needs and conditions to determine potential eligibility for social programs. The Project would finance the definition of the business processes for the Social Registry by promoting an open debate between MFIS and the participating municipalities.
 - **Defining outreach processes.** Outreach fosters basic awareness and understanding about the role and functioning of the USR and its relation to social programs. A key aspect of outreach involves communication, to inform the intended population about possible social programs that they may be eligible for and to inform them about the processes for registering in the USR. Communications should clearly emphasize that simply registering is no guarantee of eligibility or enrollment for that program or set of programs. And, such communications should clearly explain the processes involved in the USR, including the registration process (interview, home visit, questionnaire or application form), the type of information and documentation that would be needed, the processes for notification of potential eligibility or enrollment in social programs, processes for grievances and appeals, and so forth. The Project would support the development of a communication strategy for the USR.
 - **Assessing needs and conditions to determine potential eligibility for social programs.** The USR will collect a range of information on categorical characteristics (age, gender, household composition, disability status) and socio-economic factors (incomes, employment, property, assets, education, etc.). The data required for these processes will come from (i) self-reported information from the questionnaire and interview process (intake & registration); and (ii) data exchange with other administrative systems via interoperability. This information will then be transformed into measures of welfare (PMT scores, multi-dimensional poverty scores, etc.) and then compared to pre-defined eligibility criteria to determine potential eligibility. This process will be automated through the software applications component of the Social Registry.



- **Developing adequate tools for data collection.** The Project would support the development of a common targeting template/questionnaire to determine eligibility for social programs. It would also define outreach processes for potential beneficiaries to be registered in the USR.
- **Developing adequate hardware and software for the operationalization of the social registry.** In order to support the operationalization of the USR, a proper software hosting the data base and the targeting modules needs to be developed and adequate hardware needs to be installed at the central and decentralized levels. The Project would finance technical assistance to develop the software and would provide funding to purchase the necessary hardware.
- **Financing the scale up of the USR to additional municipalities.** Government has already piloted the Social Registry in 16 municipalities registering 17,000 families. The Project, through Municipal Grants, would finance operational costs to scale up the Social Registry to additional 8,000 families in the USR.

11. Component 1 of the Project would finance (i) technical assistance to set up the delivery systems; (ii) technical assistance to develop and manage the USR; (iii) non-consultancy services and operational costs for the data collection for the USR; (iv) Municipal Grants to scale up the USR; (v) necessary equipment (computers, printers, etc.) for the set up and roll out of the delivery systems; and (vi) specific training to Government staff.

Component 2: Expansion of the RSI Program (US\$7.7 million equivalent)

12. The objective of this component is to scale up and improve targeting and efficiency of the RSI Program, which was designed and financed by the Government of Cabo Verde in 2016/2017 and aims to provide (i) cash transfers to very poor families; (ii) access to productive inclusion initiatives to the same beneficiaries; and (iii) access to care services for very poor families.

Subcomponent 2.1: Cash transfers to poor households with children

13. **This component would build on the experience of a recent pilot project financed and implemented by the Government.** The Government of Cabo Verde has initiated the cash transfer component of the RSI through a pilot project in 2016, which was entirely financed through the State budget. The pilot project provided benefits to 1,700 poor families for a limited period: due to financing constraints, participation of each family was limited to six months, and a majority of payments were done all at once due to constraints and delays in the pilot implementation. However, despite these limitations, the pilot provided very valuable lessons and illustrates the determination of the Government to go ahead and provide a basic safety net for the poorer segments of the population of Cabo Verde. The pilot was implemented in all municipalities of the country and targeted poor families with children under the age of 15 and very low income impeding access to basic social services. Families were registered in the USR and selected through an indicator of vulnerability. The indicator of vulnerability integrates various variables such as housing, health, education level, dependency rate, and an estimated per capita income below CVE4,740 (approx. US\$52).

14. **The component would assist the Government in scaling up the cash transfer program.** The Government has expressed its commitment to increase its own financing of the program over the coming years, at a rate of 1,400 additional beneficiary families every year. World Bank financing through the proposed project would therefore be in parallel to the Government's own financing and would allow increasing coverage at a much faster pace. It is estimated that the 4,000 families would be beneficiaries of the cash transfer through Project



financing, bringing the total number of beneficiary families to at least 5,700 over the next 4 years. Project and Government financing would therefore cover over half of the extreme poor population (which is calculated at around 8,000 households).

15. **Level and duration of benefits have been reviewed and adjusted.** Level and duration of benefits provided through the pilot were reviewed with the Government during Project preparation, and adjustments were made to ensure greater impact and opportunities for families to be able to graduate from the program. Benefits for the participating families would continue to amount to the equivalent of half of the minimum wage, ie. CVE5,500 (approx. US\$62) per month and per family. Simulations of various levels of benefits were assessed jointly by the Government and the Bank during Project preparation, and the current level of benefits paid by the pilot was found adequate, as it is equivalent to 25 percent of the consumption of extreme poor families and represents 22 percent of the poverty line. In addition, it was decided that participation of poor families in the program would be raised to two years, with the possibility of adding an additional one-year participation. This rather exceptional extension (estimated at 20 percent of beneficiary families) would be granted by a local commission, under conditions that will be detailed in the program implementation manual.
16. **Recipients of the benefits will be mostly women.** It is expected that a large majority of recipients (ie. the person who will receive the cash payment) would be women, as single-female headed households constitute more than half of extreme poor families. However, when two parents are present in the household, it would be up to the household to decide whether the mother or the father would be the recipient. Changes of recipient during the course of participation of the program will be allowed under certain circumstances detailed in the implementation manual (death of the recipient, mental incapacity, conviction of prison, changes in legal parental responsibilities, etc).
17. **Selection of beneficiary households will follow categorical and income criteria.** Households would have to meet a number of criteria to be included as beneficiaries in the program. These criteria include: (i) be previously registered in the USR; (ii) include at least one child of less than 15 years of age at the date of enrollment; (iii) be legally resident of Cabo Verde for at least twelve months previous to enrollment on the program; and (iv) possess a PMT score lower than the threshold established by the program.
18. **Coverage of the component will include all municipalities in the country.** The cash transfer component of the RSI program would be implemented in all 22 municipalities of the country. Each municipality would be attributed a quota of beneficiary households that would be allowed to join the program each year during Project duration. This quota will be calculated by MFIS, according to the budget available until the end of the Project. Most municipalities have already made significant progress in the process of registering households in the USR, and MFIS would communicate the score and the number of families that are currently registered and meet the RSI criteria to each municipality, for immediate inclusion in the program. In order to reach the quota attributed to each of them, municipalities would have to continue registering households, prioritizing poorest neighborhoods where most of the extreme poor live. During the process of registering households in the USR, MFIS will continue to provide to municipalities the score of each household and allow the progressive inclusion of new households in the program, until the municipality reaches its quota.
19. **Communication and outreach campaign will be run by municipalities.** Each municipality will carry out, with support from MFIS, a broad communication and outreach campaign regarding the RSI program within its own boundaries and aimed at the entire community. The communication campaign will include information on the



objective of the program, its basic parameters (duration and level of benefits, conditions of payments, grievance redress system, etc), selection criteria, steps of beneficiary selection, conditions of participation in the program, additional benefits provided by the program, etc. Once households are selected, municipalities will invite beneficiary households in small groups to information meetings, where they will receive more detailed information on the enrollment process, how to identify the recipient of the cash transfer, types of identity documents that they will have to present, and the date and place of the enrollment event.

20. **Beneficiary households will be enrolled by municipalities.** Municipalities will be responsible for enrolling the selected households within their territory. The enrollment will take place at the direction of Social Action of the municipalities, and recipient of beneficiary households will be required to bring identity documents, a fiscal identification number (whose provision will be facilitated by the municipality of the recipient does not already have one), the residency permit (in case the recipient is a foreign citizen) and a bank account number. The recipient will receive a unique program card to facilitate identification at any further stage and contact with the municipal services.
21. **Granting of an additional year of payment will apply in certain circumstances.** Beneficiary households are enrolled for two years in the program. However, under special conditions some families will be granted an extra year of cash transfer. It is estimated (and budgeted) that approximately 20 percent of families will be granted this special extension. In order to be granted that special extension, a family will have to meet a number of conditions and criteria, and to be reviewed by a municipal social action commission. The criteria for granting a special extension (to be detailed in the implementation manual) will include, among others: (i) having complied with all program requirements for the first two years; (ii) having started an income generating or a professional activity, which however proves not to provide sufficient income at the time of program exit; and (iv) updating family data in the USR and recalculating the PMT score. The decision to grant a special extension will be taken not less than four months before the last payment and will be under the responsibility of a municipal commission composed of the director of Social Action, a technician of the Social Action services and a third party associated with the support given to the family (such as a NGO member that provided training or support).
22. **Payment of beneficiaries will be done on a monthly basis for two years.** Payments will be done every month for two years (therefore a total of 24 payments for each beneficiary family) and will be made directly to the bank account of the recipient designated by the family. Cash transfers will be delivered via electronic fund transfers (direct deposit from the Treasury into beneficiaries' individual bank accounts). Municipalities will collect recipients' bank accounts information and MFIS will consolidate the final list of beneficiaries (program payroll) that will be transferred to the Treasury. For those households without bank account MFIS will identify a banking institution to open individual accounts without conditions or associated cost. Payments will be delivered to the authorized member of the family. Payments will be administered by the CNPS that also manages the non-contributory social pension. MFIS will keep the budgetary function while the operation and relationship with Treasury and payment service providers for electronic funds transfers will be led by CNPS. Communications about payments amount, payment points, and other program information will be delivered directly by the municipalities. To cash out their transfers, recipients will have the alternative to collect cash in bank branches (using their national ID to authenticate their identity), or to use their banking card or bank books (when available).
23. **Delivery systems under Component 1 will be key in supporting the roll-out of the cash transfer.** The Program



would benefit from the delivery systems developed under on-going technical assistance and Component 1 of the Project, namely the targeting system, the M&E system, the MIS including modules for beneficiary registration and identification, payments, referral to productive inclusion activities and the grievance redress. The pilot RSI was implemented without these delivery systems, but its expansion to a much larger scale would require some of these systems to be developed.

Subcomponent 2.2: Support to productive and social inclusion of RSI beneficiaries

24. The objective of this component is to support RSI beneficiaries in achieving social and productive inclusion, and increase their access to the labor market, self-employment and income generating activities.
25. This support program will be provided to each family following review of family conditions in the framework of the *Programa de Acompanhamento Familiar* (Family Assistance Program). This program is being developed by MFIS with support from UNICEF and will accompany beneficiaries of all social programs of MFIS. Through the establishment of a family plan, beneficiaries of the RSI Program would be provided with facilitated access to training and other productive opportunities on the one hand, and to care services for family dependents on the other hand, with the aim of promoting their social and economic inclusion.
26. **Geographical coverage of the component.** It is expected that nine out of the 22 municipalities in the country would be targeted for this component and that 2,000 households (out of the roughly 4,000 RSI beneficiary households) would benefit from its activities. Those municipalities have been selected according to a number of criteria, including: (i) the demonstrated capacity of the municipality and the private sector, including NGOs, to set up training programs aimed at the poorest; (ii) the existence of certain agriculture value chains or other economic and productive sectors, or of a labor market that have the potential to absorb newly trained beneficiaries. These municipalities concentrate 71 percent of the total population, 70 percent of the total extreme poor families, and more than 50 percent of municipal taxes are collected in these municipalities. In 2017, 50 percent of all beneficiary families from RSI belong to these municipalities.
27. **Productive inclusion activities.** Municipalities in Cabo Verde are already providing, to various extents and largely with their own resources, some support to poor families to facilitate their productive inclusion. Civil society is also very active in this sector. Even though the budget is mainly managed by the municipalities, the main players in productive inclusion are IEPF and NGOs. The role of municipalities is more limited to funding and linking beneficiaries to existing economic and social inclusion services.
28. IEPF has Employment and Professional Training Centers in six out of nine of the selected municipalities. In addition to technical and professional courses, IEPF implements three programs targeted to vulnerable populations: (i) insertion of long-term unemployed; (ii) local and regional employment initiatives; and (iii) the national program of vocational internships. IEPF courses cover different areas such as construction, tourism, languages, technology, bakery, accommodation, statistics, mechanics, agriculture, business, carpentry, etc. These courses vary by municipality and are to suit market needs at the local and regional levels. The courses have on average 20 participants and the number of trainees per room must be a minimum of 16 trainees and a maximum of 20. The duration of training courses varies according to the level of professional qualification but overall, they take approximately two months. IEPF centers operate on a daytime basis and may also operate on a nightly basis should demand increase. Vocational training shall take the form of three sessions (i) theory; (ii) practice; and (iii) practices in the real context of work or internship. The Local and Regional



Employment Initiative aims to encourage and support the creation of jobs, both through the emergence of local and regional employment/self-employment initiatives. IEPF works together with municipalities and NGOs in targeted programs through: training services, certification and validation of training courses, facilitators of trainers, equipment and operating costs.

29. There are several NGOs implementing social protection programs including social and productive inclusion activities. The largest two NGOs in the sector are MORABI (*Associação de Apoio à Auto-Promoção da Mulher no Desenvolvimento*) and OMCV (*Organização das Mulheres de Cabo Verde*). These NGOs work in all selected municipalities for the economic inclusion component. OMCV target group are mainly women while MORABI despite beginning as an institution promoting women inclusion, they target men as well. Both NGOs have two areas of intervention: (i) microcredits for population with no access to financing services; and (ii) technical and vocational training (including self-esteem reinforcement and soft skills), economic inclusion activities and entrepreneurship. These NGOs work in coordination with the communities, municipalities and other institutions such as IEPF or the Cabo Verde Hotel and Tourism School. The training courses have an average duration of 30 hours for 25 participants and cost approximately CVE20,000 (US\$212) per person.
30. The Project would develop a referral system for safety net beneficiaries to access the above mentioned (or other existing) productive and training opportunities, so that beneficiaries can achieve a sustainable graduation out of poverty. Members of the households could be one of the parents or a teenage or adult child. The selection process, with additional criteria such as minimum and maximum age (tentatively 16 to 30 years) and minimum level of school education, would be further defined in the POM and coordinated with the institutions implementing the activities. Beneficiaries to be referred to productive inclusion activities need to be previously registered in the USR and participate at the RSI. The referral module would be part of the MIS for the RSI Program and it would be linked to the cash transfer module of the MIS. Those households fulfilling the eligibility criteria and registered in the enrolment module of the cash transfer component of the RSI would directly be transferred to the enrolment module for productive inclusion component of the RSI. Once the municipalities and MFIS would confirm availability of vacancies in the productive inclusion activities, these selected beneficiaries would actually be enrolled in the productive inclusion program and become beneficiaries.
31. In addition, the Project would provide Municipal Grants to implement these activities and programs, and technical assistance to improve their quality. By using the Municipal Grants, municipalities would be able to subcontract NGOs or finance beneficiaries' participation in IEPF's programs. The grants would be used as well to cover for operating costs from municipalities related to the monitoring and evaluation of these programs. A Municipal Grants Manual will be developed for the Project detailing the fiduciary arrangements and disbursement conditions for the Municipal Grants.
32. The Project would not develop new training programs but would rather facilitate access of RSI beneficiaries to existing programs available at the local level, and would finance the expansion, systemization and scale up of existing programs run by municipalities or NGOs so they serve better the needs of the poorest. Therefore, the specific type of activities offered to participants would depend on the opportunities existing on their island and municipality of residence, and would be managed by municipal authorities, or by NGOs under the control of municipal authorities.
33. **Support to childcare services.** With a high level of dependency, that include older relatives, children, and in



some cases disabled family members, poor women face much stronger constraints than men in accessing local economic opportunities and the labor market in general and can seldom spend more than a few hours away from their home to engage in income-generating activities. In addition, it is expected that a large number of the RSI Program beneficiaries will be female-headed households.

34. Municipalities have childcare services and preschool education is free and managed by the municipalities, even though coverage and quality of services need to improve.
35. Through a decentralized approach giving a large competence to municipalities in this area, the project would, through the provision of Municipal Grants, support the Government in improving childcare services in the poorer areas where most of RSI families live. The services which would be supported would partially relieve women of RSI beneficiary households from time-consuming dependent care activities, and facilitate their access to economic, employment and/or training opportunities. Municipalities will present a budgeted plan to MFIS at the start of the Project, detailing those eligible childcare centers to receive support. Upon approval by MFIS following the procedures described in the Grants Manual, municipalities would receive Municipal Grants (financed through the component) to implement their plans. Eligible expenses for municipalities under this component would include: recruitment of temporary staff for the day centers, equipment and operating costs. No works (i.e construction of centers) will be considered under this component.
36. Beside support to day centers, the component will also support the National Plan for Social Care Services (*Plano Nacional de Cuidados*). The Project would specifically support three initiatives of the Plan, namely:
 - a. The development of necessary legislation for formalize the role of the social workers that currently lack any official certification. The Project will support MFIS in developing the legal and regulatory framework of care services through the financing of specialized technical assistance.
 - b. Finance a limited number of scholarships to participate in Social Work courses provide for people who are currently working as social workers without any proper certification. The Project will build on this preliminary work to improve and standardize the training of social workers.
37. Component 2 of the Project would finance (i) cash transfers for RSI beneficiaries; (ii) operational costs to deliver cash transfers to RSI beneficiaries; (iii) Municipal Grants to implement productive and social inclusion activities; (iv) scholarships to beneficiaries participating in Social Work courses; and (v) technical assistance to improve the curriculum for the Social Worker certificate.

Component 3 – Support Project Management (US\$0.3 million)

38. This component will directly finance the costs associated with the fiduciary management of the Project and the staff required to oversee coordination and Project M&E. Per the agreement with the Ministry of Finance, all technical aspects of World Bank-financed projects are to be handled by the respective ministries while all fiduciary aspects are to be handled by the UGPE. The UGPE is an entity that is shared across projects and each project is responsible for contributing resources to cover shared costs such as UGPE staff, operating costs (i.e., rental space, transportation, utilities, etc.), external audits, etc. In addition, the Project will also recruit a Project manager to be based at UGPE to coordinate between the UGPE, MFIS and municipalities, and liaison effectively with UGPE and technical teams at MFIS regarding fiduciary aspects.



39. Component 3 of the Project would finance goods, consultancy services and non-consultancy services for the UGPE to support implementation and fiduciary management of the Project.



ANNEX 4: Map

