Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 11-Jan-2023 | Report No: PIDC34068

# **BASIC INFORMATION**

## A. Basic Project Data

Cabo Verde	Project ID P178644	Parent Project ID (if any)	Project Name Improving Connectivity and Urban Infrastructure in Cabo Verde (P178644)
Region WESTERN AND CENTRAL AFRICA	Estimated Appraisal Date Jun 20, 2023	Estimated Board Date Sep 20, 2023	Practice Area (Lead) Transport
Financing Instrument Investment Project Financing	Borrower(s) Republic of Cabo Verde	Implementing Agency Unidade de Gestão de Projectos Especiais, UGPE	

## **Proposed Development Objective(s)**

To enhance road connectivity, urban infrastructure, and living conditions in targeted areas in Cabo Verde.

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

#### **SUMMARY**

Total Project Cost	35.00
Total Financing	35.00
of which IBRD/IDA	35.00
Financing Gap	0.00

## **DETAILS**

## **World Bank Group Financing**

International Development Association (IDA)	35.00
IDA Credit	35.00

Environmental and Social Risk Classification

**Concept Review Decision** 

Substantial

Track II-The review did authorize the preparation to continue

#### **B. Introduction and Context**

**Country Context** 

- 1. Cabo Verde's stable political and macroeconomic environment allowed for significant economic and social development in the last three decades. Cabo Verde is an archipelago of ten islands (nine of which are inhabited) located 500 km off the west coast of Africa. The country's estimated population is 556,000, 74 percent of which live in urban areas. Despite an arid climate, mountainous terrain, vulnerabilities to climatic events (e.g., sea level rise, hurricane Fred in 2015) and natural disasters (e.g., the eruption of volcano Pico do Fogo in 2014), the country has developed rapidly over the last thirty years. Largely thanks to the growth of the tourism sector, gross domestic product (GDP) per capita almost quadrupled from 1989 to 2017, rising from US\$800 to US\$3,000 at an average annual rate of 6.7 percent. In the same period, the poverty rate fell from nearly 50 percent to 35 percent. This positive track record led the country to graduate to middle-income status in 2008.
- 2. The economic shock brought by the COVID-19 pandemic and the subsequent response measures have deteriorated the country's fiscal situation and have set back the recent gains in reducing the public debt. To help vulnerable households and businesses, authorities have implemented cash transfers and have supported hard-hit sectors by granting temporary tax exemptions, deferring tax payments, and providing Government-backed credit lines and partial credit guarantees. Authorities have also legislated a temporary layoff regime, partially subsidized by the pension fund. Driven by the impact of the crisis on tax collection in addition to the tax deferrals granted to affected firms, fiscal revenue declined by 23.8 percent in nominal terms in 2020. As current expenditure expanded and capital investment contracted, the overall deficit (including grants) increased from 1.8 percent in 2019 to 8.9 percent in 2020. With the onset of the crisis, debt escalated to 152.2 percent of GDP in 2020. Public and publicly guaranteed debt is still assessed as sustainable, yet the risk of external and total debt distress is high, according to the latest joint World Bank-International Monetary Fund (IMF) Debt Sustainability Assessment conducted in September 2020.
- 3. **Cabo Verde is highly vulnerable to climate change.** Cabo Verde is particularly exposed to increasingly extreme weather events, desertification of land and persistent droughts, occasional but severe and highly damaging heavy rains, and sea-level rise. Nearly 30 percent of the country's population is exposed to flash floods and cyclones that result in landslides throughout the Cabo Verde islands <sup>3</sup>, and on average, about US\$2 million of income is expected to be lost annually due to agricultural drought.<sup>4</sup> For instance, the country's coastlines, which are important for the local tourism industry and where approximately 80 percent of the population resides, are very vulnerable to rising sea levels and erosion. The temperature in Cabo Verde has increased by 0.04 percent per year since 1990, with recent projections indicating an increase of 1°C for the period of 2011-2040, followed by an increase of 3°C until the end of the century. In addition, a 2 percent reduction in annual average precipitation will result in an extension of the dry season with increased likelihood of droughts, as well as the shortening of the rainy season with a concentration of heavy, localized rains.<sup>5</sup> The

<sup>2</sup> World Bank. 2019. Cabo Verde Public Expenditure Review: Revisiting the Efficiency of Public Spending to Reduce Debt and Improve Education and Health Outcomes. Washington, DC: World Bank.

<sup>&</sup>lt;sup>1</sup> Census 2021.

<sup>&</sup>lt;sup>3</sup> https://blogs.agu.org/landslideblog/2009/09/22/rainfall-disaster-in-the-cape-verde-islands/

<sup>&</sup>lt;sup>4</sup> World Bank (2019). Cabo Verde Disaster Risk Profile.

<sup>&</sup>lt;sup>5</sup> Government of Cabo Verde. 2021. 2020 Update to the first Nationally Determined Contribution (NDC). Praia, Cabo Verde. Available at: <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde">https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde">https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde">https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde">https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde">https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database//Cabo%20Verde</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database/">https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database/</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/">https://www.greengrowthknowledge.org/sites/default/files/downloads/</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/">https://www.greengrowthknowledge.org/sites/default/files/downloads/</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/">https://www.greengrowthknowledge.org/sites/default/files/downloads/</a> <a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/">https://www.greengrowthknowledge.org/sites/default/files/downloads/<a href="https://www.greengrowthknowledge.org/sites/default/files/downloads/">https://www.gre

lack of arable soil (only 10 percent of the soil is arable) results in high dependency on imports to meet its food needs (80 - 90 percent).

- 4. Cabo Verde has made important advancements towards closing gender gaps; however, it still ranks low in terms of women's economic participation and opportunity. The country is one of the best ranked in the Gender Equality Index of the World Economic Forum, mainly when it comes to indicators related to education, health, and political representation of women. However, it ranks only at the 115th place in terms of women's economic participation. A study from 2015 showed that Cabo Verdean households are more and more headed by women (48% of households were headed by women in 2015 compared to 40% in 2000), and that poverty in female-headed households is high. 6 National data show that the unemployment rate is higher for women than for men (12.1% vs 10.7% in 2019).7 There is an opportunity to increase women's entrepreneurial skills, as among employed women, the majority work in informality without contracts nor benefits. The Government encourages entrepreneurship as part of a program "Work for Yourself," linked to African and international networks of best practices.
- 5. The high rate of COVID-19 vaccination and the recent progressive resumption of tourism flows are grounds for cautious optimism. Gross national income per capita is projected to return to the 2019 pre-crisis level by 2024. Based on the April 2022 estimate provided by the National Directorate of Planning at the Ministry of Finance and Business Development, GDP growth reached 7.2 percent in 2021, supported by the progressive reopening of borders and the gradual resumption of tourism flows. For 2022, added uncertainty related to the conflict in Ukraine and strong inflationary pressures are placing current GDP growth estimates at 4 percent, subject to continuous assessment. A key contributing factor to the pickup in growth was that, as of March 27, 2022, about 85.7 percent of the eligible population (above 18 years of age) had received the first dose of vaccine, and about 73.7 percent the second dose. 9 In addition, authorities have enacted a sanitation seal training and certification program mostly targeted at hotels and restaurants, thereby providing comfort to tour operators as they resume operations.

Sectoral and Institutional Context

6. With 74 percent of the population living in urban areas, Cabo Verde is now one of the most urbanized countries in Africa. Urbanization has been a constant trend in Cabo Verde since 1950 and has accelerated in the 1980's. In 1998, the share of the population living in urban areas became higher than in rural areas. <sup>10</sup> Migration from rural areas to cities has been mainly driven by droughts and by the tourism boom recently experienced in certain islands, notably Sal and Boa Vista. Urbanization has not happened evenly throughout the country. Islands such as Santo Antão, São Nicolau, and Brava endured a population decline between 1992 and 2016, while Sal (96 percent urban), Sao Vicente (94 percent urban), and Boa Vista (86 percent urban) experienced an increase of more than 300 percent caused by a concentration of economic growth fostered by tourism. Currently, in all islands but Brava and Fogo, the urban population is larger than the rural population. Over the next decade, the rate of urban population growth is expected to be almost twice the rate of national population growth (1.97 against 1.15 percent per year) resulting in over 74,000 new urban dwellers.

<sup>&</sup>lt;sup>6</sup> UN Women. (2018). Cabo Verde: Gender Country Profile: https://www.unwomen.org/en/digital-library/publications/2018/1/country-gender-profile-cabo-verde <sup>7</sup> 2019, International Labour Organization, ILOSTAT database

<sup>8</sup> World Bank (2021) available at https://pubdocs.worldbank.org/en/180641492188156649/mpo-cpv.pdf

<sup>&</sup>lt;sup>9</sup> Ministry of Health

<sup>&</sup>lt;sup>10</sup> Census 2021 & United Nations Cabo Verde.

- 7. However, most urbanization in Cabo Verde has taken place without sufficient spatial planning and access to basic infrastructure and services. Half of urban households still lack access to basic services, as per the SDG indicator 1.4.1 measuring the share of households with access to all basic services, including drinking water, sanitation, hygiene, energy, mobility, waste collection, health care, education, and information technologies. In the capital Praia, nearly a quarter (23 percent) of the population lives in informal settlements, which are often disconnected from jobs and services, located near unpaved streets, and without access to public space. In addition, the rapid growth of tourism has also revealed significant gaps in coastal management and environmental sustainability, which directly impact living conditions in urban areas.
- 8. Women are disproportionally affected by lack of infrastructure and climate change impacts. Investments in infrastructure are fundamental for gender equality as limited access and connectivity add to the time burden that women face as main carriers of household responsibilities. Expanded and accessible infrastructure, including transport, water and sanitation, are key for women living in poverty conditions where time saving can enable improved access to economic opportunities and involvement in entrepreneurial activities. Environmental degradation, including coastal erosion and sea water contamination of scarce ground water sources, add to women's limited time as they are normally in charge gathering water and food for the household. Gender-integration into infrastructure planning is key to ensure that women's mobility priorities and constraints are addressed into upcoming interventions.
- 9. The country is highly exposed to multiple hazards due to climate change, including extreme weather events, desertification, and sea level rise that put vulnerable households and transport infrastructure at risk. Sea level is projected to rise from 0.26 m to 0.98 m over the next 60–80 years, increasing coastal submersion, erosion, and salinity. Poor households living in inadequate homes, built with unsuitable materials, are particularly exposed to natural hazards and climatic events. Roads and bridges are exposed to frequent landslides and rock falls due to heavy rainfalls and other extreme weather events. In 2020, the country updated its Nationally Determined Contribution (NDC) and committed to achieve substantial mitigation outcomes, which will translate into an 18 to 24 percent reduction in economy-wide greenhouse gas (GHG) emissions below business-as-usual by 2030, and to take lasting adaptation measures in terms of food, water, and energy security. The NDC also indicate the country's 2030 commitment to provide sewage systems to all households and to provide safe wastewater treatment, and the country's 2025 commitment to establish comprehensive and coherent planning tools adaptation, spatial, urban, disaster response at the central as well as municipal levels. A total of 14 climate mitigation and adaptation actions have been identified to achieve these and other goals, including: fostering the natural sink function of ecosystems; enhancing sewage, solid waste, and wastewater treatment; using spatial planning as an ally in climate change mitigation and adaptation; and mitigating climate-related disaster risks and vulnerabilities.
- 10. Connectivity between and within islands is an additional constraint to social and economic development. As an archipelago consisting of nine inhabited islands that are dispersed and surrounded by rough seas, connectivity is a key constraint for unlocking the country's economic potential. Cabo Verde's peculiar geography and sparse population pose enormous challenges from the standpoint of infrastructure development. The fragmented territory requires that major infrastructure, such as roads, ports, and airports, are duplicated, magnifying build-up and maintenance costs. In addition, the unique geographical conformation (steep slopes and unstable and crumbly terrain conducive to landslides and rock falls), results in relatively high maintenance costs for the current road network. Intra-island connectivity relies on the road network, composed by approximately 1,650 km, of which 67 percent are national roads and 33 percent

municipal roads.<sup>11</sup> There are a range of road types varying from earth and gravel roads, cobblestone, to asphalt surfaced highways. About one-quarter of the road network is unpaved. Connecting the rural population to the core road network through the upgrade of rural roads remain a priority for the Government of Cabo Verde.

- 11. To address regional inequalities, the Government of Cabo Verde introduced the Rehabilitation and Accessibility Program (Programa de Requalificação, Reabilitação e Acessibilidades PRRA) in 2017 for an estimated amount of US\$110 million. The program is framed within the Government's Strategic Plan for Sustainable Development 2017-2021, Plano Estratégico de Desenvolvimento Sustentável 2017-2021 (PEDS), and is aligned with the current PEDS 2022-2026.12 The PRRA aims to improve infrastructure and services in urban areas and territories to enable inclusive economic growth, improved quality of life, and strengthen sustainability and resilience. The PRRA invests in eight axes: (i) Rehabilitation of Urban Centers and Neighborhoods; (ii) Housing rehabilitation; (iii) Regeneration of Historic Centers; (iv) Rehabilitation of Historical, Cultural, and Religious Heritage; (v) Rehabilitation of Seafront Areas; (vi) Roads with high agricultural and touristic potential; (vii) Construction/Rehabilitation of Fishing Docks; and (viii) Special Projects.
- 12. The PRRA is aligned with the Sustainable Development Goal 11 (Sustainable Cities and Communities) through the following intermediate objectives: (i) encourage the rehabilitation of the urban fabric; (ii) improve the quality and attractiveness of cities and towns; (iii) create economic and social value through urban regeneration, rehabilitation and rehabilitation; (iv) create centralities in cities as vital centers for boosting the local economy; (v) improve the quality of life of families and communities; (vi) energize local economies (of the municipalities and islands); and (vii) streamline the civil construction activity and create jobs during the phase of interventions and employment opportunities after the works. Despite the COVID-19 pandemic, PRRA's first phase yielded positive results and was well-received by the population. Investments made through the program enabled the rehabilitation of 15 cultural assets; the rehabilitation of more than 60 hectares of urban and rural areas; the upgrade of 100 km of rural roads and the rehabilitation of almost 2,000 houses. These figures and the positive reception of the benefited communities have prompted the Government to prioritize the program as one of its main vehicles to bridge local and regional asymmetries.
- 13. The Government of Cabo Verde is working towards the continuation of the PRRA with the development of a pipeline of projects to be implemented in the short and medium terms. Through the prioritization of mature projects that were stalled during the pandemic and the inclusion of new prioritized interventions with the potential to bridge territorial inequalities, the Government is expanding PRRA as one of the main development vehicles during the post-pandemic recovery. The objective is to enhance and accelerate the potential for local and national economic growth considering the economic and demographic dynamics of each island. The World Bank has been supporting this effort by embedding investments prioritized within PRRA in recently approved projects, such as the Cabo Verde Human Capital Project (P175828) and the Resilient Tourism and Blue Economy Development in Cabo Verde Project (P176981).
- 14. The continuation of the PRRA would be aligned with the recently updated Territorial Planning Legal Framework in Cabo Verde, which reflects the Government's spatial development vision. Supported by the World Bank through the Cabo Verde Disaster Risk Management Development Policy Financing with Cat DDO (P160628), the Government of Cabo Verde strengthened its Territorial Planning Legal Framework through the Decree-Law 4/2018, which streamlined the different layers of territorial planning instruments and incorporated the use of disaster and

<sup>&</sup>lt;sup>11</sup> The road network is divided into three road classes and rural roads, with 1st class roads making up 34 percent of the network, 2nd class roads 3 percent, 3rd class roads 56 percent and rural roads 7 percent.

<sup>&</sup>lt;sup>12</sup> For more details, see: https://www.mf.gov.cv/web/mf/-/governo-apresenta-plano-estrat%C3%A9gico-do-desenvolvimento-sustent%C3%A1vel-peds-2022-2026

climate-related risk considerations in their preparation.13 An updated National Policy for Territorial Planning and Urbanism was approved in 2020 to include directives and guidelines to incorporate disaster and climate-related risks in territorial planning.<sup>14</sup> National (National Directive for Territorial Planning, DNOT), regional (Regional Framework for Territorial Planning, EROTs) and municipal (Municipal Master Plan, PDMs; and Detailed Plans, PDs) instruments are mandated to comply with the national guidelines and incorporate targeted hazard and risk information.15 Territorial Plans for Integrated Tourism Development Areas (ZDTI) —which are often located along the shoreline—will also have to comply with this regulation. The development of some ZDTIs were included in the recently closed Competitiveness for Tourism Development Project (P146666) as well as the new Resilient Tourism and Blue Economy Development in Cabo Verde Project (P176981).

#### Relationship to CPF

- 15. The proposed Project is aligned with the Country Partnership Framework (CPF) for Cabo Verde (FY20-25). The project supports two of the CPF's objectives, namely (i) enabling social and productive inclusion, which seeks to create opportunities for the current generation, particularly vulnerable populations, to participate in the economy and reduce informality; and (ii) improving the foundations for private sector growth, which seeks to improve the availability of key services—including transport and urban infrastructure. Geographical diversification and complementarity of investments between urban and transport sectors constitute a key pivot point to unlock more positive spillovers for development across and within the islands. Lastly, the Project directly contributes to the World Bank Group's twin goals, by continuing to focus on improving the welfare of and increasing resilience among the poor and vulnerable population.
- 16. The project is in line with corporate mandates and will promote citizen engagement during preparation and implementation, establish specific gender targets and contribute to global and regional commitments to support and scale up climate action by increasing climate co-benefits. The proposed project is also aligned with commitments and actions outlined in the country's NDCs and it will deliver on two strategic directions of the Next Generation Africa Climate Business Plan (NG-ACBP)<sup>16</sup>. The first is "Environmental Stability" with managed seascapes that increase ecosystems resilience and contribute to socio-economic resilience. The second is "Resilient Green Cities" with incorporation of climate consideration in the planning, prioritization, and design of infrastructure investments to support low-carbon, climate resilient outcomes. In relation to gender corporate priorities, the proposed project is expected to address gender gaps associated with access to basic services, improved housing conditions, connectivity infrastructure, and public space.
- 17. The World Bank has built a strong partnership with the Government in the two concerned sectors, transport, and urban development, and will build on the existing portfolio, pipeline, and ASAs to enhance the project's development impact. This includes: (i) the Transport Sector Reform Project, approved in 2013, which laid the groundwork for transport sector State-Owned Enterprise (SOE) reform. An additional financing, approved in 2017, funded emergency works and the upgrade of rural roads in Santiago, Santo Antão, and Brava islands; (ii) the Resilient Tourism and Blue Economy Development in Cabo Verde Project (P176981) which finances interventions to boost the

<sup>&</sup>lt;sup>13</sup> Decree-Law no. 1/2006, amended by the Decree-Law no. 6/2010, used to set the basis for territorial planning in the country.

<sup>14</sup> Resolution no. 24/2020

<sup>15</sup> Article VIII specifies that (i) the DNOT and EROTs are approved by Resolution of the Council of Ministers; (ii) the PDMs are approved by the Municipal Council and ratified by the Government; and (iii) the PDs are approved by the Municipal Council.

<sup>16</sup> World Bank 2020 Next Generation Africa Climate Business Plan. URL: https://www.worldbank.org/en/programs/africa-climate-businessplan/reports

tourist potential of selected destinations; (iii) the State Owned Enterprises Related Fiscal Management IPF (P160796) which through an additional financing is supporting investment promotion in priority sectors and reforms in the housing sector to strengthen housing provision; (iv) the Cabo Verde Human Capital Project (P175828), which framed within the PRRA, finances interventions in urban areas in Praia to improve the access to basic services for poor and vulnerable households; (v) the Harmonizing and Improving Statistics in West Africa IPF (P169265); (vi) the Coastal Fisheries Initiative Challenge Fund in Cabo Verde supporting the identification of sustainable investment opportunities in fisheries; (vii) the PROBLUE Project on Sustainable and Resilient Tourism in Small Islands and Coastal Destinations, which is contributing analytical work on markets, digital and circular economy; and (viii) the Cabo Verde Disaster Risk Management Development Policy Financing with Cat DDO (P160628) which supported the strengthening of the Territorial Planning legal framework.

#### C. Proposed Development Objective(s)

To improve living conditions through resilient road connectivity and urban and territorial infrastructure in targeted areas in Cabo Verde.

Key Results (From PCN)

- People benefiting from enhanced road connectivity (number)
- People benefiting from enhanced urban and territorial infrastructure (number)
- Percentage of subproject investments that have citizen engagement and public consultations (CE indicator)

## **D. Concept Description**

- 18. The higher-level objective of the proposed project will be to support sustainable development and reduce poverty and territorial inequalities in Cabo Verde through spatially integrated investments covering the transport and urban sectors in targeted areas of the country. The proposed project will support the quality of life of communities through urban and territorial upgrading in selected municipalities and increasing resilience of several islands' connections between municipalities.
- 19. The proposed Project would be framed in relation to the PRRA and the work of the Ministry of Infrastructure on intra islands connectivity resilience and would support a programmatic engagement. PRRA has proved a successful mechanism to coordinate with municipalities and support infrastructure needs at the local and regional levels. Under PRRA, MIOTH and municipalities have a strong coordination mechanism to ensure local needs are considered at the central level, while technical expertise, financing, and national objectives are brought to all islands by the central government. The GoCV highlighted the government's objective to continue with the implementation and strengthening of PRRA beyond its initial identification of investments in 2016-2017 and asked the World Bank team to support them, for a program that could be of around US\$ 120-150 million over 5-8 years.
- 20. The proposed Project would consist of a financing of US\$ 35 million and consider investments along five of the eight intervention axes under PRRA, and on the core road network resilience. Those five axes namely are: Axis I Rehabilitation of Urban Centers and Neighborhoods; Axis III Regeneration of Historic Centers; Axis V Rehabilitation of Seafront Areas; Axis VI Roads with high agricultural and tourist potential; and Axis VII Construction/Rehabilitation of Fishing Docks. Resilience will be one of the criteria to define the types of interventions to be done for roads; it should

benefit from the study on Road resilience financed by World Bank under the Transport Sector Reform Project<sup>17</sup>, for GoCV's consideration for the prioritization criteria.

#### **Component 1: Resilient Urban and Territorial Development Infrastructure**

21. This component will finance works to improve living conditions and territorial development for vulnerable neighborhoods, to be identified with the Government during project preparation. The aim of this component would be to rehabilitate public spaces and upgrade key public assets for community use, climate mitigation, and local economic development. Works under this component will utilize building materials that are resilient to floods and other hazards (e.g., concrete, rubber, treated lumber, and metal) and follow international building standards.

#### **Component 2: Enhancing Road Connectivity and Resilience**

- 22. This component would finance road rehabilitation or upgrading works to improve road transport connectivity for selected communities in Cabo Verde. This approach will focus on increasing resilience to climate change, natural hazards, and environmental conditions that affect the country. To the extent possible, the project will identify spatial synergies with Component 1 (urban upgrading) to ensure maximum impact.
- 23. The anticipated works to be financed under the new project have the potential to improve connectivity by facilitating transport of agricultural products to markets, reducing commuting times for workers who travel between communities in connection with their employment, improving access to schools and medical facilities, and promoting tourism.

#### **Component 3: Project Management and Capacity Building**

24. This component will provide support for the management and implementation of the proposed Project. It will finance activities related to project management, including project coordination, procurement, financial management (FM), monitoring and evaluation (M&E), project communication, citizen engagement, and environmental and social safeguards. This component will also cover office equipment, operating costs, and independent audits, and contributions to shared costs for safeguards, procurement, and FM specialists. The GoCV also expressed the need for a Project preparation advance (PPA) to accelerate the Project's preparation, including in terms of definition and design of capacity building needs.

### **Component 4: Contingent Emergency Response Component (CERC)**

25. This component will be a Contingent Emergency Response Component (CERC) to enable a speedy response to future crises if needed. This component will have an initial zero budget allocation but would allow for rapid reallocation of project funds in the event of a natural or man-made disaster or crisis that has caused or is likely to imminently cause major adverse economic and/or social impacts. To trigger this component, the Government would declare an emergency

<sup>&</sup>lt;sup>17</sup> Consultancy Services for Climate Change and natural Hazard Vulnerability and Risk Assessment and Climate Resilience and Adaptation Strategy for the Cabo Verde Road Network. Loan N. IDA-61000, RFP N.: TSRP C-055

or provide a statement of fact justifying the request for the activation of the use of emergency funding. This component could also be used to channel additional funds should they become available because of an emergency.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	

26. **Environmental and social risk is rated Substantial.** At this stage, the environmental risk rating is considered substantial and the social risk rating is moderate. While the project's environmental and social outcomes are expected to be positive, potentially negative impacts may arise during the implementation of Components 1 and 2. At this time, the exact locations of projects activities are not yet determined and the team cannot be sure that the roads through sensitive biodiversity areas will not be selected in the design of the project, the environmental risk is therefore considered substantial and will be reassessed at Appraisal. On the social side, the proposed project activities are expected to result in largely positive socio-economic impacts for affected communities. However, risks and impacts relating to the proposed civil works must be carefully managed to avoid or mitigate, inter alia, physical or economic displacement impacts and risks relating to labor influx including but not limited to sexual exploitation and abuse/sexual harassment (SEA/SH). Furthermore, it will be important to ensure an inclusive and comprehensive process of meaningful consultation with stakeholders throughout all phases of the project cycle, with particular emphasis on the inclusion of disadvantaged or vulnerable groups and individuals in the consultation process and, ultimately, as project beneficiaries.

## **CONTACT POINT**

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## **Borrower/Client/Recipient**

Republic of Cabo Verde

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# APPROVAL

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