



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 12-Jun-2018 | Report No: PIDC24844

**BASIC INFORMATION****A. Basic Project Data**

Country Cabo Verde	Project ID P160628	Project Name Cabo Verde Disaster Risk Management Development Policy Credit and Loan with Cat DDO (P160628)	Parent Project ID (if any)
Region AFRICA	Estimated Board Date Oct 30, 2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice	Financing Instrument Development Policy Financing
Borrower(s) Ministério das Finanças	Implementing Agency Ministério das Finanças		

Proposed Development Objective(s)

The development objective of the proposed operation is to support the Government of the Republic of Cabo Verde in: (a) Strengthening the institutional and legal framework to increase disaster and climate resilience; and (b) Incorporating disaster and climate resilience considerations and technical standards into the management of school infrastructure and territorial planning.

Financing (in US\$, Millions)**SUMMARY**

Total Financing	8.00
------------------------	------

DETAILS

Total World Bank Group Financing	8.00
World Bank Lending	8.00

Decision

The review did authorize the preparation to continue



B. Introduction and Context

Country Context

1. **Cabo Verde is exposed to a wide-range of natural disasters and—as a SIDS in the mid-Atlantic—is highly vulnerable to climate change, which threaten the population and the country’s long-term economic growth and resilient development.** In recent years, Cabo Verde has suffered from: (i) extreme rainfall events that have led to several floods across the country including those in São Nicolau (2009), Boavista (2012), São Miguel (2013, with damages estimated at US\$2.6 million), and Santo Antão (2016, with damages estimated at US\$7 million); (ii) a volcanic eruption in 2014-15 in Fogo which displaced all 994 people living in the caldera, and resulted in damages and losses estimated at US\$28 million¹; (iii) hurricane Fred in 2015 which caused damages estimated at US\$2.5 million; and (iv) a strong drought event in 2017 that might have affected up to 70,000 people (13 percent of the population) according to the Government’s estimates². Climate change is expected to increase the magnitude and frequency of hydrometeorological hazards in the country—including tropical storms and hurricane activity—negatively affecting economic growth and resilient development.

2. **Prompted by recent disasters events, the Government has started to move from a traditional responsive approach to disasters toward a more proactive and holistic disaster risk management approach. However, the institutional framework and capacity for implementation and sustainability remain important constraints.** There is no clear mandate for disaster risk management in the country, and an absence of the necessary financial instruments for emergency response. In a country with limited institutional capacity, a strong focus on responding to disasters has implied that the underlying factors that drive disaster risk have not been addressed—especially those related to climate change. The proposed US\$8 million DRM Development Policy Credit and Loan with a Catastrophe Deferred Drawdown Option (DPC/L with Cat DDO) will support the Government of Cabo Verde in strengthening the country’s institutional, technical and financial capacity for disaster and climate-related risk management. Key policy and institutional reforms in DRM have been identified and are being supported to mainstream disaster and climate resilience across the sectors—including territorial planning and the management of school infrastructure—and ensure timely access to financial resources in the aftermath of a natural catastrophe. Altogether, these actions make a critical contribution to strengthening climate and disaster resilience of assets and livelihoods across the islands.

Relationship to CPF

3. **The program supported by the proposed operation is aligned with the objectives and proposed outcomes of the upcoming FY18-FY22 CPF.** This new World Bank Group CPF—currently under preparation—builds on the findings of the Systemic Country Diagnostic prepared in FY18. The SCD identified five binding constraints for growth and shared prosperity, including among them: (i) lack of resilience of households and the economy to external shocks, natural disasters and climate change, and (ii) weak public-sector performance, with the Government insufficiently efficient to deliver the needed policy reforms. The proposed operation and a comprehensive TA program support the Ministry of Finance, the Civil Protection Agency, and the National Institute for Territorial Planning in implementing selected reforms aimed at increasing disaster and climate resilience, therefore addressing these specific constraints.

C. Proposed Development Objective(s)

4. The development objective of the proposed operation is to support the Government of the Republic of Cabo Verde in: (a) Strengthening the institutional and legal framework to increase disaster and climate resilience; and (b) Incorporating

¹ A recovery strategy was designed after the eruption. The implementation of short-, medium-, and long-term interventions required an overall investment of US\$6.51 million. Source: PDNA Fogo Volcanic Eruption 2014-2015.

² To alleviate the effects of the drought, Cabo Verde approved an emergency plan with interventions totaling US\$8.2 million (resolution n°110/2017).



disaster and climate resilience considerations and technical standards into the management of school infrastructure and territorial planning.

Key Results

5. **The proposed DPC/L with Cat DDO supports a comprehensive program to strengthen the management of disaster and climate-related risks across different sectors.** The selected activities and reforms supported under this operation will strengthen the institutional and legal framework to allow for a more effective management and reduction of existing disaster risks, while preventing the creation of new ones—particularly those aggravated by climate change. It is expected that the operation will contribute to increase the resilience of the infrastructure and assets to reduce potential future physical damages and economic losses. Furthermore, the proposed operation provides a critical line of contingent financing and will support the Government to be financially prepared to face the potential fiscal impact of a natural catastrophe. The operation pillars and associated prior actions as well as their results are fully aligned with the Government's development program set forth in the Sustainable Development Strategic Plan (PEDS) 2017-2021.

D. Concept Description

6. **The proposed operation is designed to support the Government's ongoing reforms to mainstream and incorporate disaster risk reduction and climate resilience as a cross-cutting requirement through the sectors and development planning.** Cabo Verde has recently started designing the legal and institutional framework that set the stage for a comprehensive disaster risk management system. The program supported by this DPC/L supports the establishment of the necessary institutional structures and protocols to increase the preparedness, response capacity, and resilience to natural catastrophes. Such an institutional framework is essential for mainstreaming DRM and climate resilience into the decision-making process. Furthermore, the reforms will also strengthen the territorial planning and urban development processes and increase disaster and climate resilience of public and private school infrastructure assets, which will reduce the long-term human and economic impact of disasters.

7. **The two Pillars and six Prior Actions support policy reforms that will help achieve the proposed development objective aligning with the Government's program.** These include:

Pillar/Objective A: Strengthening the institutional and legal framework to increase disaster and climate resilience.

- **Prior Action 1:** The Government has adopted the National Disaster Risk Reduction Strategy.
- **Prior Action 2:** The Government has created a dedicated contingency fund to finance emergency response and recovery in the aftermath of a natural catastrophe.
- **Prior Action 3:** The Government has established a Risk Management Service in the Treasury Department of the Ministry of Finance to manage operational and fiscal risks, including those associated with disaster and climate-related risks.
- **Prior Action 4:** The Government has strengthened the framework for data-driven decision making for the management and reduction of disaster and climate risk by the approval of a law reforming the National Statistical System incorporating Open Data standards, protocols and procedures.

Pillar/Objective B: Incorporating disaster and climate resilience considerations and technical standards into the management of school infrastructure and territorial planning.

- **Prior Action 5:** The Government has approved the National School Infrastructure Rehabilitation Plan and technical guidelines incorporating disaster and climate resilience.
- **Prior Action 6:** The Government has established a new territorial planning legal framework incorporating disaster and climate-related risk management considerations.



E. Poverty and Social Impacts and Environmental Aspects

Poverty and Social Impacts

8. **The policies supported by this Cat DDO are expected to have a neutral or positive effect on the well-being of the poor and vulnerable.** The Poverty and Social Impact Analysis (PSIA) is being carried out, documenting the expected effects from a social, gender and distributional perspective, and will be informed by both a quantitative analysis of the impact of natural disasters on employment, and a qualitative study of the impact of natural disasters on household's livelihood in Cabo Verde. Under Pillar A, the adoption of mechanisms to increase disaster and climate resilience and the Government's capacity to mobilize resources in the aftermath of a disaster are expected to have neutral or positive impacts on poverty. Under Pillar B, the Government will introduce reforms to decrease disaster risk in school infrastructure and strengthen the management of disaster and climate risks for territorial planning, which are expected to have positive social impacts.

Environmental Impacts

9. **It is anticipated that policy reforms supported by the proposed operation will have a positive and mainly indirect effect on the Cabo Verde's environment, forests or other natural resources.** The reforms included in this operation under Pillar A will not cause significant direct environmental effects as they are primarily aimed at strengthening the institutional framework and improving regulations for increased resilience and reduction of disaster and climate-related risks. Among the policy reforms under Pillar A, the design and operationalization of sectoral and municipal strategies following the adoption of the National Disaster Risk Reduction Strategy will contribute to strengthen the institutional framework for Disaster Risk Reduction, including a better understanding of the environmental impact of disasters. This will help inform environmental protection policies that aim to achieve increased climate and disaster resilience. Under Pillar B, policy actions promote natural resource and environmental management. The reform to the Land Use and Territorial Planning Law will strengthen zoning regulations and resilient land use, therefore reducing environmental degradation. In addition, the adoption of a National School Infrastructure Rehabilitation Plan will lead to environmentally friendly planning of critical reconstruction and construction activities, including disposal of debris, location of facilities and recovery of ecosystems. The management of school infrastructure will systematically comply with safety and construction standards, with the national environmental regulations applicable to construction and rehabilitation of school facilities, and general guidelines specified in the plan.



CONTACT POINT

World Bank

Oscar Anil Ishizawa Escudero, Robert Curle Jesse Reid
Senior Disaster Risk Management Specialist

Borrower/Client/Recipient

Ministério das Finanças
Carla Cruz
National Director for Planning
carla.cruz@mf.gov.cv

Implementing Agencies

Ministério das Finanças
Carla Cruz
National Director for Planning
Carla.Cruz@mf.gov.cv

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Oscar Anil Ishizawa Escudero, Robert Curle Jesse Reid
----------------------	---

Approved By

Country Director:	Louise J. Cord	13-Jul-2018
-------------------	----------------	-------------