

# AFRICAN DEVELOPMENT BANK



**PROJECT : E-GOVERNANCE AND PUBLIC ADMINISTRATION  
MODERNISATION PROGRAMME (E-PAMP) – PHASE II**

**COUNTRY : CABO VERDE**

## APPRAISAL REPORT

**Date: September 2022**

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# **AFRICAN DEVELOPMENT BANK**



## **E-GOVERNANCE AND PUBLIC ADMINISTRATION MODERNISATION PROGRAMME - PHASE II**

### **E-PAMP -II**

**ECGF DEPARTMENT**

September 2022

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## **CURRENCY EQUIVALENTS**

*September 2022*

Currency	=	Escudos (CVE)
UA 1	=	CVE 132.45
EUR 1	=	CVE 110.265
USD 1	=	CVE 92.85

## **FISCAL YEAR**

1 January - 31 December

## **WEIGHTS AND MEASURES**

1 tonne	=	2 204 pounds (lbs.)
1 kilogramme (kg)	=	2.200 lbs.
1 metre (m)	=	3.28 feet (ft.)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## ABBREVIATIONS AND ACRONYMS

<b>AEO</b>	African Economic Outlook
<b>AfDB</b>	African Development Bank
<b>AMNCV</b>	Cabo Verde Municipality Association
<b>ARAP</b>	Cabo Verde Procurement Regulatory Authority
<b>BDEV</b>	AfDB Independent Evaluation Office
<b>BSG</b>	Budget Support Group
<b>CFRA</b>	Country Fiduciary Risk Assessment
<b>CM</b>	Council of Ministers
<b>CNCS</b>	National Cybersecurity Center
<b>COSN</b>	Senegal Country Office
<b>CPIA</b>	Country Policy and Institution Assessment
<b>CSO</b>	Civil Society Organisations
<b>CSP</b>	Country Strategy Paper
<b>CVE</b>	Cabo Verdean Escudo
<b>DGCI</b>	General Tax Directorate
<b>DGT</b>	National Labour Directorate
<b>DGTED</b>	Directorate of Telecommunications and Digital Economy
<b>DNMEAP</b>	National Directorate of State Modernisation and Public Administration
<b>DNP</b>	National Planning Directorate
<b>DSSI</b>	G20 Debt Service Suspension Initiative (DSSI)
<b>EU</b>	European Union
<b>FY</b>	Fiscal Year
<b>GCI</b>	Global Competitiveness Index
<b>GDP</b>	Gross Domestic Product
<b>GoCV</b>	Government of Cabo Verde
<b>HR</b>	Human Resources
<b>ICIEG</b>	Cabo Verde Institute for Gender Equality and Equity
<b>ICT</b>	Information and Communication Technology
<b>IGT</b>	General Inspectorate for Labour
<b>IIAG</b>	Mo Ibrahim Index of African Governance
<b>IMF</b>	International Monetary Fund
<b>INCV</b>	National publication office of Cabo Verde
<b>INE</b>	National Statistics Institute
<b>INPS</b>	National Institute for Social Protection
<b>MIC</b>	Middle-Income Country
<b>MoF</b>	Ministry of Finance and Business Development
<b>MPD</b>	Movement for Democracy
<b>MSME</b>	Micro-, Small- and Medium-sized Enterprises
<b>NOSi</b>	Information Society Operational Nucleus (Núcleo Operacional para a Sociedade de Informação)
<b>OGP</b>	Open Government Partnership
<b>PACE</b>	Economic Growth Support Programme
<b>PAGEPPI</b>	Public Corporate Governance and Investment Promotion Support Programme
<b>PBO</b>	Policy Based Operation
<b>PCCS</b>	Positions, Careers and Salaries Plan
<b>PCFR</b>	Plan for positions, functions and remunerations
<b>PEDS</b>	Economic Plan for Sustainable Development
<b>PEFA</b>	Public Expenditure and Financial Accountability
<b>PFM</b>	Public Financial Management
<b>PPP</b>	Public-Private Partnership
<b>PSC-LED</b>	Private Sector Competitiveness and Local Economic Development Programme
<b>REMPE</b>	Special regime for small and medium companies
<b>SIG-HR</b>	Integrated Human Resource Management System
<b>SIGOF</b>	Integrated Financial and Budget Management System
<b>SIM</b>	Municipality Information System
<b>SME</b>	Small- and Medium-size Enterprise
<b>SOE</b>	State-Owned Enterprise
<b>TFP</b>	Technical and Financial Partner
<b>UN</b>	United Nations
<b>WB</b>	World Bank

## LOAN INFORMATION

### Client Information

<b>BORROWER</b>	:	Republic of Cabo Verde
<b>SECTOR</b>	:	Economic and Financial Governance
<b>EXECUTING AGENCY</b>	:	Ministry of Finance and Business Development
<b>AMOUNT</b>	:	EUR 20 million

### Financing Plan for 2021-2022 Budget Support

Source	Amount (2021)	Amount (2022) - tentative amounts
AfDB	EUR 20 million	EUR 20 million
World Bank	USD 30 million	USD 20 million
Luxembourg	EUR 2.0 million	EUR 2.0 million
European Union	EUR 6.0 million	To be confirmed
Spain		EUR 0.2 million
Portugal	EUR 0.5 million	EUR 0.5 million

### Information on AfDB Financing

Loan Currency:	Euros (EUR) [or any other acceptable currency]
Loan type:	Fully flexible loan
Tenor:	To be determined (up to maximum 25 years)
Grace period:	To be determined (up to maximum 8 years)
Weighted average maturity**:	To be determined (depending on amortization profile)
Reimbursements:	Half-yearly instalments at the end of the grace period
Interest rate:	Base rate + Margin on financing cost + Loan margin + Maturity premium This interest rate must be greater than or equal to zero.
Base rate:	Floating (6 Months EURIBOR revised on February 1st and August 1st or any other acceptable rate) A free option is offered to set the base rate
Margin on financing cost:	Margin on the Bank's financing cost revised on January 1st and July 1st and applied on February 1st and August 1st with the base rate.
Loan margin:	80 base points (0.8%)
Maturity premium:	To be determined: <ul style="list-style-type: none"><li>• 0% if the weighted average maturity &lt;= 12.75 years</li><li>• 0.10% if 12.75 &lt; the weighted average maturity &lt;= 15</li><li>• 0.20% if the weighted average maturity &gt; 15 years</li></ul>
Front-end fee:	0.25% of the loan amount

Commitment fee:	0.25% per annum of the undisbursed amount. It begins to run 60 days after the date of signature of the loan agreement and is payable on the interest payment dates.
Option to convert base rate *:	Besides the free option to set the base rate, the possibility is offered to the borrower to return to the floating rate or to re-fix on all or part of the disbursed amount of his loan. Transaction fees are payable
Option of rate ceiling or tunnel *:	The possibility is offered to the borrower to put a ceiling or a tunnel on the base rate for all or part of the disbursed amount of his loan. Transaction fees are payable
Currency conversion option *:	The possibility is offered to the borrower to change the currency of all or part of his loan, whether disbursed or not, into another loan currency of the Bank. Transaction fees are payable

\* The conversion options and related transactions costs are governed by the Guidelines for conversion of loan terms available on the [Bank's website](#)

\*\* Calculation of the weighted average maturity is available on the [Bank's website](#)

### Implementation Schedule – Key Milestones (Expected)

Activities	Dates
Appraisal of Phase II	July-August 2022
Negotiation	September 2022
Approval	October 2022
Effectiveness	November 2022
Disbursement	November 2022
Supervision	February 2023
Disbursement Closing	June 2023
Completion Date	December 2023



## PROGRAMME SUMMARY

<b>2022 Programme Overview</b>	<p><u>Programme Name:</u> E-Governance and Public Administration Modernisation Programme (E-PAMP) – Phase II.</p> <p><u>Program Goal and Objective:</u> The Goal of the program is to consolidate reforms on e-governance and digitalisation for a modernised public administration system and improvement in service delivery while strengthening the business environment. The respective components of the program will continue to be i) E-Governance and Public Administration, and ii) Digital Competitiveness.</p> <p><u>General Schedule:</u> 2021/2022:</p> <p><u>Program Cost/ Financing:</u> EUR 20 million (Phase II).</p> <p><u>Operational Instrument:</u> General Budget Support; Multisector.</p>
<b>2022Country Context</b>	<p>Real GDP grew by 7 percent in 2021, from the unprecedented contraction of 14.8 percent in 2020 (15.7 percent in per-capita terms). The largest economic contraction since independence. The rebound of GDP growth in 2021 is a reflection of the gradual reopening of the economy and policy reform measures put in place by the Government to support businesses and hard-hit sectors. Private and public consumption drove growth, supported by the resurgence of the tourism sector, with positive spillover effects on other strategic sectors such as e-services and the digital economy. A comprehensive vaccination campaign was fundamental for the recovery, by mid-April 2022, 85 percent of the eligible adult population had received two doses. Despite the strong post- COVID-19 economic recovery a combination of external shocks pose a risk to disrupt the smooth recovery. The economy however seems resilient in the midst of the crises due to better than expected performance of the of the tourism sector and efforts taken to cushion the impact of the food and fuel crises. GDP growth is expected to perform better earlier projections for 2022 with the government estimating a 10% growth in 2022 which is consistent with IMF projections., The projected growth is driven by the recovery of tourism, advancement of digitalization reforms and ongoing investments in ICT, renewable energy, and fishery sectors. Current levels of overall public debt is 142.7% Debt/GDP ratio in 2021. Overall debt is in high distress, despite the improvement in the external debt profile and highly concessional nature of the overall debt profile. Inflationary pressures on food and energy prices are increasing food insecurity, particularly amongst the most vulnerable. The Bank is responding to the Ukraine crises through a supplementary financing of \$ 10 million to support governments efforts in addressing food insecurity and food inflation.</p> <p>The Cabo Verde Economic Plan for Sustainable Development (PEDS II) 2022-2026 and the Digital Competitiveness Strategy are notable strategies that detail bold commitments and actions to position Cabo Verde as a leading "digital hub" and "gateway to West Africa". To achieve this ambitious vision the government aims to increase investments in technology infrastructure, digital entrepreneurship, e-Government services and digital skills. At the same time, the Government aims to develop conducive policy frameworks that will attract foreign investment to boost the countries overall competitiveness through policy e-governance reforms measures. The government is also undertaking bold reforms to improve transparency and the efficiency of service delivery through a modernized public administration system.</p>
<b>Lessons Leant</b>	<p>Lessons learnt from the implementation of the E-PAMP Phase I include i) Strong country ownership of the program reform priorities given the government's commitment to advance e governance and digitalisation reforms in the medium to long term. ii) Need for technical assistance and investment operations to back stop reform efforts. The Bank's digital Park investment project and MIC-Grant on procurement reforms is providing vital support and leveraging program reform efforts. iii) There is need for flexibility in the sequencing of reforms hence the use of multi-year programmatic budget support operations to allow time and space for the consolidation of reform efforts. v) better sequencing of reforms in the public administration modernisation remains critical going forward. vi) Unanticipated shocks caused by the Ukraine conflict in strategic sectors could disrupt macro-economic stability and the pace of reforms.</p>
<b>Conditions for continued Support</b>	<p>Cabo Verde continues to meet the necessary conditions for the eligibility for General Budget Support. There is strong commitment to reduce poverty and support inclusive growth. The national poverty rate reduced slightly to 33% in 2022 from 35% in 2020 using the national poverty line of \$5.4 a day in purchasing power parity (PPP). Macro-economic situation remains stable. There is strong appetite for fiscal and structural reforms and a commitment to put debt on a downward trajectory. Cabo Verde has a <i>robust democracy</i> with a tradition of peaceful political transitions for nearly four decades. The country continues to score at the top of Africa in measures of governance and transparency. The updated CFRA shows that the <i>fiduciary risk</i> is moderate with positive trajectory justifying the Bank's continued use of country systems. The framework for development partner <i>coordination</i> is quite robust with joint development partner – government policy dialogue meetings happening twice a year. The operation was prepared in consultation with the IMF, WB and other development partners such as EU, Luxemburg, Portugal, and Spain who continue to support the government's reform program in several critical areas.</p>
<b>Policy Dialogue</b>	<p>Dialogue with the authorities in E-PAMP II will build on progress made in E-PAMP I and continue to focus mainly on strengthening E-governance and transparency to enhance the efficiency of service delivery for citizens and businesses and support the drive for digitalisation as a strategic tool for the economic diversification. Dialogue will also focus on debt rationalisation, a robust gender mainstreaming agenda especially in the public sector and on SOE reforms.</p>

## Results-Based Framework

RESULTS FRAMEWORK						
A		PROJECT INFORMATION				
PROJECT NAME AND SAP CODE: E-Governance and Public Administration Modernisation Program (E-PAMP) – Phase II				COUNTRY/REGION: Cabo Verde		
PROJECT DEVELOPMENT OBJECTIVE: Consolidate reforms on e-governance and digitalisation for an efficient service delivery and modernised public administration system while strengthening the business enabling environment.						
ALIGNMENT INDICATOR (S): i) Increased GDP Growth						
B		RESULTS MATRIX				
RESULTS CHAIN AND INDICATOR DESCRIPTION	RMF/ ADO A	UNIT	BASELINE (date)	TARGET (2023)	MEANS OF VERIF.	
OUTCOMES – Component 1 – E-Governance and public administration modernisation						
OUTCOME STATEMENT 1: Efficient service delivery and transparency through greater adoption of e governance principles						
OUTCOME INDICATOR 1.1: UN E-Government index rating	□	0-1 score	0.56 (2020)	0.6 (2023)	UN E-Gov. Survey 2022	
OUTCOME INDICATOR 1.2: UN E-Participation index rating		0-1 score	0.42 (2020)	0.5 (2023)	UN E-Part. Survey 2022	
OUTCOME STATEMENT 2: Modernised Public Administration system						
OUTCOME INDICATOR 2.2 Country Policy and Institutional Assessment Governance cluster	□	1-6 score	4.7 (2020)	4.9 (2023)	AfDB CPIA rating	
OUTCOMES – Component 2 – E-Economy and digital competitiveness						
OUTCOME STATEMENT 3: Increased contribution of ICT in growth						
OUTCOME INDICATOR 3.1: Contribution of ICT as a percentage of GDP	□	%	2.9% (2019)	>3.2% (2023)	MoF & BCV statistics	
OUTCOME STATEMENT 4: Improved competitiveness through digitalised services for the private sector						
OUTCOME INDICATOR 4.1: Doing Business Index <sup>1</sup>	□	0-100 score	55 (2019)	57 (2023)	Doing Business Report	
OUTPUTS – Component 1 - E-Governance and public administration modernisation						
Sub-component 1.1: Increased transparency through E-Governance						
OUTPUT STATEMENT 1: Open Government Partnership (OGP) strengthened with active CSO involvement						
OUTPUT INDICATOR 1.1: National OGP website fully operational	□	Y/N	No	Yes	Live access	
OUTPUT INDICATOR 1.2 Submission and approval of an updated OGP action plan to the CM with CSO involvement		Y/N	No	Yes	CM Minutes	

<sup>1</sup> The Doing Business Index has been discontinued by the World Bank. There are however plans by the World Bank to replace the doing business index, In the interim the program will use the Global competitive index as an alternative outcome .

<b>OUTPUT STATEMENT 2: Open data policies and frameworks in place</b>					
OUTPUT INDICATOR 2.1: Access to Information law approved in Parliament (Prior Action) and Open-data policy developed	<input type="checkbox"/>	Y/N	No	Yes	CM minutes
<b>Sub-component 1.2: E-governance Frameworks in place.</b>					
<b>OUTPUT STATEMENT 3: Governance arrangements for the E-Governance reform are in place</b>					
OUTPUT INDICATOR 3.1: Develop and approve the methodology for the E-governance action plan (Prior Action)	<input type="checkbox"/>	Y/N	No	Yes	CM minutes
OUTPUT INDICATOR 3.2: E-governance unit partially staffed and trained (Prior Action)	<input type="checkbox"/>	% of staff	0%	50%	HR reports
OUTPUT INDICATOR 3.3: Despacho obligating any online-public service to also be present in <i>portondinosilhas</i> in addition to the interface of its home MDA. (Prior Action)		Y/N	No	Yes	CM Minutes
OUTPUT INDICATOR 3.4: Online Platform for E procurement upgraded and fully functional.		Y/N	No	Yes	ARAP Reports
<b>Sub-component 1.3: Public Administration Modernisation Program</b>					
<b>OUTPUT STATEMENT 4: Strengthened HR systems for a modernised public administration</b>					
OUTPUT INDICATOR 4.1 % of HR focal points recruited in line Ministries, and training provided to them (Prior Action)	<input type="checkbox"/>	%	0%	50%	MoF statistics
OUTPUT INDICATOR 4.2 Approval of the new public employment law in Parliament (Prior Action)		Y/N	No	Yes	Government gazette
OUTPUT INDICATOR 4.3 Approval of the Plan for Positions, functions and remunerations (PCFR)		Y/N	No	Yes	CM Minutes
OUTPUT INDICATOR 4.4: New SIG-HR system adopted and functional	<input type="checkbox"/>	Y/N	No	Yes	Live testing
<b>OUTPUT STATEMENT 5: Prioritize Gender equity reforms in the public administration modernisation program</b>					
OUTPUT INDICATOR 5.1: First year report on gender equality action plan released by ICIEG and approved by the CM		Y/N	No	Yes	CM Minutes
OUTPUT INDICATOR 5.2: Upgrade the gender observatory data portal in the Statistics Office	<input type="checkbox"/>	Y/N	No	Yes	Report from INE
<b>OUTPUTS – Component 2 – Enhancing Digital Competitiveness</b>					
<b>Sub-component 2.1: Promoting Digitalisation for the private sector competitiveness</b>					
<b>OUTPUT STATEMENT 6: Promoting the regulatory environment for the digital economy</b>					
OUTPUT INDICATOR 6.1: New law on digital transactions approved by the CM (Prior Action)		Y/N	No	Yes	CM minutes
OUTPUT INDICATOR 6.2 Electronic invoicing system available and functional		Y/N	No	Yes	Live testing
OUTPUT INDICATOR 6.3 Approval of the legislation on Notary acts		Y/N	No	Yes	CM Minutes
OUTPUT INDICATOR 6.4 Credit reference bureau platform up and running at the Central Bank		Y/N	No	Yes	Central Bank reports
<b>OUTPUT STATEMENT 7: Cabo Verde Digital Park Sustainably Managed and cybersecurity systems strengthened</b>					
OUTPUT INDICATOR 7.1: PPP approach for the Tech Park approved	<input type="checkbox"/>	Y/N	No	Yes	Teck Park Reports
OUTPUT INDICATOR 7.2 Advisory one- stop- shop established in the Tech Park to support ICT startups and SME's		Y/N	No	Yes	Tech Park Reports
OUTPUT INDICATOR 7.3 Decree-Law of Structuring the CNCS – National Cybersecurity Centre (Prior Action)	<input type="checkbox"/>	Y/N	No	Yes	Government Gazette

# REPORT AND RECOMMENDATION OF MANAGEMENT TO THE BOARD OF DIRECTORS OF THE AFRICAN DEVELOPMENT BANK ON A PROPOSED LOAN TO THE REPUBLIC OF CABO VERDE TO FINANCE THE SECOND PHASE OF THE E-GOVERNANCE AND PUBLIC ADMINISTRATION MODERNISATION PROGRAM (E-PAMP II)

## I. INTRODUCTION: THE PROPOSAL

1.1. **Management hereby submits** the following proposal and recommendation for a loan of EUR 20 million to the Republic of Cabo Verde to finance the second phase of the E-Governance and Public Administration Modernisation Programme (E-PAMP II). The E-PAMP was designed as a programmatic series of two consecutive General Budget Support Operations covering the fiscal years 2021 and 2022. Phase I of E-PAMP was approved by the Bank Group Board of Directors on the 22nd of September 2021 and the resources (EUR 20 million) were fully disbursed in November 2021. This is the second phase of the two-year programmatic operation.

1.2. The assessment of E-PAMP I indicated that good progress has been made in advancing reforms on e-governance, transparency and open data, public administration modernisation, and enhancing a competitive economy through digitalisation. More than eighty percent (80%) of the envisaged reform measures were met. *See details in table 2.* Phase II will build on these gains and advance reforms that use e-platforms to deliver a wide range of public services to citizens and business while deepening the framework for transparency and accountability. Phase II will also seek to address reform sequencing challenges experienced during Phase I. *see tables 3 and 4.* The program is designed to accelerate government's economic diversification agenda through the use of technology, digital platforms and e-commerce.

1.3. The achievement of these reforms will help stabilize economic activity in the medium to long term in Cabo Verde and ensure full recovery following the rebounded of growth of 7% in 2021. The economic recovery was due in part to the authorities' robust policy response, including an effective public administrative system and a successful vaccination program. However, Cabo Verde's post pandemic economic recovery is confronted with challenges due to the lingering effects of the pandemic, and the rising food and fuel prices associated with the conflict in Ukraine. These emerging challenges are likely to impact fiscal, debt and external positions and affect the governments diversification agenda. As a result, strong policy measures are needed to ensure continued and sustained inclusive growth, increased investment in ICT, a thriving business environment and sustained macro-economic stability. It is also critical to ensure that Cabo Verde diversification agenda continues to be driven by digitalization, e-governance and an efficient service delivery system.

1.4. E-PAMP II is expected to consolidate achievements made Under the E-PAMP I, on transparency, e-governance, public administration and digitalisation. Summary of these achievements in Phase I include: On **Transparency and E-Governance** i) Approval of an e-governance strategy and setting up of the e-governance unit; ii) Communication plan to inform civil society on the digitalization reform was developed and successfully roll out. Citizens are aware of the governments digitalisation program and remain key stakeholders of the digitalisation process, especially the youths. On **Public Administration Modernisation Program** i) The technical committee to provide oversight for the public administration modernization program was established. The committee continues to provide the leadership and oversight on public administration modernisation reforms. On **Digital Competitiveness** i) Integration of labour and SME legal regimes within the online "starting a business" portal was completed, reducing the number of days it takes to start a business by one day from eight to seven days. ii) Regulations that provide details for the *Chave Movel Digital* (Digital Mobile Key), is approved. The mobile digital key has features that authenticate citizens using public portals and acts as a qualified electronic signature. Using the digital key, citizen can request for official documentation in a digital form; iii) The tech

park complex, funded by the Bank has a working management structure including an advisory board to ensure effective management and sustainability of the tech park investment. *Details in table 2.*

1.5. These achievements are expected to be consolidated during E-PAMP phase II. The overarching objective of Phase II is to accelerate reforms on e-governance and digitalisation for a transparent service delivery and efficient public administration system while strengthening the business enabling environment. E-PAMP II operation will therefore consolidate reform initiatives which have already commenced in Phase I. Desired policy outcomes will continue to be improved e-governance systems, better quality of regulation, modernised and effective public administrative systems, increased investment in the digital space, a conducive business environment a thriving and competitive private sector, and an enabling framework for climate resilient digitalisation.

1.6. Cabo Verde has emerged as a strong reformer and sterling performer on good governance with robust institutions to drive reforms. The Bank's financing during the second phase will be critical in maintaining the country's status as a top tier reformer. E-PAMP Phase II have included new reform areas on e-procurement, gender observatory data system and support for ICT driven start-ups and SMEs to compliment investments in the Bank's Technology Park Project.

## **UPDATE ON COUNTRY ELIGIBILITY**

### **2.1 Continued Commitment to poverty reduction and inclusive growth**

2.1.1 Cabo Verde's achievements in poverty reduction over the past decades have been quite impressive, with the share of the population living below the international poverty line of US\$ 1.90 (PPP) per day declining from 16% in 2000 to 3% in 2019. The government's however normally uses the national poverty rate of \$ 5.5 per day<sup>2</sup> to determine the level of poverty in the country. Cabo Verde's long term -standing commitment in fighting poverty led to decline in national poverty rates from 49% in 1990 to 28 % in 2019. However, due to the impact of the pandemic, national poverty rates increased to 35 % in 2020 signifying a 7% increase in poverty headcount<sup>3</sup> within a year, reversing recent progress made in fighting poverty. However, as a result of the government's response in cushioning the effects of the pandemic and post pandemic recovery efforts there has been a slight decline in poverty rates from 35% in 2020 to 33% in 2022.

2.1.2 Despite these gains in poverty reduction, spatial and gender inequalities exist, thirty-three percent (33%) of women-headed households are poor, compared to 21% of male-headed households (INE, 2015). Similarly, the poverty rate is approximately 15% in urban areas as against 41% in rural areas and tends to be lower on islands with better tourism infrastructure, (Sal and Boa Vista) when compared to national averages. In response to these persistent poverty challenges, the Government has scaled up its social protection system by increasing coverage of the *Cadastro Social Único* (CSU). The government is using ICT based systems, mobile money and e platforms to reach out to vulnerable households and women and youth led businesses affected by the pandemic, in a most efficient manner. This is an example of how e-governance is supporting poverty reduction and inclusion. The Government has set itself the ambitious target of eradicating extreme poverty by 2026 by establishing a social fund to address emerging and pressing poverty challenges.

### **2.2 Continued Political Stability and Governance Arrangements**

2.2.1 Cabo Verde has a robust democracy with a tradition of peaceful political transitions for nearly four decades. The country continues to score at the top of Africa in measures of governance and transparency and has preserved its status as a stable democracy with a functioning multiparty system. Cabo Verde performs well in key governance indices, ranking 10<sup>th</sup>/54 countries in the 2020 Bank's CPIA; 39<sup>th</sup>/180 in 2021 on the Corruption Perception Index; and is 2<sup>nd</sup>/54 countries in the 2020 Ibrahim Index of Governance in Africa (IIAG).

2.2.2 Free and fair elections at the national and local level and peaceful democratic transitions are the norm. Democratic elections were held for Municipal, Parliamentary and the Presidency in 2020

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<sup>2</sup> In Purchasing Power Parity Terms per person per day in 2015 prices. The government definition of extreme poverty is consistent with international standards.

<sup>3</sup> According to the World Bank

and 2021. Political stability is expected to prevail in the medium to long term underpinned by strong democratic institutions and a good level of protection of human rights and civic freedoms.

## 2.3 Macro-economic and fiscal analysis

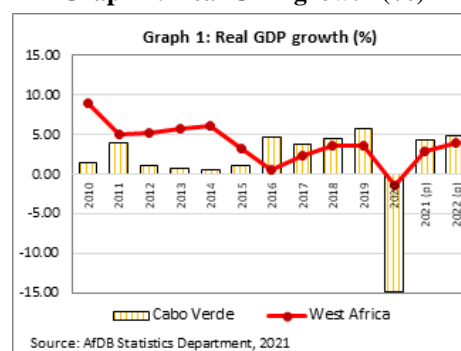
2.3.1 Prior to the COVID-19, Cabo Verde experienced healthy economic growth driven by a thriving tourism sector, foreign direct investment (FDI) inflows, and robust structural reforms in the private sector. Economic growth averaged 5 percent during the 2016-2019 period, fiscal deficits and public debt were on a clear downward trend with the later having stabilized at 126 percent of GDP during 2016-2019, the external position improved, while international reserves were in comfortable levels at eight (8) months of imports coverage. However, the public health crisis brought the economy to a standstill in 2020, negatively impacting tourism industry, which accounts for 25 percent of GDP. As a result, the economy contracted by 14.8 percent in 2020 the largest contraction since independence and the second largest in Africa.

2.3.2. In 2021 however, recovery efforts supported by the easing of international travel restrictions, a gradual recovery in tourism and a successful vaccination program led to a rebound in economic activity and real GDP growth of 7 percent. Private and public consumption further drove growth, supported by the gradual reopening of the economy to international trade albeit supply side disruptions. Cabo Verde's post-COVID recovery efforts have been weakened by the global impact of the conflict in Ukraine. Inflationary pressures on food and energy prices are increasing food insecurity, particularly amongst the most vulnerable. The headline annual inflation rate in April 2022 reached 7.6 percent, while annual inflation for food and beverages reached 12.9 percent. Climate change effects is also creating challenges following consecutive droughts.

2.3.3 Growth projections for 2022 have been upgraded from 6 to 10 percent, given the better than expected performance of the tourist sector with increasing number of tourist arrivals. The impact of the Ukraine conflict and consequent disruptions in supply chains has affected the balance of payments situation since Cabo Verde imports an estimated 11% of oil and 8.6% of cereals from Russia through the Black Sea. In general, around 80 percent of consumption products are imported. The Government has however responded with a policy package aimed at protecting the most vulnerable. The estimated fiscal cost of the response package in 2022 was equivalent to 4 percent of the GDP. Going forward strong policy measures are needed to shore up international reserves (currently at 5 months of import cover) to pre crises levels, preserve debt sustainability, increase resilience to shocks including climate change adaptation and mitigation, and ensure that growth is more inclusive. The Bank's operational projects in agriculture and fisheries<sup>4</sup> will complement efforts to address the current food and inflation crises.

2.3.4 Fiscal policy in the short to medium term will be guided by fiscal structural reforms, including strengthening the tax administration, and reforming SOE's to help boost revenue, enhance the efficiency of public spending, increase social spending to protect vulnerable groups and reduce fiscal risks. Efforts to further enhance fiscal transparency and promote good governance and accountability is expected to continue during the program period. Driven by the gradual recovery

**Graph 1: Real GDP growth (%)**



**Table 1: Macroeconomic indicators**

	2017	2018	2019	2020(e)	2021(p)	2022(p)
Real GDP Growth	3.5	5.3	6.5	-14.8*	7.1	4.0
Real GDP Growth p.c.	2.3	4.1	5.3	-16.0	6.0	4.7
Inflation	0.8	1.3	1.1	0.6	1.8	2.5
Fiscal Balance, Incl. grants (% GDP)	-0.6	-1.1	-2.9	-9.0	-8.6	-4.6
Current Account (% GDP)	-7.8	-5.2	0.1	-15.6	-10.3	-7.5

Sources: AfDB Statistics Department. Data are as of April 2022 and are from domestic authorities; estimates (e) and prediction (p) based on authors' calculation.

<sup>4</sup> Agricultural Production Acceleration Project and the Technical support for the preparation of a blue economy investment plan

of the economy, fiscal revenues increased by 2.5 percent, reaching 27.2 percent of GDP in 2022. However, public expenditure still remains high in 2022 at 33.8 percent of GDP due to extrabudgetary expenditure to respond to the pandemic. The overall deficit (including grants) stood at 8.6 percent of GDP in 2021, compared to 9.0 percent in 2020 which gave rise to a high financing need of around US\$153 million (9.2 percent of GDP). The deficit was financed by concessional credits, grants, domestic borrowing, and allocation of Special Drawing Rights (SDRs) from the IMF.

2.3.5 Cabo Verde's total public debt increased from 80.9% in 2010 to 128.4% of GDP in 2016, due partly to rising public investment spending and support to struggling SOE's. However, in 2017 the authorities' fiscal consolidation and SOE privatization efforts started paying off and saw the debt stock decline for the first time in a decade, decreasing to further to 123.9% of GDP in 2019.

There was nevertheless further increase in public debt in 2020 and 2021 due to increased borrowing to respond to the pandemic with debt to GDP rising to 143% in 2021. The recent WB/IMF Debt Sustainability Analysis of June 2022 indicates that the debt to GDP ratio is expected to be on a downward trajectory in the medium term from 143% Debt to GDP ratio in 2021 to 124% of GDP by 2025 as a result of the government's fiscal consolidation efforts. While the overall risk of public debt distress is deemed high, external debt which accounts for 72% of overall debt is deemed to be moderate given its highly concessional nature with long maturity periods and low average interest rates.

**Box 1: Cabo Verde's Debt Sustainability Analysis 2022**

Cabo Verde's overall public debt is sustainable on a forward-looking basis but remains at high risk of debt distress. The present value of public debt to GDP remains above its threshold under the baseline scenario through to 2028, suggesting a high risk of debt distress. Debt service is projected to average about 43 percent of revenues over the next five years, which represents a large share of future fiscal revenues. Stress tests indicate that Cabo Verde is most vulnerable to a growth shock. External debt accounts for 72% of the total debt while domestic debt represent 28%. More than two-thirds of the External debt is euro-denominated and therefore exchange risk is low given Cabo Verde peg to the Euro. Given this scenario, the risk of external debt is assessed as moderate, an improvement relative to the last DSA which was assessed as high risk of external debt distress. The PV of total public debt-to-GDP ratio exceeds the 70 percent benchmark through 2028 under the baseline scenario. The debt outlook, as shown by the other public DSA indicators, is particularly vulnerable to growth shocks and to contingent liabilities associated with SOEs' debt which emerge as the most extreme shock. Most of the domestic debt is held by social security and commercial Bank's. Measures to develop the government securities market and lower the costs of domestic borrowing will be also crucial in helping the government achieve its medium-term fiscal consolidation objectives.

2.3.6 Going forward the government's fiscal consolidation efforts as informed by its fiscal sustainability plan<sup>5</sup> is to anchor debt levels on a downward trajectory and will prioritise: i) obtaining new loans on concessional terms and ensuring that new short and medium term loans is restricted below a certain threshold as stated in the new Debt Management law of 2018; ii) Reduction of State liabilities in SoEs through privatizations; iii) Reduction of subsidies and transfers to municipalities and improved accountability at the local levels; iv) Improved efficiency in revenue mobilizations and digitalisation of revenue administration and collection processes. The authorities also intend to explore options for debt renegotiation and concessional loans while seeking debt relief financing instruments such as DSSI and G20 debt initiative. The country is expected to capitalise on the Bank's Debt Action Plan in strengthening capacity to manage public debt prudently and increase access to long-term low cost/low risk development financing.

2.3.7 Monetary policy will continue to prioritize the need to safeguard the CVE peg to the Euro. Over the medium term, the Central Bank of Capo Verde (BCV) will target reserves in the range of 5 to 8 months of imports to support the peg given the country's small size and vulnerability to exogenous shocks. Preliminary assessment by the Central Bank suggests that the financial and banking sector is well capitalized and placed to withstand the effects of the projected increase in non-performing loans. The BCV will carry out a comprehensive study of loan losses and provisions at the expiration of the credit moratorium of end July 2022. The recently approved IMF program includes conducting a study on the implications of the Central Bank Digital Currency (CBDC) for monetary policy prudence and implement a revamped stress testing methodology incorporating cybersecurity risk assessment for the financial sector. This signifies the government's priority

<sup>5</sup> Fiscal Sustainability Plan is the Governments tool to address macro-fiscal challenges which is also part of the IMF ECF program



supported by the IMF's Program for digital reforms in the financial sector is consistent with the Bank's E-PAMP program. *See details in the table in annex 3.*

## 2.4 Fiduciary Risk Review

2.4.1 The fiduciary risk assessment conducted by the Bank as part of the 2019-2024 CSP, and updated in 2021, concluded that the fiduciary risk was moderate, and the public finance management system fulfilled the Bank requirements for budget support operations. Overall, Cabo Verde's public finance management system, was deemed robust and reliable in the PEFA 2015 report. The management of public finances is subject to the rules of transparency and effective control system are in place as stipulated in the PFM law. The authorities continue to take several reform initiatives to further improve the public finance management system. These include the introduction of program-based classification, treasury and cash management reforms, and the deployment of an Integrated Financial and Budget Management System (SIGOF) in all ministries, passing of the new audit law expanding the Court of Auditors remit by increasing the scope of entities subject to external control. The Bank recommends the use of public finance management systems in their entirety for implementing programme-based support operations, such as E-PAMP-II. Technical Annex 6 presents a detailed country risk analysis, with proposed measures for mitigating the country fiduciary risk.

## 2.5 Harmonisation

2.5.1, Development Partner coordination is conducted through the Budget Support Working Group (BSG) around a mutually agreed and comprehensive multi-donor policy matrix. The BSG meets twice a year and is composed of The AfDB, the EU, the World Bank, Portugal and Luxembourg, with the temporary addition of the IMF during the crisis. Spain recently join the BSG. The Development Partners working group engage on a constructive policy dialogue with the government biannually. A press release and joint aide memoir is released after each dialogue session. *See details in technical annex 5.* Harmonization of the respective programs between the Bank and other budget support development partners is strong and quite effective underpinned by a healthy and productive dialogue between the donors and the government.

## 3.0 PROGRAM for FY 2022/2023

### 3.1 Program Goal and Objective

3.1.1. The overarching development objective of E-PAMP II is to build on and consolidate the digitalisation and e-governance reforms with the aim of enhancing an efficient public service delivery and public administration system while strengthening the business enabling environment and climate resilient digitalisation. This objective is based on the fact that accelerating the digitalisation and e-governance reforms remain key to the government's recovery program and diversification agenda as articulated in its medium-term development program (PEDS II -2022-2026) and consistent with its long-term vision "Ambition 2030". The choice is further informed by the high demand for digitalised services during the pandemic by both citizens and businesses. E-PAMP II will continue to focus on e-governance, open governance, transparency, efficient service delivery, modernised public administration and enhanced digital competitiveness.

### 3.2 Program Components:

3.2.1 E-PAMP maintains the same two mutually reinforcing and complementary components of the E-PAMP I. The wide-ranging reforms under E-PAMP II are carefully selected and sequenced to deliver on the overall strategic objectives of the two-year programmatic operation and consolidate reforms under the previous PBO programs. **Component 1** will continue to focus on ***E-Governance and public administration modernisation*** and intends to improve transparency and public service delivery through e-governance and a modernised public administration. The promotion of E-Governance and digital tools offers an opportunity for citizens to better hold their governments accountable. The component objective is underpinned by the Governments drive for the increased use of technology to streamline government processes, deliver quality services, and help citizens to



access public information. **Component 2** will continue to focus on *Enhancing Digital competitiveness* by promoting the use of digital technologies for private sector competitiveness and developing cybersecurity standards and awareness. This generally includes enhancing workers and citizens digital skills, efficient digital platforms for businesses and a sound digital entrepreneurial ecosystem.

### **Component 1: E-Governance and Public Administration Modernisation**

#### ***Subcomponent 1.1: Increased Transparency and Disclosure of Information***

**3.2.2 Achievements of E-PAMP I:** E-PAMP I supported reform measures to improve transparency and enhance the disclosure of public information. Some of these include: i) Creation of the *stakeholder's forum* for co-creating the Open Governance Partnership (OGP)<sup>6</sup> action plan with CSO inputs. The stakeholder's forum was established through a productive consultative workshop held in early May 2022. ii) The *eParticipa.gov.cv* platform<sup>7</sup> has gone live and is functional. Regulation to guide the operations of the platform have also been approved. The platform is quite interactive, and citizens can access the platform on *eparticipa.gov.cv*. The platform includes features such as a) citizens complaint mechanism on the quality of services delivered, b) citizens can express satisfaction or dissatisfaction with the service delivery process, c) Request for a service to be delivered, d) Report an unlawful act committed by a public official, iii) *The access to information (AOI) law* which is expected to regulate how public information is accessed by citizens has been submitted and approved in parliament. The prototype for the information disclosure portal has also been developed by Information Society Operational Nucleus (NOSI). The AOI law is expected to pave the way for the development of open data policy framework that will enhance the supply and demand of public information and transform the accountability landscape.

**3.2.3 Measures Supported by E-PAMP II:** E-PAMP II will build on the progress made and continue to accelerate reforms on open governance, transparency and e-service delivery. -The Program will focus on i) *Finalising and approving the updated OGP Action Plan* with active CSO involvement and developing a road map for implementing the priority commitments in the updated plan; ii) Ensuring that the National OGP website is fully operational; iii) Development of the Open-data policy and support the regulatory framework on how citizens can demand for and access public information. The open data framework is expected to build on the AOI law and ensure that public information is archived in a digitalised format, standards are set for the disclosure process, and public information is published in real time following a citizen request. The open data policy would further ensure that there is regular coordination among stakeholders who provide information for public consumption.

#### ***Subcomponent 1.2: E-governance action plan for improved Service Delivery***

**3.2.3 Achievements of E-PAMP I:** These include i) The *e governance strategy* was approved by the cabinet in November 2021, following an extensive review and consultation process. The strategy will prioritize expanding e-delivery of basic services to all citizens across the country's nine islands. The roll out of the e-governance strategy is progressing satisfactorily, supported by coordinated effort from key stakeholders in the tech ecosystem<sup>8</sup>.

**3.2.4 Measures Supported by E-PAMP II** will consolidate phase I reforms and prioritise the following measures i) Development of the *e-governance action plan* will be accelerated and finalised. The *e-governance action plan* will be the key tool for driving the governments medium term digitalisation agenda and inform the *e-governance strategy* roll out process. ii) The *e-*

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<sup>6</sup> The Open Government Partnership (OGP) is a collaborative effort between the Government and Civil Society Organizations (CSO's) to monitor governments priority commitments through an action plan. See Technical Annex 9.

<sup>7</sup> which is a web and mobile platform for feedback and interactions between citizens and state to improve the quality of services delivered

<sup>8</sup> These include i) The special directorate on state modernisation and public administration, within the Ministry of Public Administration (MMEAP), ii) The e governance unit also within MMEAP, (See annex 5 on the organogram) iii) Ministry of Finance and Business Affairs (MoF), iv) The Information Society Operational Nucleus (NOSI) see annex 6 on v) *Casa do Cidadao* and the newly created Ministry of Digital Economy.

*governance unit*<sup>9</sup> will be fully staffed to 100% from 50% in Phase I. The current staff strength of the new *e-governance unit* is currently at 50% with 32 staff members of which 60% are females and 40% technical staff. A new organogram of MMEAP that includes the *e-governance unit* was approved in October 2021 (See annex 6) iii) *E-Procurement Reform*: The Government of Cabo Verde have been pursuing E-Procurement reforms for past ten years and have made solid progress in investing in e-procurement systems. Dialogue with Cape Verde's Regulatory Procurement Agency (ARAP) suggests that there is need to advance and deepen the reforms on e-procurement and investment in e-procurement systems. The Bank is currently supporting ARAP through an MIC-TAF grant. Reform measures such as i) Online Platform for E-procurement upgraded and fully functional will be pursued in phase II.

### **Subcomponent 1.3 Public Administration Modernization Program**

**3.2.5 Achievements of E-PAMP I:** Some of the achieved reforms include i) Establishing the technical committee to provide oversight for the public administration modernization program. The technical committee continues to provide the leadership and oversight on public administration modernisation reforms. ii) The approval and roll out of the new online recruitment platform have been completed and the platform is fully operational. iii) The framework for the implementation of mobility and staff movement within the civil service is also completed. The framework will support staff mobility within the public service taking full cognisance of the gender dimension and support for women to occupy managerial positions within the public service. iv) 50% of HR focal points have been recruited or assigned to line ministries and public agencies.

**3.2.6 Achievements on Gender Mainstreaming:** i) Publication of the study on the gender profile within the public service in Cabo Verde. ii) The Bank also funded a study on the Gender mainstreaming in the Public Administration Reform in Cabo Verde which is completed but yet to be published. iii) Renewal of the Gender Mainstreaming Inter-Ministerial Committee's mandate for another four years, following the expiration of the initial mandate in 2022 is completed. iv) Reforms in closing gender equity gaps included developing and approval of the gender equity action plan.

**3.2.7 Measures Supported by E-PAMP II** will consolidate reforms on i) Completion of the performance audit process for the existing HR management system to inform the adoption of the new SIG-HR system. ii) Full adoption and roll out of the SIG-HR system iii) Approval of the Public Employment Law in Parliament iv) Approval of the Plan for Positions, functions and remunerations (PCFR) Plano de cargos, funções e remunerações by the cabinet that will rationalise, recruitment and performance management, institute equity-based promotion and staff mobility, harmonise pay grades and align local public administration with the national systems. iv) Complete the process of assigning HR personnel across line government agencies including municipalities.

**3.2.8 On Gender equity mainstreaming,** E-PAMP II reform measures will focus on i) First year report on gender equality action plan submitted by ICIEG<sup>10</sup> and approved by the CM; ii) Upgrade the gender observatory data portal system in the Statistics Office and iii) Commitment from the Ministry of State Modernization and Public Administration (MMEAP) to achieving a pre-agreed ratio of women in managerial grades within public service over the medium term.

## **Component 2: Digital Competitiveness**

**3.2.9 Achievements of E-PAMP I:** Some of the achieved reforms include i) New legislation which regulates the Chave Móvel Digital, in the context of resolution 54/2020 approved ii) E-invoicing regulation approved by the Cabinet iii) Consultations with key stakeholders (Agency for private data protection, consumer associations, CSOs, Banks etc.) on the setting up of a credit reference bureau is completed. The stage has been set to integrate systems that will provide accurate information on the credit worthiness of citizens and businesses through a credit reference bureau

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<sup>9</sup> The core function of the *e-governance unit* is to ensure effective management of e services, liaise with other technology actors like NOSI and lead the simplification and innovation process for e-commerce and public service delivery.

<sup>10</sup> The Institute for Gender Equality and Equity (ICIEG)

platform in Central Bank of Cabo Verde. iv) Transforming the cybersecurity report into an implementation plan is completed, which helped in putting in place a sound legal and regulatory framework for cybersecurity and has helped to strengthen cyber security resilience.

**3.2.10 Measures Supported by E-PAMP II:** The reforms on digitalisation and competitiveness will focus on i) Approval of the new law on *digital transactions*. The new law will ensure secured *digital transactions*. Increased use of digital transactions is envisaged leading easily traceable payments, and lower costs of transactions; ii) *Electronic invoicing* system is regulated and fully functional. The legal framework on *e-invoicing* was approved in 2020, however, detailed guidance is needed on how the business community can use *e-invoicing* as a tool for good business practices and how it can connect with the existing tax system. iii) Approval of the legislation on the *electronic notary act*. *electronic notarization* is essentially a notarial act performed by using an electronic seal and signature on digital documents. iv) Approval of the new decree law on restructuring *the national cybersecurity centre (CNCS)*, v) Approval of the *credit reference bureau platform* which is expected to rationalise credit worthiness of businesses and strengthen financial sector resilience, vi) PPP approach for the Tech Park approved by the cabinet vii) Advisory one- stop- shop established in the Tech Park to support ICT startups and SME's. viii) Decree-Law of Structuring the CNCS – National Cybersecurity Centre.

### 3.3 Progress on Program Outputs and Expected Results

3.3.1 The table below presents progress achieved on the program outputs and expected results.

Table 2: Progress on Output Targets from the Policy Matrix	
Output	Achievements
Component 1 : E-Governance and Public Administration Modernisation	
Transparency and E-Governance	
Convening a co-creation forum with CSO inputs to re-start the OGP process	Achieved. The <i>stakeholder's forum</i> for co-creating the updated OGP action plan with CSO inputs has been established through a productive consultative workshop held in early May 2022. CSO's and citizens groups were adequately represented in the consultative meeting. Given the success of the meeting, the 1 <sup>st</sup> week of May was identified as an OGP week in Cabo Verde. The updated OGP plan is well advanced for submission in December 2022.
Submit law on Access to information to Parliament	Achieved. The <i>access to information (AOI) law</i> which is expected to regulate how public information is accessed by citizens has been submitted and approved in parliament. The prototype for the information disclosure portal has also been developed by Information Society Operational Nucleus (NOSI). See annex 7 on work done by NOSI.
Development of an Open Data Policy framework to regulate access to information.	Not Achieved. Approval of the access to information (AOI) law should precede the development of the open data policy. The law was recently enacted in parliament paving the way for the development of the open data policy. The TORs to recruit the consultant to develop the open data policy was approved by the MMEAP. Recruitment of consultant is well underway.
Definition of a communication plan to inform civil society on the digitization reform.	Achieved. The communication plan to inform civil society and citizens on the e governance and digitalization reforms was developed and successfully roll out. Citizens are aware of the governments digitalisation program and remain key stakeholders of the process, especially the youths.
Establishment of the eParticipa.gov.cv platform approved	Achieved. The <i>eParticipa.gov.cv</i> platform which is a web and mobile platform for feedback and interactions between citizens and state to improve the quality of services delivered has gone live and is functioning well. The platform includes features such as i) citizens complaint mechanism on the quality of services delivered, ii) features to express satisfaction or dissatisfaction with the service delivery process, iii) Request for a service to be delivered, iv) Report on acts of graft or corruption.
Approval of E-governance strategy by the CM	Achieved. The e governance strategy was approved by the cabinet in November 2021, following an extensive review and consultation process. This e governance strategy will prioritize expanding e delivery of basic services to all citizens across the country.
Administrative act creating the operational unit responsible for E-governance reforms approved and operationalised.	Achieved. The act creating the e governance unit has been approved, paving the way for the establishment of the e governance unit and operationalization of e governance reforms. Roll out of the act is ongoing and is expected to enhance public service delivery and facilitate private sector activity.
Development and approval of the e-governance action plan.	Not Achieved. Developed of the e governance action plan is still ongoing, the methodology for the e-governance action plan has recently been approved. The methodology will inform the development of the action plan.

Full census of all services delivered by the government	Achieved. The census of all public services has been completed. The estimate of all public services is approximately 1,500. A recent survey of indicates that public services identified for digitalisation is 387 in total. So far 58% of these services has been digitalised with a set target of 90% in the medium term.
<b>Public Administration Modernisation</b>	
Submission of the Public Service employment law to Parliament	Achieved. The new public employment law was submitted in parliament and has gone through the first two crucial approval stages. Once approved, the new law will lay the foundation for the completion and approval of the Plan for Positions, functions and remunerations – <i>PCFR (Plano de cargo funcoes e remuneracoes)</i>
Despacho to establish technical committee for the oversight of the public administration modernization program	Achieved. The technical committee to provide oversight for the public administration modernization program was established and continues to provide the leadership and oversight on public administration modernisation reforms.
New recruitment platform launched	Achieved. The approval and roll out of the new online recruitment platform have been completed and the platform is fully operational.
New SIG-HR System in Production	Not Achieved. This reform measure is still outstanding due to sequencing challenges. The performance audit of the existing HR system is still ongoing, and its completion will inform adoption of the new SIG-HR system.
Approval of the Plano de cargos, funções e remunerações (PCFR) by the CM which includes a unified remuneration framework	Not Achieved. PCFR cannot be completed if the new public employment law is not approved in Parliament. The public employment law will pave the way for the PCFR approval. The PCFR once approved is expected to transform HR management systems by i) Digitalizing recruitment and performance evaluation, ii) introducing new guidelines on HR management, iii) close gender equity gaps in the public service iv) rationalized career progression and v) introduce a unified salary scale.
Percentage of HR focal points nominated/recruited in line Ministries, and training provided to them 0% to 50%.	Achieved. More than 50% of HR focal points have been recruited or assigned to line ministries and public agencies. All assigned HR officers have been trained and are acting as key agents of change in mainstreaming HR policies across government agencies.
Completion and publication of legal framework that allow the implementation of Functional Mobility Management.	Achieved. The framework for the implementation of mobility and staff movement within the civil service is completed. The framework will support staff mobility within the public service taking full cognisance of the gender dimension and support for women to occupy managerial positions within the public service.
Renewal of the Gender Mainstreaming Inter-Ministerial Committee's mandate	Achieved. Renewal of the Gender Mainstreaming Inter-Ministerial Committee's mandate for another four years, following the expiration of the initial mandate in 2022 has been done. Dialogue with the ICIED suggest that there is political will to continue the work of the committee and the first meeting of the new committee will be held in September 2022.
Publication of a study on the gender profile within the public service in Cabo Verde.	Achieved. Publication of the study on gender profile within the public service in Cabo Verde has been done. The study was funded by UNDP but led by Cabo Verde's Institute for Gender Equality and Equity (ICIEG). The Bank also funded a study on <i>Gender mainstreaming in Public Administration Reform</i> in Cabo Verde which is completed and will be published in November 2022.
Gender equality plan for public administration and the private sector approved.	Achieved. Reforms on closing gender equity gaps included the approval and ongoing implementation of the gender equality action plan and commitments by the Minister of MMEAP in increasing the ratio of women in managerial grades in the public service over the medium term. The gender equity action plan for the private sector is also currently being implemented.
<b>Component 2: Enhancing Digital Competitiveness</b>	
New legislation which regulates the Chave Movel Digital, in the context of resolution 54/2020 approved by CM	Achieved. Regulations that provide details for the <i>Chave Movel Digital</i> (Digital Mobile Key), a flagship digital project has been approved by the Cabinet. Using the key any citizen can request for official documentation in a digital form. The <i>Chave Movel</i> law had earlier been passed in 2020.
E-invoicing regulation approved by the CM	Achieved. The legal framework on <i>e-invoicing</i> was approved in 2020, however, the regulations was outstanding. The regulation has now been approved in June 2022 and is expected to provide detailed guidance on how the business community can use <i>e-invoicing</i> as a tool for good business practices and how it can connect with the existing tax systems.
Consultations with stakeholders on the establishment of the credit reference bureau platform completed	Achieved. Extensive consultations with key stakeholder's including consumer representatives, CSOs, as well as the state's agency for data privacy have been concluded. The foundation has therefore been laid to integrate systems that will provide accurate information on the credit worthiness of citizens and businesses through the establishment of the credit reference bureau platform in Central Bank of Cabo Verde.
Integration of IGT, and DGT and PROEMPRESA in the online "Starting a business" portal.	Achieved. There has been good progress made in setting up a single online portal that further streamlines the process of starting a business in Cabo Verde. This reform objective was

	achieved by integrating the Labour General Inspection (IGT) and the National Labour Directorate (DGT) with the PROEMPRESA.
New resolution of CM determining the structure/members of the advisory board of the Technology Park.	Achieved. The Bank funded Technology Park is a limited company, owned by the government. In sustainably managing the park there is need for strong advisory board. A board membership structure has been approved and appointed and are providing leadership to the management structure of the digital park in rolling out the business plan and filling up staffing positions.
Transform the cybersecurity maturity report into an implementation plan	Achieved. Transforming the cybersecurity report into an implementation plan was completed which helped in putting in place a sound legal and regulatory framework for cybersecurity in the country. Next steps are to strengthen cyber security resilience, create citizens awareness on cyber security and establish set standards for cybersecurity governance.

The table below presents progress achieved on the program outputs and expected results

**Table 2(b): Progress towards the outcome-targets**

Progress towards the outcome targets set in the logical framework				
Indicators of effects	Baseline	Recent value	Final Target (2022/2023)	Evaluation
<b>Component 1 – E-Governance and public administration modernisation</b>				
<i>Outcome 1: Greater use of ICT to promote transparency and service delivery</i>				
<b>Indicator 1.1:</b> UN E-Government index rating	0.56 (2020)	0.56	0.6 (2023)	Outcome of the survey which informs e-governance index is expected by the end of October 2022. Final target will be updated during the Phase II execution period.
<b>Indicator 1.2 :</b> UN E-Participation index rating	0.42 (2020)	0.42	0.5 (2023)	Outcome of the survey which informs e-participation index is expected by the end of October 2022. Final target will be updated during the Phase II execution period
<i>Outcome 2: Modernised Public Administration system</i>				
<b>Indicator 2.1:</b> Country Policy and Institutional Assessment Governance cluster	4.7 (2020)	5.0	4.9 (2023)	Governance cluster of the CPIA has exceeded program targets signifying continued improvement in public administration modernization program and strengthening of governance systems including e governance reforms.
Indicators of effects	Baseline	Recent value	Final Target	Evaluation
<b>Component 2 – E-Economy and digital competitiveness</b>				
<i>Outcome 3: Increased contribution of ICT in growth</i>				
Indicator 3.1: Contribution of ICT as a percentage of GDP	2.9% (2019)	2.9%	3.2% (2023)	According to the government and IMF data, there has been increase in ICT investments since 2019 leading to nominal increases. However, the contribution of ICT to GDP has not changed due to the recent rebasing of GDP, thereby increasing the ratio of the denominator and numerator by almost equal proportions. Given the continued public and private investments in the ICT landscape there is assurance that the target is within reach.
<i>Outcome 4: Improved competitiveness</i>				
Doing business score	55 (2020)	55	57 (2023)	The doing business score has been discontinued by the World Bank, hence there were no recent scores for this outcome indicator and the assessment could not be measured or concluded. The outcome indicator has been changed to scores on the global competitiveness index for Phase II. The annual global competitiveness report will be used as a means for verification for the assessment.

3.3.2 Progress towards the achievements of outcomes is classified as satisfactory. The UN-E governance index survey's<sup>11</sup> will be published later in 2022, new ratings will further guide and validate the assessments. The Outcome on the CPIA governance cluster have exceeded its target while the other Contribution of ICT to GDP has not changed due to GDP rebasing despite nominal increases in ICT investments in the economy. Progress towards achievements of the outputs indicators has been outstanding. E-PAMP Phase I had a total of 25 output indicators, of which 21 output indicators were fully achieved, signifying an over 80% achievement rate.

### 3.4 Update on Triggers/Prior Actions outlined in the Previous Operation

3.4.1 The Bank's appraisal team undertook an assessment of progress made in fulfilment of the agreed triggers for E-PAMP II. A summary of the assessment indicates satisfactory progress. Nevertheless, sequencing of reform measures did affect optimal performance. Some prior action reforms remain outstanding due to sequencing issues. The assessment indicated that the sequencing of program triggers in specific areas required better planning and there was need to match reality

<sup>11</sup> Published every two years, was last published in 2020 and will be published in 2022.

with ambition. The appraisal team and the authorities unanimously agreed to slightly modify Three (3) triggers to better sequence reforms while maintaining the same policy intentions and to replace one of the triggers. *See tables 3 and four.*

**Table 3: Progress on Triggers for E-PAMP II**

No	Prior Action	Status Update
1	Development and approval of the country's Open-Data Policy by the Cabinet of Ministers (CM).  Revised: Submission of the Access to Information Law (AOI) in parliament.	<i>Achieved</i> : For the open data policy and regulatory framework to be developed, the access to information law (AOI) has to be passed first in parliament, which will build the foundation for developing open data policy framework. The AOI law was passed in June 2022, hence actual work to develop the open data policy only commenced in July 2022. The terms of reference to recruit the consultant for developing the Open data policy framework has been approved.
2	E-Governance Action Plan approved by the National Commission for Digitalization (CNED).  Revised: Methodology for developing the action plan approved by the Cabinet (CM).	<i>Achieved</i> : The e governance action plan should inform the rolling out of the e governance strategy which was approved in 2021. The e governance action plan will be the key flagship program for e governance in the medium to long term and need some time to develop. The methodology for developing the action plan has however been approved by MMEAP which will inform the full articulated on the e governance action plan.
3	Staffing of the unit for the e-Governance with at least 50% of the planned staff in post.	<i>Achieved</i> : More than 50% of the staff in the e governance unit have been recruited or assigned to line ministries and public agencies. There were initial delays due to budgetary constraints from the Ministry of Finance and Business Planning, which have since been addressed.
4	Decree obligating <i>any online public services</i> to also be present in the Portondinosilhas (In addition to the interface of its home MDA)	<i>Achieved</i> : The decree obligating the online public services was passed by the Cabinet.
5	Approval of the Plano de cargos, funções e remunerações (PCFR) by the CM which includes a unified remuneration framework.  Revised: Submission of the public employment law in Parliament.	<i>Achieved</i> : Approval of the PCFR by the CM is ongoing because it should be preceded by approval of the new public employment law in Parliament. The public employment law has gone through all three readings in parliament and has recently been approved. These sequencing issues have slightly delayed the approval of the PCFR by the cabinet.
6	Replacement: HR focal points nominated/recruited in line Ministries, and training provided to them.  Replaced Trigger: New SIG-HR System is produced	<i>Achieved</i> : More than 50% of HR focal points have been recruited or assigned to line ministries and public agencies. All assigned HR officers have been trained and are acting as key agents of change in mainstreaming HR policies across government agencies.  <i>Achieved</i> ; The adoption of the SIG-HR system has delayed because the performance audit of the existing HR system is yet to be completed. The current audit will inform the adoption the new SIG-HR system. During the appraisal mission there was an agreement with the authorities to replace this trigger given the time it will take to adopt the new HR system.
7	New Law on the digital transactions submitted to the CM	<i>Achieved</i> : The law on digital transactions has been approved in early 2022 and submitted to the Cabinet. The legislation is helping to rationalize and create more transparency and security on digital transactions.
8	Approval of Decree Law of structuring the National Cyber Security Center (CNCS)	<i>Achieved</i> : The law on structuring the national cyber security center has been approved. The law is expected to strengthen cyber resilience and create cyber security awareness and standards.

### 3.5 Policy Dialogue

3.5.1 Dialogue with the authorities during E-PAMP I focused on the adoption of transparency measures and the use of demand side accountability mechanisms to modernise the public service, promote good governance and service delivery. Policy Dialogue during Phase II will consolidate Phase I reforms and mainly focus on the following areas: (i) E-governance and digitalisation reforms, (ii) SOE reforms to support the revival of struggling SOE's, iii) Tax policy reforms within



the framework of the government's fiscal consolidation program. The role of digitalisation in strengthening tax administrations systems will be key as well as policies to better tax the digital economy, (iii) Consolidating doing business reforms to enhancing private sector competitiveness, iv) E-procurement in line with the theme of the present operation and Bank involvement in the procurement dialogue. The Bank will also play an active role in other priority sectors of the PEDS II program, especially agriculture, fisheries, climate change, renewable energy and ICT investments. The studies on promoting gender equity in the public administration will also inform policy dialogue on gender equity issues. There will also be policy dialogue in addressing climate change and fragility issues. See technical annex 10 and 11 respectively.

### 3.6 Loan Conditions Prior Actions

**3.6.1. Prior Actions for 2022/2023:** Policy measures identified in the original E-PAMP I Appraisal report as indicative triggers for E-PAMP II of the operation, as well as measures which were finally agreed with the Government as Prior Actions under E-PAMP II are presented in the table below. These measures should be fulfilled before Board Presentation of this streamlined Appraisal report.

**Table 4: Prior Actions and Required Evidence for E-PAMP II**

Original Trigger	Prior Actions Retained / Reasons for Modification	Evidence Required
<b>Component I: E-Governance and Public Administration Modernisation</b>		
<b>Indicative Trigger 1:</b> Approval of the legal instrument which regulates the country's open-data policy by the Cabinet of Ministers (CM)	<p><b>Prior Action 1:</b> (a) Submission of the Access to information (AOI) law in Parliament.</p> <p>Modification: No change in policy direction, revised to better sequence reforms to achieve same policy outcomes.</p>	a) AOI law published in a government gazette.

<b>Indicative Trigger 2:</b> E-governance action plan approved by the MMEAP/CNED	<b>Prior Action 2:</b> Methodology for developing the e Governance Action Plan to be approved by the MMEAP.  Modification: No change in policy stance. The revision reinforces the need to accelerate e governance reforms.	Letter from the MMEAP confirming approval of the methodology for the e governance action plan.
<b>Indicative Trigger 3:</b> Staffing of the e - governance unit with at least 50% of the planned staff.	<b>Prior Action 3:</b> Staffing of the unit for the e-Governance with at least 50% of the planned staff in post. <ul style="list-style-type: none"><li>• No Change</li><li>• Status Achieved</li></ul>	Letter from the MMEAP indicating the staff hired/assigned to the e governance unit and reference the new organigram of the MMEAP.
<b>Indicative Trigger 4:</b> Despacho obligating any online-public service to also be present in portondinosilhas in addition to the interface of its home MDA	<b>Prior Action 4:</b> Despacho obligating any online-public service to also be present in portondinosilhas in addition to the interface of its home MDA. <ul style="list-style-type: none"><li>• No Change</li><li>• Status Achieved</li></ul>	Minutes of the CM approving the despacho transmitted by the Ministry of Finance and Business Development.
<b>Indicative Trigger 5:</b> Approval of the Plano de cargos, funções e remunerações (PCFR) by the CM which includes a unified remuneration framework	<b>Prior Action 5:</b> submission of the New Public Employment Law by Parliament.  Modification: No Change in policy direction, the revision creates better sequencing of reforms to achieve the same desired policy outcomes. Public employment law needs to be approved before PCFR.	Letter from National Assembly attesting the approval of the Public Employment Law in General.
<b>Indicative Trigger 6:</b> 50% of HR officers assigned to line Ministries and Agencies.	<b>Prior Action 6:</b> 50% of HR officers assigned to line Ministries and Agencies  Replacement: Following dialogue with the authorities, the above prior action was agreed to replace the initial trigger on “the production and adoption of the SIG-HR system.” The replacement maintains policy direction of advancing HR reforms.	Report from the Ministry of Finance indicating assigned HR officers to line Ministries.
<b>Component II – Digital competitiveness</b>		
<b>Indicative Trigger 7:</b> New law on digital transactions approved by the CM.	<b>Prior Action 7:</b> New law on digital transactions approved by the CM. <ul style="list-style-type: none"><li>• No Change</li><li>• Status Achieved</li></ul>	Minutes of the CM, or publication of the decision in the Government’s Gazette.
<b>Indicative Trigger 8:</b> Decree-Law of Structuring the CNCS – National Cybersecurity Centre.	<b>Prior Action 8:</b> Decree-Law of Structuring the CNCS – National Cybersecurity Centre. <ul style="list-style-type: none"><li>• No Change</li><li>• Status Achieved</li></ul>	Minutes of the CM approving despacho transmitted by the Ministry of Finance

### 3.4 Application of Good Principles on Conditionality

3.7.1 The design of the E-PAMP is in line with good practice principles on conditionality through i) the reform policy matrix owned by the Government of Cabo Verde and fully aligned with its overall development strategy as articulated in PEDS’s I (2017-2021) and II (2022-2026); ii) The prior actions and indicative triggers were derived from the Government’s development program reflected in its policy reform program as encapsulated in the Letter of Development Policy (Appendix I); iii) Adequate steps have been taken to ensure harmonization with development partner programs and operations in Cabo Verde; iv) Aligment with the budget cycle allowing program funds to be included in the budget estimates for 2023; v) The program uses a programmatic approach to improve predictability, better sequence reforms, harmonization with other development partners and facilitate disbursement within the Government budget cycle.



### 3.5 Financing Needs and Arrangements

3.8.1 This programmatic budget support operation is an integral part of the external financing sources that will help fill the funding gap of 2023. The budget deficit in 2023 is estimated at CVE 12.977 billion and takes into account the additional expenditure incurred by the Government to cope with the rise in food and oil prices. The Bank is contributing EURO 20 million (2.2 billion CVA) in addition to the contribution from other Budget Support Development Partners. This program provides direct disbursement of the entire amount before the end of the year. Development partners' contributions for 2022, include USD 20 million budget support from the World Bank. The IMF on the 15<sup>th</sup> of June 2022 approved a 36-month ECF arrangement with semiannual reviews and access to US\$ 63.37 million equivalent to 190 percent of quota with immediate access to US\$ 11 million by the Government.

**Table 5: Financing Gap:**

<b>Table 5: Financing Gap</b>			
	<b>2021 (CVE million) Actual</b>	<b>2022 (CVE million) Projected</b>	<b>2023 (CVE million) Estimate</b>
<b>GDP</b>	<b>180,486</b>	<b>194,489</b>	<b>213,800</b>
<b>Total Revenue and Grants (A)</b>	<b>44,524</b>	<b>54,270</b>	<b>56,964</b>
Tax Revenues	33,537	38,215	43,273
Grant and Others	10,988	16,055	13,691
<b>Total expenditures, including (B)</b>	<b>58,896</b>	<b>67,824</b>	<b>69,942</b>
Current expenditures (interest)	54,542	60,638	62,748
Of which interest	4,256	5,805	6,998
Net non-financial assets	4,354	7,186	7,194
<b>(A-B) Overall deficit (C)</b>	<b>-14,372</b>	<b>-13,555</b>	<b>-12,977</b>
<b>Deficit - Financing (D)</b>	<b>15,006</b>	<b>13,555</b>	<b>12,977</b>
Of which Domestic financing	3,779	7,501	5,655
External financing of which	9,535	7,509	7,322
AfDB (BS loan)	2,205	2,207	2,207
World Bank (BS loan)	3,310	2,207	2,207
EU (BS Loan)	662	673	662
IMF Financing	3,047	1,948	1,948
Others (TFP; Bilateral)	311	474	298
<b>FUNDING GAP (C-D)</b>	<b>634</b>	<b>0</b>	<b>0</b>

## IV PROGRAM IMPLEMENTATION

### 4.1 Program Beneficiaries

4.1.1 E-PAMP-II will benefit the entire Cabo Verde population, notably through improvements in the efficiency of delivering services using digital platforms and enabling an increased number of citizens to easily access a wider variety of public services. The general public including the business community will further benefit through easier and streamlined processes, as a result of a much-modernized public administration system. The program will specifically benefit the Cabo Verdean public servants through better reward systems and an incentive to perform better and be more efficient. Reform efforts to close the gender gaps within the public service will limit gender biases in the public administration system and ensure a convergence towards gender equity in recruitment, promotion and performance with the public administration. CSO will also be beneficiaries.

4.1.2 The youths are expected to capture a larger share of the benefits due to the focus on improving digitalization and contributing to the ambition of Cabo Verde becoming a digital hub. More jobs and skills will be developed in the tech industry via the program reforms. The domestic private sector will be a key beneficiary through two lenses, first through increased FDI in the tech landscape given reform efforts to manage tech park through a PPP framework and second, further improvements in the processes and time it takes to open, manage and close a business.

### 4.2 Implementation, Monitoring and Evaluation

4.2.1 **Institutional Framework for implementation:** The Ministry of Finance and Business Development and especially the Directorate of National Planning (DNP) will serve as the executing agency for E-PAMP II and coordinate reform measures of the program. DNP will continue to work closely with all the key agencies and stakeholders of the program to ensure that reforms are executed within the program period. Through the successful coordination of previous Budget Support programs such as the PSE-LED I and II, the Ministry of Finance and DNP have demonstrated that they have the capacity to effectively coordinate stakeholder agencies to deliver reform priorities. The Bank will continue to provide the necessary institutional support to related agencies through MIC-TAF Grants on e-procurement and the Technology Park II investment operations.

**4.2.2 Monitoring and Evaluation Arrangements:** The updated Policy Matrix agreed between the Cabo Verdean Authorities and the Bank as well the quantitative and qualitative indicators outlined in the Results Framework, will continue to form the basis and drive the monitoring and evaluation of the program. The Directorate of National Planning (DNP) in the Ministry of Finance and Business Development (MoF) in collaboration with the Ministry of Public Administration and Modernization (MMEAP) will lead the monitoring and evaluation of the program reform measures. The Bank will continue to monitor the implementation of the program through regular supervision missions and periodic follow up policy dialogue sessions, to assess progress achieved on outcome and output indicators and prior actions. The Bank will also remain active in the Budget Support working group through the GAO meetings held twice yearly. Following completion of the operation, a Program Completion report (PCR) will be prepared.

**4.2.3 Gender Equality and Women's Empowerment:** With a gender index of 0.655, Cabo Verde ranks among the top 10 countries with the highest scores between women and men on the continent. While the social (0.879) and economic (0.706) dimensions seem stronger, it becomes a relatively low score on the empowerment and representation dimension (0.454), which brings its overall score low. Regarding public administration, the female proportion reaches the 30% target. However, progress in political participation in elected positions (versus appointed positions) is limited. The equal participation of women and men, especially at decision-making levels, e-governance, and the promotion of gender-responsive macro economy measures are necessary for good governance and an inclusive and gender-sensitive public administration. Therefore, the project falls under category two according to the Bank's gender marker system as it emphasizes gender mainstreaming in public administration and macro economy reforms, including through the renewal of the Gender Mainstreaming Inter-Ministerial Committee mandate, which will ensure that gender issues remain at the core of policy decision making. Also, the project contains measures on the commitment from the Minister of Public Administration to achieving a pre-agreed ratio of women in managerial grades within public service over the medium term (see Technical Annex 8 for more details)

**4.2.4 Environmental Categorization:** Since the program is a general budget support operation to sustain reforms and has no impact on the environment and climate change, it is classified as Category III in the Bank's safeguard system.

**4.2.5 Climate Change and Green Growth:** Given the projects classification as Category 3, indicates that the program is not contribute to climate change. Concerning climate change mitigation, it is noted that digitalization is a mitigation strategy in self and created benefits through promoting massive use of digital services such as e-administration, e-governance and e-commerce, will reduce the use of paper as well as the use of high-carbon mobility transport systems, with positive impacts on carbon emissions. However, on the other hand, the increased use of digital services could increase the use of ICT equipment and devices including data centers, which are high energy-demanding and carbon-intensive infrastructures/technologies. The government has however, prioritized the use renewable energy (Solar) for these services. Thus, to ensure that the digitalization process in Cabo Verde deliver's environmental and climate co-benefits, E-PAMP II will prioritize policy dialogue that supports implementation of the country's Nationally Determined Contribution's (NDC's) and commitment to achieve a decarbonized net-zero emissions economy by 2050.

### **4.3 Financial Management, Disbursement and Reporting arrangements**

**4.3.1 Mechanism for financial management, audit, procurement and disbursement:** In compliance with the fiduciary strategy defined for the 2019 -2024 CSP period, E-PAMP II will be entirely managed within the national public finance management system. Disbursement projections for the 2023 fiscal years should be clearly shown in the Budget Act. The general compliance report prepared by the Court of Auditors on 2023 accounts will serve as the program audit report. Each fiscal year, the compliance report should be forwarded to the Bank at the same time that it is submitted to the National Assembly. In line with the program-based approach, the Phase II loan will

be disbursed in a single tranche of EUR 20 million to finance the 2023 budget implementation. At the Borrower's request, the Bank will release funds into a special account denominated in Euro, opened with the Central Bank of Cabo Verde. The transmission to the Bank of the special audit report on covid-19 funds carried out by the Tribunal de Contas will be a condition for any disbursement under this budget support.

**4.3.2 Disbursement:** The loan will be disbursed in one tranche of a fixed amount of EUR 20 million after satisfaction of all conditions precedent to disbursement (i) signature of the Loan Agreement; (ii) satisfaction of other legal conditions (legal opinion of the Attorney General, certificate of non-exceeding of the debt ceiling by the Ministry of Finance).

**4.3.3 Procurement:** Bank financing through an AfDB loan will be in the form of general budget support. Consequently, its implementation does not raise direct issues of procurement of goods, works and services. The evaluation of the national procurement system, which is governed by Law No. 88/VIII/2015 of 14 April 2015 on the Public Procurement Code, conducted by the Bank in November 2020, concluded that Cabo Verde's procurement regulations are largely compliant with the Bank's procurement policy standards, except for a few discrepancies that the government with the support of the Bank has initiated reforms measures to remedy. One of the key reforms is to operationalize Cabo Verde's e-procurement system and this is expected to transform the procurement landscape and remove the inefficiencies in the system while making available the needed contracting information for an effective audit and statistical analysis. In addition, the Bank has taken the lead to support a major evaluation of the public procurement system using the Methodology for Assessment of Public Procurement Systems (MAPS), the final conclusions of this assessment which is expected in 2023 will further guide the Bank, development partners and the authorities of Cabo Verde in deepening the country's public procurement reforms.

## **5.0 LEGAL DOCUMENTATION AND AUTHORITY**

### **5.1 Legal Documentation**

5.1.1 The legal instrument that will be used for this Programme is a Loan Agreement between the Republic of Cabo Verde (the Borrower) and the African Development Bank (the Bank).

### **5.2 Conditions Associated with Bank Intervention**

5.2.1 *Conditions precedent to effectiveness:* Effectiveness of the Loan Agreement shall be subject to fulfilment, by the Borrower, of the conditions set out in Section 12.01 of the General Conditions Applicable to Bank Loan and Guarantee Agreements. (Sovereign Entities).

5.2.2 *Conditions precedent to disbursement of resources for the second phase of E-PAMP-II programme-based operation in 2022.* In addition to the condition's precedent set out in 5.2.1 above, disbursement of the loan resources totalling EUR 20 million shall be subject to the following condition: Provide the Bank with the references of the Treasury bank account opened at the Central Bank of Cabo Verde in Praia in which the loan resources will be will transferred. The transmission to the Bank of the special audit report on the flow of funds for the COVID 19 crises response budget support, carried out by the Tribunal das Contrás will be a condition for disbursement under this budget support.

### **5.3 Compliance with Bank Group Policies**

5.3.1 E-PAMP-II complies with Bank Group policies and guidelines on programme-based support operations. It is consistent with the operational priorities of the Bank's Ten-Year Strategy 2013-2022, the CSP 2019-2024 and the Strategy for Economic Governance in Africa 2021-2025 (SEGA). No exceptions are being requested in respect of Bank Guidelines.

## **6.0 RISK MANAGEMENT**

6.1 Table 5 below presents potential risks and mitigation measures:

**Table 6: Risks and Mitigation Measures**

<b>RISK CATEGORY</b>	<b>RISK DESCRIPTION</b>	<b>RATING</b>	<b>MITIGATION MEASURE</b>
Macroeconomic Stability affected by Rising and volatile food and energy price.	Cabo Verde's vulnerability to exogenous shocks such as pandemics and conflicts: A longer and more protracted conflict in Ukraine, will affect the tourism industry, fuel inflation and macro-economic stability. This can lead to short-run disruptions.	High	BSG and IMG monitoring, investments in resilience measures (e.g. health). Build external buffers and resilience to shocks. Diversification of energy usage (renewable energies transition), to mitigate oil price shocks.
Public Administration Modernisation	Modernisation of the public service does not improve the public bureaucracy due to low staff morale, low incentive structure of public servants, reform fatigue and continued gender inequality.	Low	Given the governments political will and DP continued engagement in the reform dialogue led by the Bank.
Sector strategies and policies	Overambitious e-governance and ICT reform agenda does not attract the expected investment into the country.	Moderate	AfDB and WB investment projects are designed to tackle the issue (technical annex 3)
Cybersecurity threats and cyber attacks	Internal and external threats to cybersecurity. Cyber-attacks on critical infrastructure, institutions, and financial systems trigger systemic financial instability or widespread disruptions in socio-economic activities and remote work arrangements	Moderate	Strengthen information security particularly in the government sector. Improve financial regulation and supervision to enhance the resilience of the financial system. Teck Park Phase II funded by the Bank is investing in cyber security issues. Same with the WB project.
Addressing pockets of fragility	Even though Cabo Verde is not a fragile state there are elements of fragility associated with small Island states such extreme weather events due to climate change, and dependence on tourism.	Moderate	The program's focus on economic diversification using digitalisation is principally to build economic resilience, support vulnerable groups such as the aged and strengthened the business environment using digital platforms.

## **7.0 RECOMMENDATION**

6.1.1 It is recommended that the Board approves a loan of EUR 20 million for the Republic of Cabo Verde to finance the E-Governance and Public Administration Modernisation Programme (E-PAMP – II) for the fiscal year 2022/2023, for the purposes and subject to the conditions, stipulated in the report. Management invites the Board to note that this operation is the second phase of a 2-year programmatic series, covering the fiscal years 2021/2022 -2022/2023.

## **Annex I: Letter of Development Policy**



Gabinete do Vice-Primeiro-Ministro  
e Ministro das Finanças e do Fomento Empresarial

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**Ms. Marie Laure Akin-Olugbade**  
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**COTE D'IVOIRE**

Reference no. 325/GVPMFFE/2022

Praia, September 14<sup>th</sup>, 2022

**Subject: Policy Development Letter - “E-Governance and Public Modernisation  
Programme II” (E-PAMP)**

Excellency,

In the course of implementing the Strategic Plan for Sustainable Development (PEDS) 2017-2021, and prior to the COVID-19 pandemic, Cabo Verde had made great strides in completing reforms, with considerable gains at the economic, social, and management levels of public finance. The results of this trajectory had placed social and macroeconomic indicators at historically high levels.

At the same time, considerable achievements under the Government's ambitious reform agenda reduced our country's vulnerabilities and improved its prospects for sustainable, inclusive, and private sector-led growth. In fact, economic growth was robust, fiscal deficits and public debt were on a clear downward trend. As well, the external position improved, **inflation was moderate** and international reserves were at a comfortable level. Led by the fast-growing tourism sector, with the implementation of the PEDS, annual average growth rate of about 4.7 percent has been recorded during the period 2016-2019. Sound fiscal policies, supported by reforms, resulted in a gradual improvement in the fiscal position. The balance of payments improved, as FDI into the tourism sector increased, tourism receipts improved, and remittances emerged as a stable source of



foreign exchange. As a result, gross official reserves increased to 9.0 months of prospective import cover by end 2019.

However, the global pandemic reversed some of these gains and delayed the implementation of some reforms, as the Government had to focus its attention on responding to the health and economic consequences of the pandemic. Output contracted by about 15 percent in 2020, the largest contraction in Cabo Verde's post-colonial history. Stringent travel restrictions, and other COVID-19 containment measures, reduced activity in the critical tourism and transportation sectors, and generated negative spillovers to other domestic sectors. This has been accompanied by a large deterioration in the fiscal account, partly due to the increased spending in response to the pandemic, from a deficit of 1.7 percent of GDP in 2019 to 9.1 percent of GDP, in 2020. Public debt rose to 143 percent of GDP, in 2021, although a significant share of it is at highly favorable concessional terms. The external current account weakened sharply to a deficit of 15 percent of GDP in 2020, despite the decline in imports and stable remittances, because of the unprecedented contraction in tourism receipts.

In response to the global pandemic, a series of fiscal and monetary policy measures has been introduced in Cabo Verde to preserve lives and support livelihoods. In addition, one of the most successful vaccination programs in sub-Saharan Africa, with over 95 percent of the adult population having received one dose, and about 85 percent fully vaccinated, having received two doses of the vaccine. These actions have set the stage for the ongoing recovery in economic activity and paved the way for an acceleration of reforms.

The external current account deficit was estimated to have narrowed from 15 percent of GDP, in 2020, to 11.3 percent of GDP, in 2021, as exports increased and recovered from the contraction recorded in 2020. The strong rebound in exports more than offset the 10 percent increase in the imports of goods and services. Gross international reserves increased from €582.4 million, in 2020, to €591.3 million, in 2021, (about 6.3 months of prospected imports) supported by the SDR allocation, external loan disbursements, and financial flows associated with the recovery in tourism receipts.





However, Cabo Verde's robust recovery, which started in 2021, is under threat due to the spillover effects of the war in Ukraine. The steep increase in international energy and the food prices, and weakened growth outlook for the world economy, including the euro area, is expected to affect Cabo Verde's near-term growth prospects, and weaken our fiscal and external positions. As a result, international reserves will come under pressure and challenge the pegged exchange rate regime that has served the country well.

In May 2022, the average annual inflation increased to 4.9% (year-on-year 7.8%), reaching the highest rate since December 2007. In terms of the main essential food products, prices in the month of May, in annual terms, suffered significant increases, especially in cooking oil (92%), sugar (40%), corn (27%), rice (21%), wheat flour (28%) and bread (28%).

As a result, of disruptions to international supply chains and repeated drought episodes that limited domestic production in recent years, Cabo Verdean families has faced with a drastic fall on essential food purchasing power, i.e., there is a considerable decrease in financial access to food, especially by the segments of the population living in poverty and extreme poverty. Consequently, the country is facing a deteriorating food and nutrition security situation. The latest analysis, made in March 2022, summarized in the Harmonized Framework for Food and Nutritional Security, shows that due to this situation, 9% of the Cabo Verdean population (30,497 people, which corresponds to about 7,624 households) are in stage 3 (population in a food crisis situation). In 2020, the data indicated that only 2% of the population (10,995 people) was in this situation. The same analysis indicates that if mitigating measures are not taken, the situation will worsen, projecting that for August, 2022, 11% of the population will be in a food crisis phase (46,000 people).

Concerns about rising energy costs and food security have led the government to strengthen Cabo Verde's resilience and reduce energy and food prices for families, leading to a higher pressure on public expenditures at a time of a very restrained fiscal



space and budget inflexibility. The total estimated cost of the measures to be implemented to mitigate the impacts of the rise in fuel and food prices, due to the Russian-Ukrainian war, amounts to EUR \$80 million, corresponding to 4.15% of the GDP. Among the main measures to mitigate the effects of the external market prices, are measures targeting the most vulnerable groups and aimed at strengthening the food system (including maintaining the price level of essential goods), measures to contain the rise of energy prices, the increase of beneficiaries on social pension and Social Integration Income.

Before the pandemic crisis, the Government was also pursuing efforts to improve the investment climate, facilitating access to finance for Micro Small and Medium Enterprises (MSME), and increasing the productivity and the competitiveness of the economy. For such, the Government created a financial ecosystem to address and overcome market failures for successful MSME funding. The three institutions created (Proempresa, ProCapital and Progarante) manage programs of technical assistance, venture capital, and partial guarantee schemes to ease access to finance for the MSME. These institutions complement each other to offer a holistic solution to MSME, which are agents of growth and job creation. These financial institutions have gained consistency and adherence, having eased access to lines of credit with disbursement of over CVE 9 billion by the end of June 2022.

The Government also improved the efficiency and rigorous management of the State-Owned (SOE) sector and accelerated the implementation of privatisations, concessions, and public-private partnerships. Before the pandemic, the SOE sector had recovered significantly from negative net results in 2015 to positive net results.

Furthermore, Cabo Verde has consolidated tourism as the engine of economic growth. Tourism's direct contribution to GDP reached 22% in 2019. Despite its importance, as shown during this pandemic crisis, tourism needs to be diversified with a larger number of operators, a more diverse set of tourists, and greater linkages to the economy. These challenges are being addressed. The country's high-level performance is well captured in the evaluation report of the Policy Coordination Instrument (PCI) of the International

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Monetary Fund. It notes that “Cabo Verde’s macroeconomic performance has been impressive under the implementation of the authorities’ PEDS. In order to strengthen the improvement in the management of public finances, the government has agreed on a new program with the IMF for 2022 to 2025.

The Government has implemented sound macroeconomic policies. While priority has been given to addressing the impact of the health crisis, policies and reforms remained also focused on maintaining medium-term fiscal and debt sustainability and enhancing further the country’s growth potential and resilience to shocks. In this context, the Government produced a long-term development agenda (Cabo Verde Ambition 2030, CVA 2030) highlighting the main strategies for the 2030 horizon, aligned with the Sustainable Development Goals (SDGs). The CVA 2030 will underpin the preparation of five-year strategies (Strategic Plan for Sustainable Development, PEDS II and III) in support of the SDGs for Cabo Verde. The last PEDS expired in 2021, and PEDS II (which will be a continuation of the previous PEDS) will be in effect from 2022 to 2026 and will be complete in August 2022. The Government’s policy and reform agenda will be conducted by priorities under the PEDS and the Cabo Verde Ambition 2030. In the near term, economic policies will aim at minimising the impacts of the pandemic, protecting employment and vulnerable groups, and supporting the economic recovery. In this context, the implementation of COVID-19 relief measures will continue to be carefully monitored.

Over the medium term, the second Strategy for Sustainable Development (PEDS II, 2022-26) will guide the implementation of policies and reforms building on progress made in the last five years, with the following priority areas: (i) Enhancing domestic revenue mobilisation to rebuild the revenue base eroded by the global pandemic and improve performance; (ii) Strengthening expenditure management and improving the execution of public investment projects; (iii) Strengthen the E-Governance and modernization of public administration to increase efficiency and effectiveness, regarding families and the private sector, and promote the productivity of public services; (iv) Advancing SOEs reforms to reduce fiscal risks and support medium-term fiscal and debt sustainability; (v)



improving the monetary policy transmission mechanism; (vi) strengthening the financial system; (vii) increasing access to finance and improving the business environment to support private sector development and boost inclusive growth. In addition to these priority areas, PEDS II aims to put a particular focus on the development of human capital, diversification of the tourism sector and improvement of its linkages with non-tourism sectors, particularly agriculture and fishery; development of the blue and digital economy; and enhanced productivity in the agriculture sector.

A transversal priority, since the PEDS I, and a strength, in the upcoming PEDS II, is building Cabo Verde's resilience to disasters and climate-related shocks. Due to its location and geography, our country is exposed to a wide range of hazards including volcanic eruptions, droughts, hurricanes, tropical storms, landslides, and flash floods. As a Small Island Developing State (SIDS), Cabo Verde is also highly vulnerable to these adverse natural events, which disproportionately affect the poorest, and recurrently disrupt key productive sectors. Looking forward, related to climate change, it is expected to further intensify hydro-meteorological hazards, such as floods and droughts. Climate change will also bring unprecedented threats associated with sea-level rise, and ocean warming, which could undermine our natural capital, upon which the main growth drivers, the tourism and blue economy sectors, rely upon. More frequent and intense disruptions to transportation networks could also further aggravate connectivity challenges. If no action is taken, these trends could undermine the country's sustainable development prospects.

In addition to increasing resilience to disasters and climate-related shocks and boosting the economy through the diversification of economic activities, Cabo Verde's development will be anchored in the development of human capital and in the efficiency of the Public Administration to respond to the demands of the private sector. In this sense, it is essential to implement a set of reforms in the Public Administration, which are unavoidable, in order to strengthen the economic recovery and increase the response capacity of the Government and local authorities. Therefore, it is essential to invest in new technologies, in order to increase government efficiency and promote transparency in the management of public resources.



In light of the above, the budget support, (E-PAPMP II) will consolidate and strengthen the measures implemented during phase I and consequently phase II of the e-governance and public administration modernisation program would continue to prioritise increased transparency, disclosure of information and simplification of administration process while enhancing the country digital competitiveness. The program is structured in two main pillars namely:

- E –Governance and Public Administration Modernisation, with three (3) areas for intervention: Increased transparency and disclosure of information, advancing E-Governance Reforms and Public administration modernisation.
- Digital Competitiveness with two (2) areas for intervention: Improve the services for private Sector Competitiveness and Promotion ICT infrastructure and standards.

Is of crucial significance to help mitigate the triple crisis (climate, COVID-19 and Ukraine war) effects on the Cabo Verdean economy and society. Moreover, the reforms, backed by the budget support program, will help the country relaunch the bases for economic recovery, in the short term, by reinforcing the competitiveness of the economy, the efficiency of investments, supporting the promotion of private sector development, placed the private sector at the centre of economic growth and promote sector such ICT and accompanying local economic development and decentralisation.

The Government is committed to implementing the program and the policies outlined in our Program E –Governance and Public Administration Modernisation (E-PAMP). Therefore, on behalf of the Government of Cabo Verde, I hereby request a budget support Phase II of the amount of EUR 20 million from the African Development Bank for the 2022.

In the line with the request for financing from the African Emergency Food Production Facility, we took the opportunity to request for the disbursement together with the amount of budget support.

Please accept, Excellency, the assurance of my highest consideration.



**Gabinete do Vice-Primeiro-Ministro  
e Ministro das Finanças e do Fomento Empresarial**

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**Vice Prime Minister and Minister of Finance  
and Business Development**

**Olavo Avelino Correia**



Cc:

Mr. Alcindo Mota – Secretary of State of Finance – Ministry of Finance of Cabo Verde

Ms. Adalgisa Vaz - Secretary of State of Business Development – Ministry of Finance of Cabo Verde

Mr. Gilson Pina, National Director for Planning – Ministry of Finance

Mr. José Luís Semedo – Chief of Staff to the Vice Prime Minister, Minister of Finance and Business Development and Minister of Digital Economy

Mr. Joseph Ribeiro - Deputy Director General, AFDB

Mr. Ibrahim Ansu Bangura – Senior Governance Officer

## Annex 2: Updated Program Reform Matrix

Components (Policy Area)	Sub-Component	Policy Measures 2021	Policy Measures 2022	Outcome Monitoring Indicators
<b>E-Governance, Transparency and Public Administration Modernisation</b>	Increased transparency and open governance	Convening a co-creation forum with CSO inputs to re-start the OGP process ( <b>PRIOR ACTION</b> ).	National OGP website up and running Submit the updated OGP action plan for CM approval.	Improvement in the scores of the UN E-Participation Index from a baseline of 0.56 in 2020 to 0.60. in 2023.
		Submit law on Access to information to Parliament	Approval of the country's open-data policy and data ownership framework ( <b>TRIGGER</b> ) by the CM. <b>Modification:</b> Approval of the Access to information law in Parliament (Revised Trigger)	
		Definition of a communication plan to inform civil society and the population at large on the digitization process	Regulation of the eParticipa.gov.cv	
	E-governance systems in place	Approval of an e governance strategy by the Council of Ministers ( <b>PRIOR ACTION</b> )	E-governance action plan approved by the CNED ( <b>TRIGGER</b> ) <b>Modification:</b> Develop a methodology for the e-governance action plan (Revised Trigger)	Improvement in the scores of the UN E-Governance systems Index from a baseline of 0.56 in 2020 to 0.60 in 2023.
		Administrative act creating the operational unit responsible for E-governance reform roll-out	Staffing of the unit with at least 50% of the planned staff ( <b>TRIGGER</b> )	
		Full census of all services delivered by the government	Despacho obligating any online-public service to also be present in <i>portondinosilhas</i> in addition to the interface of its home MDA ( <b>TRIGGER</b> )	
			E-Procurement systems up and running (New Measure)	Improvement in the <i>Government Effectiveness Score</i> (2023) from the World Governance Index (WGI)
	Public Administration Modernisation Program	New recruitment platform launched	50% of HR focal points nominated/recruited in line Ministries, and training provided. ( <b>TRIGGER</b> )	
		Elaboration and publication of legal instruments that allow the implementation of Functional Mobility Management	New SIG-HR system deployed, adopted and functional ( <b>TRIGGER</b> ) <b>Replacement as a trigger.</b>	
		Submission of the Public Service employment law to Parliament	Approval of the Plano de cargos, funções e remunerações by the CM which includes a unified remuneration framework ( <b>TRIGGER</b> ). <b>Modification:</b> Approval by Parliament of the New Public service Employment Law (Revised Trigger)	
		Despacho to establish technical committee for the oversight of the public administration modernization program ( <b>PRIOR ACTION</b> )	Commitment from the Ministry of State Modernization and Public Administration (MMEAP) to achieving a pre-agreed ratio of women in managerial grades within public service over the medium term.	



Components (Policy Area)	Sub-Component	Policy Measures 2021	Policy Measures 2022	Outcome Monitoring Indicators
	Mainstream gender equity issues in public administration modernisation	Comparative study on options for a new public administration school finalised	Proposal for the creation of a public administration school approved by the CM, and budget introduced in MTEF	Improvement in the Governance scores of the Bank’s CPIA assessment.
		Publication of the following studies on gender equity: i) Study on the gender profile within the public service in Cabo Verde. ICIEG. ii) Study on gender mainstreaming in Public Administration Reform in Cabo Verde. Bank funded.		
		Gender equality plan for public administration and the private sector approved.	First year report on gender equality plan released by ICIEG.	
		Renewal of the Gender Mainstreaming Inter-Ministerial Committee	Upgrade the gender observatory data portal in the Statistics Office (New Measure)	
Component 2: Digital Competitiveness				
Digital Competitiveness	Improved e- services and digitalisation for private sector Competitiveness	New legislation which regulates the Chave Movel Digital, in the context of resolution 54/2020 approved by CM (PRIOR ACTION)	New law on digital transactions approved by the CM (TRIGGER)	Contribution of ICT as a percentage of GDP.
		-	Legislation on Electronic Notary Acts submitted to Parliament	
		E-invoicing regulation approved by the CM	Electronic invoicing system available and functional	The Doing Business Index has been discontinued.
		Consultations with stakeholders (Agency for private data protection, consumer associations, CSOs, Banks etc.) completed	Regulations of Law 93/IX/2020 of July 7th approved and credit bureau platform up and running at the central Bank.	
		Integration of IGT, and DGT and PROEMPRESA with the business starting applications END/SIRC	Integrated business portal is live and operational	
		An advisory board should be in place	PPP approach action plan for the tech park approved	
		-	Advisory one- stop- shop established in the Tech Park to support ICT startups and private enterprises (New Measure)	Global Competitiveness Score.
			Governance and Management structure for the Data Centre’s in the Technology Park developed and approved (New Measure)	
		Transform the cybersecurity maturity report into an implementation plan	Decree-Law of Structuring the CNCS – National Cybersecurity Centre (TRIGGER).	
			Design and implement cyber security awareness and literacy programs (New Measure)	

### APPENDIX 3: MONITORING AND EVALUATION ARRANGEMENTS

A. Outcome and output indicators ( <i>performance indicators</i> )							
Indicator Name	Definition/ Description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning		
					DATE 1	DATE 2	
OUTCOME INDICATORS							
1.1: UN-Government Index Rating	Index Score of the E Governance Development Index	Global Survey by the UN	UN DESA Office	Bi-Annually	November 2022	November 2023	
2.1 Country Policy and Institutional Assessment Governance Cluster	Bank CPIA annual measurement and assessment.	Country Assessment and surveys	Bank Country Economists	Annually	April 2023	-	
2.2: UN E Participation Index Rating	Index Score of the E- Government Participation Index	Global Survey by the UN	UN DESA Office	Bi – Annually	April 2023	-	
3.1: Contribution of ICT as a percentage of GDP	Ratio of ICT to GDP	National Income data	National Statistics Office	Annually	April 2023	-	
4.1: Doing Business Score <sup>12</sup>	Index Score on Doing Business Survey	Doing Business Survey	World Bank	Annually	January 2023	-	
OUTPUT INDICATORS							
1.1: National OGP website fully operational.	Functional website	Live access through web site address	MMEAP	One-off	Dec 2022	-	
1.2 Submission and approval of an updated OGP action plan to the CM with CSO involvement.	Evidence of action plan approved.	Letter of approval from the Cabinet	MMEAP	One-off	Dec 2022	-	
2.1 Access to Information (AOI) law approved in Parliament and Open-data policy developed	AOI law and open data policy	Gazette of approval and CM of the open data policy approval	MMEAP	One-off	Oct 2022	-	
3.1 Develop and approve the methodology for the E-governance action plan	Methodology for the E- Governance action plan.	Minutes of the CM approving the action plan	MMEAP	One-off	Oct 2022	-	

<sup>12</sup> The Doing Business score has been discontinued the World Bank is working on an alternative Survey meanwhile the Global Competitiveness score will be used as an alternative.

A. Outcome and output indicators ( <i>performance indicators</i> )							
Indicator Name	Definition/ Description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning		
					DATE 1	DATE 2	
3.2 E-governance unit partially staffed and trained.	Strengthening of the e governance unit.	Letter from the Ministry of Finance	Ministry of Finance	One-off	Dec 2022	-	
3.3. Despacho obligating any online-public service to also be present in <i>portondinosilhas</i> in addition to the interface of its home MDA	Electronic access to services	Letter from the Ministry of Finance	NOSi	One-off	Oct 2022	-	
3.4: Online Platform for E procurement upgraded and fully functional	Strengthen procurement systems	Live Demonstration	ARAP	One-off	April 2023	-	
4.1; % of HR focal points recruited in line Ministries, and training provided to them	Strengthen HR systems across the public service	Letter from MMEAP and Ministry of Finance	MMEAP	One-off	Dec 2022	-	
4.2: Approval of the new public employment law in Parliament	Modernized Public administrative system	Letter from Parliament on the approval	MMEAP	One -Off	Oct 2022	-	
4.3 Approval of the Plan for Positions, functions and remunerations (PCFR)	Strong and Robust HR systems	Letter from the Cabinet of the approval	MMEAP	One-off	April 2023	-	
4.4 New SIG-HR system adopted and functional.	Modernized HR management system	Letter from the Cabinet of the approval	MMEAP	One-off	March 2023	-	
5.1 First year report on the gender equality action plan released by ICIEG and approved by the CM	Gender equity	Report from ICIEG and CM minutes.	ICIEG	One-off	Feb 2023		
5.2 Upgrade the gender observatory data portal in the Statistics Office.	Strong gender data systems	Data system upgrade from the statistics office	ICE and ICIEG	One-off	April 2023		
6.1 New law on digital transactions approved by the CM	Enhanced digital systems	Letter from the Cabinet	MMEAP and DGTED	One-off	Dec 2023		
6.2 Electronic invoicing system available and functional	Improved invoicing systems	Letter from the Cabinet	Ministry of Finance and DNRE	One-Off	Dec 2023		



<b>A. Outcome and output indicators (performance indicators)</b>							
<b>Indicator Name</b>	<b>Definition/ Description</b>	<b>Methodology for collection</b>	<b>Responsibility for collection</b>	<b>Frequency of reporting</b>	<b>Results planning</b>		
					<b>DATE 1</b>	<b>DATE 2</b>	
6.3 Approval of the legislation on Notary acts	Strengthened notary system	Minutes from the Cabinet	MMEAP and DGTED	One -off	April 2023		
6.4 Credit reference bureau platform up and running at the Central Bank	Increased access to credits	Functional platform	Central Bank and the Ministry of Finance	One-Off	April 2023		
7.1 PPP approach for the Tech Park approved	Tech Park sustainably managed	Minutes of approval from the Tech Park Board	Tech Park and Ministry of Digital Economy	One-Off	April 2023		
7.2 2Advisory one- stop-shop established in the Tech Park to support ICT startups and SME's	Increased investment in ICT and start up eco-system	Approval from the Tech Park Board	Tech Park and Ministry of Digital Economy	One-Off	April 2023		
7.3 Decree-Law of Structuring the CNCS – National Cybersecurity Centre	Cyber-security system strengthened	Approval from the Cabinet	DGTED		Oct 2023		

#### **Annex 4: Note on Relations with the IMF**

### **PRESS RELEASE**

#### **IMF Executive Board Approves US\$60 Million Extended Credit Facility Arrangement for Cabo Verde**

IMF Board approves SDR 45.03 million (about US\$60 million) three-year ECF arrangement for Cabo Verde, with SDR 11.26 million (about US\$15 million) available for immediate disbursement. The financing package will help mitigate the lingering impact of the COVID-19 pandemic and the spillover effects of the war in Ukraine; reduce the fiscal deficit and preserve debt sustainability; protect vulnerable groups; and support a reform agenda that leads to higher and more inclusive growth.

Key policy actions under the program include measures to boost revenue and improve the efficiency of spending, strengthen state-owned enterprises to mitigate fiscal risks, as well as measures to continue modernizing the monetary policy framework and safeguarding financial stability.

**Washington, DC – June 15, 2022:** On June 15, 2022, the Executive Board of the International Monetary Fund (IMF) approved a 36-month arrangement under the Extended Credit Facility (ECF) for Cabo Verde in an amount equivalent to SDR 45.03 million (190 percent of quota or about US\$60 million). The ECF arrangement will help shore up international reserves, preserve debt sustainability, increase resilience to shocks, including from climate change, and make

growth more inclusive. The program will help fill financing gaps together with the support of continued financing from Cabo Verde's development partners.

Approval of the ECF arrangement enables immediate disbursement of SDR11.26 million (47.5 percent of quota, about US\$15 million), fully usable for budget financing, in order to support the implementation of the reforms. This follows Fund emergency support to Cabo Verde in April 2020 under the Rapid Credit Facility (100 percent of quota, SDR 23.7 million, equivalent to US\$32.3 million at the time of approval).

Cabo Verde's economy is facing significant challenges associated with the lingering effects of the global pandemic, as well as rising food and fuel prices due to the war in Ukraine and the impact of the ongoing five-year drought. The economy rebounded strongly in 2021 following the COVID-19 induced sharp recession in 2020 (about 15 percent contraction), and recorded growth of 7 percent, which was supported by the easing of international travel restrictions, and the country's highly successful vaccination program (one of the most successful in Africa). However, the spillover effects of the war in Ukraine are expected to weaken the economic recovery and the growth forecast has been revised downward from 6 percent to 4 percent in 2022. Higher commodity prices and weaker than earlier expected prospects for the tourism sector are projected to result in a significant widening of the current account deficit to about 14.1 percent of GDP in 2022, as well as lower international reserves. The overall fiscal deficit is expected to continue to improve to 6.3 percent of GDP in 2022, from 7.3 percent of GDP in 2021.

The ECF arrangement has four main objectives that are aligned with the government's medium-term economic development plan (PEDS). First, strengthening public finances to preserve public debt sustainability and expand social safety nets. Second, reducing fiscal risks from public enterprises and improving their financial management and transparency. Third, modernizing the monetary policy framework and improving the resilience of the financial system. Fourth, raising growth potential and building resilience to shocks through structural reforms and economic diversification. At the conclusion of the Executive Board's discussion, Mr. Bo Li, Deputy Managing Director and Acting Chair, made the following statement: "Cabo Verde showed a strong track record of commitment to reforms and macroeconomic stability before and during the pandemic, which contributed to a strong rebound of the economy following the COVID-19 induced recession. However, the spillover effects of the war in Ukraine, the lingering effects of the pandemic, and the impact of the ongoing five-year drought have weakened economic recovery and resulted in increasing financing needs. "The new Fund-supported arrangement will support the authorities' priorities to preserve debt sustainability, shore up international reserves, increase resilience to shocks, including from climate change, and make growth more inclusive. The reform agenda will be supported by a well-tailored capacity development strategy which is aligned with the program.

"The key strategy focuses on gradual and growth-friendly fiscal consolidation to place public debt on a decisive downward path and maintain debt sustainability. Fiscal policy will also be guided by the need to increase social spending to protect vulnerable groups. Implementing fiscal structural reforms, including strengthening the tax administration, enhancing public financial management, and reforming state-owned enterprises, will help boost revenue, enhance the efficiency of public spending, and reduce fiscal risks. The authorities' initiatives to further enhance fiscal transparency and governance should continue.

"Modernizing the monetary framework and strengthening the financial sector will help

safeguard financial stability and the peg. Bolstering international reserves, carefully unwinding crisis-related support measures, closely monitoring non-performing loans, and further strengthening the AML/CFT framework, will be critical measures in this regard. “Steadfastly implementing the authorities’ development plan will improve the business environment and help support private sector-led growth. Considering Cabo Verde’s high vulnerability to the effects of climate change, the planned bold steps to climate adaptation will be key to boost the economy’s resilience and growth potential.



#### **Digital and E-Governance Reforms supported by the IMF ECF Program (2022-2025)**

<b>No</b>	<b>Thematic Areas</b>	<b>Reform Measures</b>
1	Fiscal Reforms	Digitalisation of all revenue collection and administrative processes
2	SOE Reforms	Automate digital platform for monitoring SOE’s and automating for model for analysing the financial health of SOE’s.
3	Monetary Policy Reforms	Conduct a study on the implication of the Central Bank Digital Currency (CBDC) for monetary policy and develop a legal framework for CBDC.
4	Financial Sector Reforms	Implement a revamped stress testing methodology incorporating detailed Banking data and Cyber security risk assessment.
5	Public Sector and Governance reforms	<ul style="list-style-type: none"> <li>i) Public Key Infrastructure (PKI): issue digital certificates and leverage the digital economy.</li> <li>ii) Digital mobile key: Modernise the system for issuing and managing the life cycle of identification documents.</li> <li>iii), Consular portal to facilitate the relations with Cape Verdean diaspora and tourists and investors seeking entry into Cape Verde.</li> <li>iv), External Investment Platform, one stop shop for investors for registration and authorisation of their investments.</li> <li>v) Digitalisation of the national health care system (e-health) with electronic medical records, electronic prescribing, tele-health and tele medicines.</li> <li>vi) Digital information in the justice system (E-Justice), restructuring adapting and streamlining the operations of the current justice information system (SIJ)</li> <li>vii) Development and approval e-governance action plan. (Similar reform to the Bank measure)</li> </ul>
6	Legal Framework Reforms	<ul style="list-style-type: none"> <li>i) Submission to Parliament of the Public Employment Law</li> <li>ii), Review and implementation of the SOE’s and ERI’s legal framework and governance policies.</li> </ul>

## Annex 5 : ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)

<b>A. Basic Information<sup>13</sup></b>			
<b>Project Title:</b> E-Governance and Public Administration Modernization Program – Phase II		<b>Project "SAP code" :</b> P-CV-K00-015	
<b>Country:</b> Cabo Verde	<b>Lending Instrument<sup>14</sup>:</b> DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>		
<b>Project Sector:</b> Economic Governance		<b>Task Team Leader:</b> Ibrahim ANSU BANGURA	
<b>Appraisal date:</b> 11/07/2022 to 15/07/2022		<b>Estimated Approval Date:</b> 31/10/2022	
<b>Environmental Safeguards Officer:</b> xxx			
<b>Social Safeguards Officer:</b> Pedro RAMOS/ Sabas SONOU AGOSSOU			
<b>Environmental and Social Category:</b> 3	<b>Date of categorization:</b> 12/10/2022	<b>Operation type:</b> SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
<b>Is this project processed under rapid responses to crises and emergencies?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>Is this project processed under a waiver to the Integrated Safeguards System?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

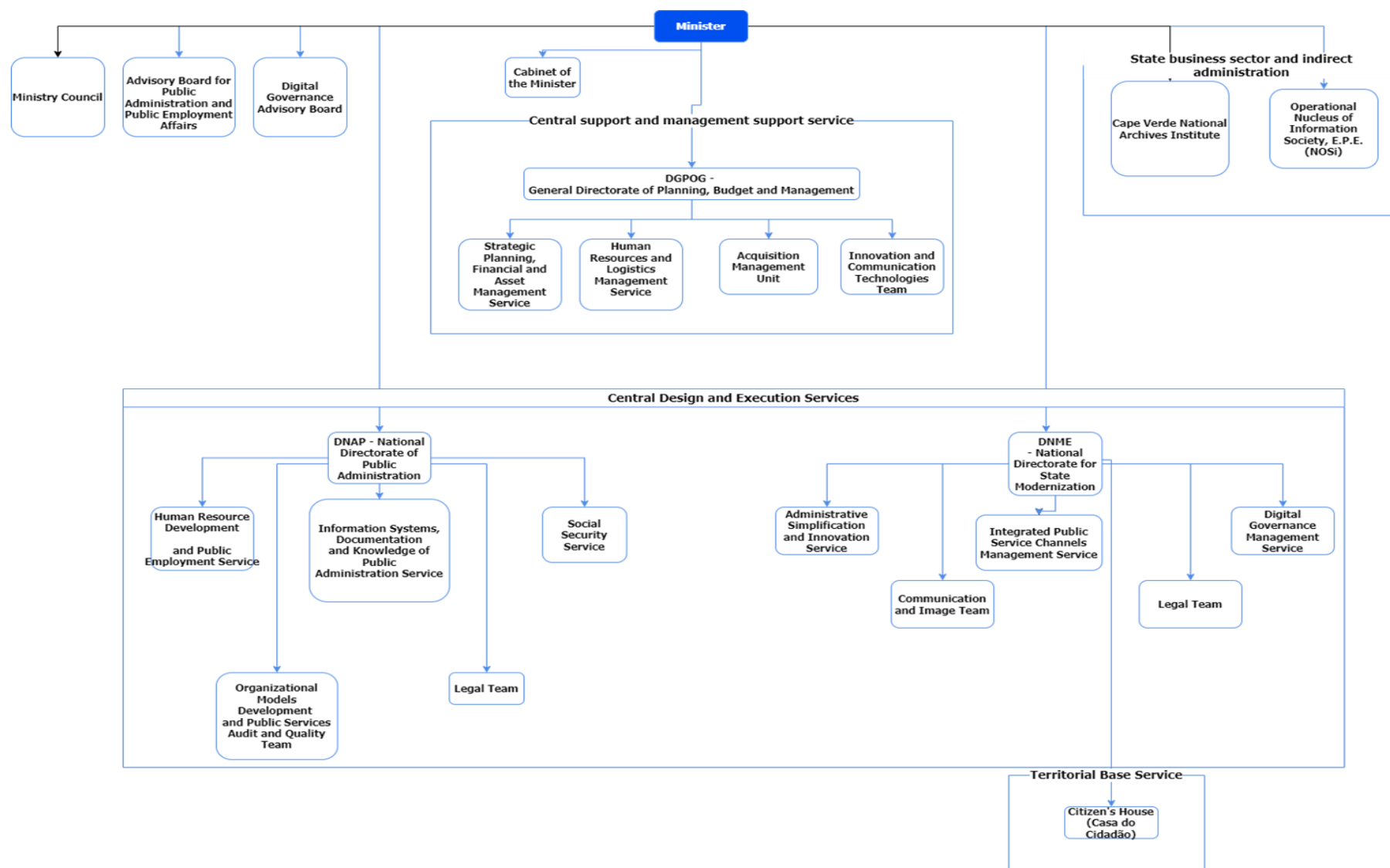
<b>B. Disclosure and Compliance Monitoring</b>	
<b>B.1 Mandatory disclosure</b>	
<b>Environmental Assessment/Audit/System/Others (specify: N/A)</b>	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[dd.mm.yyyy]
<b>Resettlement Action Plan/Framework/Others (specify: N/A)</b>	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[dd.mm.yyyy]
<b>Vulnerable Peoples Plan/Framework/Others (specify: N/A)</b>	
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[dd.mm.yyyy]
<b>If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: N/A</b>	
<b>B.2. Compliance monitoring indicators</b>	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, <b>as integrated in the project costs, effectively mobilized and secured?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>

<b>A. Clearance</b>			
Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?			
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			
<b>Prepared by:</b>	<b>Name</b>	<b>Signature</b>	<b>Date</b>
Environmental Safeguards Officer:			
Social Safeguards Officer:	Pedro RAMOS/ Sabas SONOU AGOSSOU		12.10.2022
Task Team Leader:	Ibrahim ANSU BANGURA		14.10.2022
<b>Submitted by:</b>			
Sector Director:	Abdoulaye COULIBALY		17.10.2022
<b>Cleared by:</b>			
Director SNSC:	Maman-Sani ISSA		17.10.2022

<sup>13</sup> **Note:** This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

<sup>14</sup> **DI**=Direct Investment; **FI**=Financial Intermediary; **CL**=Corporate Loan; **BS**=Budget Support; **GU**=Guarantee; **RPA**=Risk Purchase Agreement; **EF**=Equity Financing; **RBF**=Results Based Financing.

## Annex 6: Organogram of the Ministry of Public Administration and Modernisation



## **Annex 7: Cross Section of E-Solutions Pioneered by NOSI -Information Society Operational Nucleus**

NOSI is a public limited company driving the governments digitization agenda with over twenty years of experience in the technology space. The company has over the period developed more than hundred (100) innovative and integrated solutions for e-government, both for the public and private sectors, by highly qualified technicians, together with a modern technological platform, web-oriented and custom-oriented. NOSi Focus on innovation and excellence makes NOSi a reference in ICT, acting in the national and international market.

*E-Government Solutions:* E-Governance is the modernization process of governance through ICT that places the citizen and business in the spotlight. It allows easier access and high-quality public information, boosts the provision and accessibility of public services, enlarges opportunities for civic and democratic participation, thereby making governance and Public Administration more effective and efficient, less costly and more accountable. There are over 100 solutions in NOSi covering several areas available, which can be adapted and customized according to the client's needs, namely, Health services, Business environment. Citizenship, Education services, Elections, access to finance, citizens Identification and access justice, lands and property registration, local government, social security, tourism and Transversal.

*GOV Web sites Management:* Allows registering all websites developed by NOSi, within the scope of electronic governance.

*TECHNOLOGY PARK:* The Technology Park of Cabo Verde is an infrastructure funded by the Bank. The Park will host several services from business, incubation, certification and training centers, administrative building, civic auditorium and Data Center, having poles in the city of Praia and Mindelo. Through this infrastructure, intends to boost the ICT cluster, placing Cabo Verde as an international center for service delivery and as a Gateway to Africa for leading international companies in the sector. Tech Park objectives include i) Promoting a technologically based ecosystem of innovation and entrepreneurship; ii) Establishing strategic partnerships among the main international players in the sector; iii) Attracting foreign direct investment to ICT-based services; iv) Empowering e-government solutions development, visibility and distribution; v) Extending and integrating e-solutions and services to a wide range of business areas.

*HEALTH INFORMATION SYSTEM (SIS):* Is an integrated technological platform that allows the different services and structures to communicate with each other, through interactions such as scheduling appointments and complementary analysis, sharing clinical and administrative information only, where the modules are designed in a standardized way and the information repository is centralized and flexible. It allows adaptations in particular cases, when identified. To improve connectivity conditions for better service delivery, Fiber Optic has been implemented in Hospital Agostinho Neto.

*FOOD AND MEDICATION MANAGEMENT SYSTEM;* Its objective is to "seek a balance between the economic interests of food and pharmaceutical companies and the price/quality ratio as a determining factor in consumer decisions. ERIS regulation includes human medicines, cosmetics, chemical-pharmaceutical products, biocides, human and veterinary foods, foods with functional properties and novel foods, supplements and food additives."

*ELECTRONIC PRESCRIPTIONS:* Released in the sphere of the health and social security system reforms underway and integrated into a single technological platform developed by NOSi, various institutions initiatives, such as the Ministry of Health, INPS, ARFA, Emprofac, Inpharma, private clinics, and the Order of Physicians targeting higher objectives such as user service and efficiency in resource management.

*COMPANY ON DAY:* A simplified regime for business incorporation. Covers commercial companies (Quotas, Single-Member Private Limited Company, Joint Stock Company) within a maximum of 24h.

***SIMPLIFIED BUSINESS LICENSING:***

- Processing and issuing of the following certificates:
- Simplified Licensing of Industrial Activity;
- Simplified Licensing for Wholesale Commerce;
- Simplified Licensing for Retail Trade;
- Simplified Licensing for Tourism Enterprises (ET) Travel Agencies (AVT);
- Simplified Licensing for Construction.

***ELECTRONIC PAYMENTS AND FORMS:*** State payments using electronic means and, in particular, debit cards (Vinti4 cards), in ATM's (Automatic Teller Machines) or through the Porton di portal in the islands.

***CASA DO CIDADÃO (CITIZEN'S HOUSE) AND "PORTONDINOS ILHA" PORTAL:*** Cabo Verde's first One Stop Shop, which has brought a new attendance concept, through physical attendance channels (Casa do Cidadão), Web (Porton di nos ilha), and Contact Center. It has made State services easier, simpler and more innovative for citizens and companies, both national and international.

***NOTARY'S INFORMATION SYSTEM (SIN):*** Ensures efficiency, and transparency in legal and juridical processes related, especially, to the real estate business. It also ensures legal title and underlying legal reasons, as well as the monthly, quarterly, and annual accounting of revenues derived from emoluments due.

***LAND REGISTRY:*** Streamline the property registration of large tourism developments, facilitating the registration process over the Internet. Easier and faster private-public relationship to legalize land in 48 hours.

***LAND REGISTRY INFORMATION SYSTEM (SIRP):*** In a swift and secure manner, the company is able to register and publish acts and facts about the properties, in accordance with the land registry code, as well as to recover the records that were in books and files, associating the digitalized images of these.

***PROPERTY REGISTRATION SPECIAL REGIME SYSTEM (SRERP):*** Automated registration of the entire process of disposition, transmission and encumbrance of tourist properties. Provides seamless integration of all parties involved in the transaction process from banks, lawyers, tourism enterprises, City Councils, Notary Public Offices and the General Directorate of Tax Contribution.

***E-PARTICIPATE:*** A unique relationship and contact channel between the citizen/company and the Public Administration, which promotes citizenship, transparency and promptness in the public service process. It serves as a channel to collect feedback from citizens on the provision of public services, and to improve them in general.

***CUSTOMER SERVICE SYSTEM (SAC):*** This system enables real-time information to be collected through user input regarding the level of satisfaction regarding the quality of the service provided by the attendant and the institution. The information collected is treated and presented statistically. Such treatment aims to provide the institution and decision-makers with qualitative and quantitative indicators and thus define guidelines to improve the customer service provided.

***CONSULAR PORTAL:*** It aggregates the services offered by the State, with innovations and improvements that allow any citizen, wherever he may be, to quickly and safely access the various services available on the platform.

***Online Scheduling System:*** It allows the citizen to quickly and efficiently schedule his/her services online, regardless of time of day.

***MOBILE DIGITAL KEY:*** To simplify both citizens' and companies' lives concerning their relationship with the State. A simple Online Authentication and Digital Signature means, which allows signing,

renewing documents and dealing with bureaucratic matters, in a quick and safe way, certified by the Cape Verdean State. Through Single Sign On (SSO), the user can make just one login, avoiding unnecessary memorization of passwords and associating a cell phone number with the civil identification number for national citizens, or the Residence Permit for Foreigners (TRE). It is composed by a permanent password, chosen and changeable by the citizen, as well as a numerical code of unique and temporary use for each authentication.

*BIOMETRIC ELECTORAL CENSUS:* Designed to use biometrics to collect citizen and fingerprint data, both domestically and in the Diaspora, and store it in a centralized database.

*ELECTION RESULTS ANNOUNCEMENT PLATFORM:* NOSi developed and customizes platforms to disclose provisional results to different Media, highlighting the Cabo Verde Television. Thus, whether in the country or in the diaspora, Cape Verdeans can follow the provisional results of the Elections quickly and on different devices. The system integrates and shares the data from all polling stations throughout the country in a completely automated, transparent, and secure process.

*CIVILIAN ID SYSTEM:* In conjunction with SNIAC, it collects and processes data from civil registries for birth, marriage, death and stillbirths, in a stream that connects civil registries and other information systems of the Government of Cabo Verde. The platform allows citizens to fully exercise their citizenship, promotes the provision of public services, easing identification and the citizen's relationship with the public administration.

*CABO VERDE ELECTRONIC PASSPORT (PEC):* Set up in 2014, officially launched in 2016 in Praia, Santiago Island. The PEC meets international requirements and the highest levels of existing safety standards.

*ONE-STOP INVESTMENT DESK:* This solution is vital to promote, retain and monitor investment in the country. It improves understanding and communication between investors, their clients and other stakeholders, public and private bodies, promoters of national and foreign investment projects. It promotes the celerity and de-bureaucratization of the investment process, making sure the process is concluded in a maximum period of 75 days.

*PUBLIC PROCUREMENT:* By automating the public procurement process, we have increased transparency, speed, and management of public money, as well as healthy competition in the public procurement market, creating a healthy business environment for the country. Furthermore, it allowed the development of small companies and local development, grounded by the principles listed in the Public Procurement Code.

Multiple crises have affected SOE reforms and created the need for extra fiscal support for distress SOE's. The negative impact of the pandemic on the aviation sector led to slippages in reforms and increasing contingent liabilities for Cabo Verdean airlines and the need for additional loan guarantees. These fiscal vulnerabilities may undermine efforts to restore fiscal sustainability. In responding to these vulnerabilities, the authorities are pursuing the following i) developing an automatic digital platform for monitoring SOE's and automating the model for analyzing the financial health of SOE's, ii) Resumption of the privatization of SOE's including privatization of state agencies in the telecoms, energy and social sectors.

## **Annex 8: Context of the E-PAMP Series Priority Reform Areas**

### ***Subcomponent 1.1: Increased Transparency and Disclosure of Information***

**Context:** Cabo Verde has been at the fore front of using tech tools to enhance transparency and accountability. The authorities have over the years implemented several measures to improve open data policies and enhance citizens access to public information including the implementation of the Open Government Partnership (OGP) framework. See details on technical annex 9.



### ***Subcomponent 1.2: E-governance action plan for improved Service Delivery***

**Context:** The COVID 19 pandemic lock downs and disruptions led to the acceleration of the country's e governance reforms which aims at promoting efficient service delivery system and ensuring a modernised public service delivery architecture. Cabo Verde's internet penetration is above the average levels relative to regional peers with 62% of the population and 67% of households having access to the internet. There is however still room for improvement especially in addressing notable disparities in internet penetration among rural and urban populations.<sup>15</sup> The e governance transformation is led and coordinated by key stakeholders in the digital eco-system. The e governance policy frameworks and infrastructure need to be well developed to support a resilient e- service delivery system.

### ***Subcomponent 1.3 Public Administration Modernization Program***

**Context:** Reforms to modernize the public service started in 2013 with the approval of the Pensions, Careers and Salaries Plan (PCCS). However, inconclusive implementation of the PCCS necessitated the formation of new approach for improving HR systems which led to the development of a successor plan for HR and public administration in 2018. The new plan for Positions, functions and remunerations – *PCFR (Plano de cargo funcoes e renumeracoes)* is yet to be approved. The program has deliberately prioritized gender mainstreaming reforms informed by analytical work on gender equity in public administration. The promotion of women in the public administration system remains a critical challenge and reforms are aimed at closing this inequity gap.

## **Component 2: Digital Competitiveness**

**Context:** The Cabo Verde Strategic Plan for Sustainable Development (PEDS I and II) 2017-2021 and the Digital Strategy (EDCV) (2016-2021) are notable strategies that detail bold commitments and action plans to position the country as a leading "digital hub" and "gateway to West Africa". To achieve this ambitious vision the government aims to increase investments in technology infrastructure, digital entrepreneurship, e-Government services and digital skills. The intention of the reforms is to ensure that an increased number of firms or small businesses adopt digital technologies to enhance their competitiveness. E-PAMP Programmatic series compliments the Bank's funded Technology Park Project (Phase I and II ) through support for the sustainable management of the Technology Park Infrastructure.

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<sup>15</sup> While 69% of residents use the internet in Urban areas only 48% use the internet in rural areas according to the WB.