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Competitiveness for Tourism Development (SOP-1) Project
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(MTIBD)

Environmental and Social Management Framework
(ESMF)

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ACRONYMS AND ABBREVIATIONS

ADEI	Agency for the Development of Enterprises and Innovation
ADR	Alternative Dispute Resolution
AfDB	African Development Bank
ARAP	Public Procurement Authority
BCV	Central Bank of Cape Verde
CTD	Competitiveness for Tourism Development Project
CPIA	Country Policy and Institutional Assessment
CPS	Country Partnership Strategy
CRM	Customer Relationship Management
CST	Sustainable Tourism Certification
CVI	Cabo Verde Investments
DA	Designated Account
DGA	National Directorate of Environment
DGPCP	Public Assets and Public Procurement Directorate
DLI	Disbursement Linked Indicator
FIAS	Foreign Investment Advisory Service
FCC	<i>Fundo de Crescimento e Competitividade</i>
FDI	Foreign Direct Investment
FFV	Fresh Fruit and Vegetables
FM	Financial Management
GDP	Gross Domestic Product
GoCV	Government of Cabo Verde
GPN	General Procurement Notice
GPRSP	Growth and Poverty Reduction Strategy Program
GRS	Grievance Redress Services
IBRD	International Bank for Reconstruction and Development

ICB	International Competitive Bidding
ICR	Implementation Completion Report
IDA	International Development Association
IDF	Institutional Development Fund
IEG	Independent Evaluation Group
IFR	Interim Financial Reports
IGQPI	Institute of Quality Management and Intellectual Property
IMF	International Monetary Fund
INE	National Statistics Institute
ISA	Standards on Auditing
ITS	Investor Tracking System
JICA	Japan International Cooperation Agency
KPI	Key Performance Indicators
MFP	<i>Ministério das Finanças e Planeamento</i>
MIME	Ministry of Infrastructure and Maritime Economy
MoFA	Ministry of Foreign Affairs
MSME	Micro, Small and Medium Enterprises
MTIBD	Ministry of Tourism, Investment, and Business Development
M&E	Monitoring and Evaluation
NCB	National Competitive Bidding
NIS	National Investment System
NPV	Net Present Value
NTA	National Tourism Agency
NTO	National Tourism Organization
PAD	Project Appraisal Document
PAM	Municipal Action Plans
PSC	Project Steering Committee
PDO	Project Development Objective

PIM	Project Implementation Manual
PIU	Project Implementation Unit
PPD	Public-private dialogue
RFP	Request for Proposal
ROI	Returns on Investment
SDTIBM	Society for the Touristic Development of the Islands of Boa Vista and Maio
SIDS	Small Islands Development States
SME	Small and Medium Enterprises
SOE	Statement of Expenditure
SOP	Series of Projects
SPN	Specific Procurement Notices
SSKE	South South Knowledge Exchange
UGA	Procurement Management Unit (within contracting entities)
UGPE	<i>Unidade de Gestão de Projetos Especiais</i>

Environmental and Social Management Framework (ESMF)
Competitiveness for Tourism Development Project (CTD-1)
Cabo Verde

Executive Summary

Overview

1. The proposed IDA-financed Competitiveness for Tourism Development Project (CTD – US\$10m) aims to increase the competitiveness of the tourism sector in Cabo Verde. Competitiveness is defined on an economy level as attraction of FDI and successful diversification of tourist operations beyond the resort model, and at the firm level as increases in revenue for SMEs operating in the tourism value chain.
2. The project will primarily finance technical assistance, capacity building activities, and provide in kind matching grant financing to SMEs to expand on-going business in different sectors along the tourism value chain.
3. The project will also finance feasibility and other studies to identify and prepare future works that would offer the best return and the lowest impact; these future works themselves would not be financed under this project. Overall, the project is not expected to have significant nor irreversible direct environmental or social impacts and has been rated “B” for the purposes of World Bank Policy Op 4.01.
4. In order to address these potential environmental and social concerns the Environmental and Social Management Framework (ESMF) has been prepared. This document presents the ESMF. Because of the mechanism of funding (matching grants) and that the activities will be implemented by third parties (awarded SMEs and Associations), the ESMF includes an exclusion lists which will serve to inform the criterion ‘eligible expenditure’.

Context

5. The GoCV’s third Growth and Poverty Reduction Program (GPRSP III) introduces a private sector driven approach to renew growth, in which tourism plays a key role. Based on a recent World Bank report, the islands where tourism is concentrated experienced significant declines in poverty during 2000-2010, with poverty reducing in Sal by 59 percent and in Boa Vista by 52 percent, showing that tourism growth has the potential to lift people out of poverty. Furthermore, the tourism sector has become Cabo Verde’s most important economic sector, responsible for around 20 percent of GDP and 14 percent of employment. The next phase of Cabo Verde’s tourism growth must be more inclusive in order to duly fulfill its vision to alleviate poverty.

Therefore, the country's vision is to develop a competitive and sustainable tourism sector with high value added, focusing on the medium/high end of the market, while linking with local enterprises and services that will expand the benefits of this growth to the lower levels of the economic pyramid.

Project Objective

6. The project development objective is to increase the competitiveness of the tourism sector in Cabo Verde. Competitiveness is defined on an economy level as attraction of investment and successful diversification of tourist operations beyond the resort model, and at the firm level as increases in revenue for SMEs operating in the tourism value chain.

Project Description

7. The project addresses the goal of the Government of Cabo Verde to promote a new phase of inclusive growth of the economy, catalyzed by a competitive tourism sector. On one hand, this implies the attraction of large investments that bring employment, taxes, and growth to the economy at large. On the other hand, this must be complemented by efforts to help the lower rungs of the economic pyramid to access the income and opportunities for upward mobility that this growth can bring. Both of these implied actions are currently impeded, however, by the regulatory and institutional environment for the tourism sector, as well as internal constraints to firms in the tourism value chain.

8. The project addresses key constraints that inhibit the competitiveness of the tourism sector: (i) the current low capacity to proactively attract and retain FDI; (ii) the lack of coordination and strategic vision for the development of the sector; and (iii) the limited ability of local firms to participate in the tourism value chain. In doing so, the project will contribute to raising FDI by improving the capacity to proactively attract and retain investment (Component 1), strengthen the institutional framework for tourism management and diversification (Component 1), and increase the inclusiveness of tourism-led growth by strengthening the competitiveness of local SMEs (Component 2). The project will be implemented as a series of projects (SOP) consisting of two operations, beginning with the first phase (CTD-1) will during the first four years, and followed by five-year second phase (CDT-2).

9. Component 1: Strengthen the institutional framework to attract investment and manage the tourism sector (US\$3.0m). The objective of this component is to prepare the GoCV to better attract and retain FDI, and to support the establishment of a National Tourism Organization to effectively carry-out the country's tourism diversification agenda. In doing so, the component will provide technical assistance to MTIBD and its specialized agencies to increase their effectiveness in attracting FDI, carry out studies to identify infrastructure activities to unlock investment bottlenecks, and implement business environment reforms (Subcomponent 1.1). Moreover, the component will provide strategic technical assistance to MTIBD to establish a

Tourism Institute, and to oversee and coordinate the efforts to implement the tourism and diversification agenda (subcomponent 1.2).

10. Component 2: Increasing the inclusiveness of tourism growth by strengthening the competitiveness of SMEs (US\$6m). The objective of this component is to increase the competitiveness of SMEs to benefit from tourism growth. The component will support both sides of the value chain through a small accommodation quality label, as well as a matching grant facility. The quality label aims to increase occupancy rates through the design and implementation of a quality label that will be easily recognizable by tourists, thereby increasing their interest and willingness to stay in small, locally-run accommodations (subcomponent 2.1). The matching grant facility further supports SMEs to enter the overall tourism value chain, both as suppliers to resorts and as retailers and service-providers directly to tourists (subcomponent 2.2).

11. Component 3: Project implementation (US\$1m). This component will finance UGPE, which will be responsible for the supervision of project implementation, complying with fiduciary rules and safeguards, and fulfill M&E commitments. The project administrator will be recruited through a national competitive process that will search for a high potential candidate with proven experience in multi-sector project management, and who can be the technical lead for the implementation of Component 2. Moreover, the component will also finance the hiring of a private firm to assist in the implementation of the FCC in subcomponent 2.2.

Potential Environmental and Social Impacts

12. For the project, World Bank Safeguard Policies Apply. The CTD-1 Project is classified as safeguard Category B. The World Bank Operational Policies on Environmental Assessment (OP/BP 4.01), Physical Cultural Resources (OP 4.11) and Involuntary Resettlement (OP 4.12) safeguard policy were triggered for this project. The objectives of OP/BP 4.01: Environmental Assessment are to inform decision makers of the nature of the environment and social risks, and ensure that projects proposed for Bank financing are environmentally and socially sound and sustainable. The objective of OP/BP 4.11 Physical Cultural Resources is avoid or mitigate adverse impacts on physical cultural resources.. Lastly, the objectives of OP/BP 4.12 Involuntary Resettlement is for (a) Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs; (b) where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits; and (c) displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

13. The expected impacts of the project are as follows:

(a) Subcomponent 1.1 will assist CVI and SDTIBM in refining attractive pre-packaged investment-ready proposals for hotels/resorts, while supporting proactive investment outreach, facilitation, and aftercare. The establishment of new hotels in Cabo Verde will lead to a generation of jobs and government revenue, but such investments (construction and exploitation of new hotels and resorts) may induce negative impacts either biophysical (loss of vegetation and/or ecological habitat, erosion and subsequent degradation of surface water resources, temporary degradation of air quality in living areas, etc.) or socio-economic (nuisances subsequent to increased waste generation, loss of productive land, temporary loss of revenue due to displacement, gender inequality, increased prevalence of communicable diseases, etc.) which magnitude will depend on the sensitivity of the specific sites environmental characteristics. There CVI and SDTIBM will ensure that any investor, under the initiative, complies with Cabo Verdean legislation and procedures on environmental assessment, and any other requisites .In the case of successful investment in any of the pre-packaged investment-ready proposals, the Government of Cabo Verde will send the corresponding environmental and social impact assessments and any other safeguard documents carried out as part of the investment to the World Bank for its review and non-objection to inclusion of the pre-packaged proposal under the project.

(b) Subcomponent 1.1 will also finance a series of feasibility and/or other studies to identify small and medium-sized infrastructure that can unlock FDI in Cabo Verde. Such studies will consider all the economic and social returns in addition to the environmental and social impacts in order to identify optimum return projects that will facilitate tourism investment. The investments thus identified may be implemented under a follow on project (CTD-2), and are expected to have a multiplier effect leading to an attraction of further tourism investments, and benefiting the local population.

(c) Subcomponent 2.2 will provide support to eligible SMEs and associations through matching grants. The nature, scale, scope and exact location of the potential activities can only be known during implementation but, beneficiary SMEs and associations are expected to engage in diverse types of activities, some of which may have negative environmental and/or social impacts and risks. However, these negative impacts are likely to be minor, localized, and reversible and can be mitigated through proper environment and social screening, application of simple measures and environmental good practices, especially given the nature and size of the transactions and the limited funding to be made available (\$10,000-50,000) to respective SMEs and associations.

Moreover, matching grant funds will not finance works or activities that require land acquisition.

14. Given the potential for minor, reversible and site-specific environment and social impacts under subcomponents 1.1 and 2.2, this ESMF has been prepared. Under subcomponent 1.1, feasibility studies will only be done for infrastructure investments that are aligned with the safeguard policies triggered in CTD-1 and not for investments classified as category A under OP 4.01 (i.e. not for those that are likely to have significant environmental impacts that are sensitive, diverse or unprecedented) . In the case of feasibility studies, the TOR for the studies will ensure that relevant environmental and social issues are taken into account in conducting the studies in a manner that reflects the principles of Bank safeguards. These TOR will require No Objection from the World Bank. If the feasibility studies identify feasible investments, then the detailed technical designs prepared under the project will include the preparation of a suite of Bank policy-compliant safeguard instruments for the eventual investments (whether or not funded by the Bank under CTD-2) in accordance with this RPF and the ESMF that has been prepared for the project

15. Under subcomponent 2.2, it is expected that most of the beneficiary SMEs and associations will not have adequate capacity in managing even minor environmental or social impacts. This ESMF therefore provides process to ensure that such impacts are identified, avoided, minimized and adequately mitigated. The ESMF also includes an “exclusion list” (generic list of transactions that are not eligible for project support because of their expected magnitude of their negative impact on environment). The FCC Facilitator will be required, with the support of a part – time environmental and social safeguard specialist, to screen FCC applications and carry out the subsequent due diligence in accordance of the law and the ESMF provisions.

16. Further, the project (CTD1) will finance the preparation and adoption of a Strategic Environmental and Social Assessment (SESA) of the tourism sector to help (i) the mainstreaming of green growth and sustainability objectives and in the sector, thereby promoting sustainable tourism in the country, and (ii) inform further environmental and social assessments of specific investments in the sector.

Sumário Executivo

Resumo

17. O objectivo do Projecto de Competitividade para o Desenvolvimento do Turismo (CDT - US\$10M) é de aumentar a competitividade do sector do turismo em Cabo Verde. A competitividade define-se no nível económico como atracção de IDE e diversificação com sucesso das operações turísticas além do modelo de *resort*, e no plano da empresa define-se como o aumento de receitas para as MPMEs a operar na cadeia de valor do turismo.

18. O projecto é classificado em termos de salvaguardas como de Categoria B uma vez que irá financiar principalmente assistências técnicas, actividades de capacitação, e irá providenciar donativos parciais (*matching grants*) a PME's para expandir os negócios em curso em diferentes sectores ao longo da cadeia de valor do turismo. Não é esperado que o projecto aporte impactos directos significantes ou irreversíveis no plano ambiental ou social.

19. O projecto não despoleta nenhuma política de salvaguarda social. O projecto não irá financiar nenhuma actividade de infra-estrutura mas apenas estudos para identificar futuras iniciativas de infra-estruturas que ofereçam o melhor retorno e o menor impacto. Estes estudos vão incluir as estimativas de custos de reassentamento de acordo com as PO 4.12 para apoiar o mutuário a ter uma estimativa adequada dos reais custos de cada projecto de infra-estrutura a ser considerado para a Fase II. Se a segunda fase do projecto for aprovado, a Política de Reassentamento Involuntário PO/4.12 será despoletada.

20. De forma a enfrentar estes potenciais constrangimentos, está a ser preparado um Quadro de Gestão Ambiental e Social (QGAS). Este documento apresenta o QGAS. Devido ao mecanismo de financiamento de donativos parciais (*matching grants*) e a actividades que vão ser implementadas por outras entidades (PME's e associações escolhidas), o QGAS irá incluir uma lista de exclusões que irá servir para informar o critério «despesas elegíveis».

Contexto

21. O terceiro Programa de Crescimento e Redução da Pobreza do Governo de Cabo Verde (DECRP III) introduz uma abordagem liderada pelo sector privado para renovar o crescimento, na qual o turismo desempenha um papel chave. Com base em informações de um relatório recente do Banco Mundial, as ilhas onde o turismo se encontra mais concentrado viveram decréscimos significativos de pobreza durante 2000-2010, com a pobreza a decrescer no Sal em 59 por cento e na Boa Vista em 52 por cento, demonstrando que o crescimento do turismo tem o potencial de tirar pessoas da pobreza. Adicionalmente, o turismo ascendeu a sector económico mais importante de Cabo Verde - responsável por cerca de 20 por cento do PIB e 14 por cento do emprego. A próxima fase do crescimento do turismo de Cabo Verde deverá ser mais inclusiva de forma a cumprir devidamente a sua visão de aliviar a pobreza. A visão do país é também a de

desenvolver um sector do turismo competitivo e sustentável com alto valor acrescentado, focando-se no segmento médio/alto, e promovendo a ligação com as empresas e serviços locais que vão expandir os benefícios deste crescimento aos níveis mais baixos da pirâmide económica.

Objectivo do Projecto

22. O objectivo de desenvolvimento do projecto é o de aumentar a competitividade do sector do turismo em Cabo Verde. A competitividade define-se no nível económico como atracção de IDE e diversificação com sucesso das operações turísticas além do modelo de *resort*, e no planos das empresas define-se como aumento de receitas para as MPMEs a operar na cadeia de valor do turismo.

Descrição do Projecto

23. O projecto apoia o objectivo do Governo de Cabo Verde de promover uma nova fase do crescimento inclusivo da economia, catalisado por um sector competitivo do turismo. Por um lado, isto implica a atracção de investimentos amplos que aportem emprego, impostos, e crescimento à economia como um todo. Por outro lado, isto deverá ser complementado por esforços para ajudar as classes mais baixas da pirâmide económica a aceder ao rendimento e a oportunidades para mobilidade ascendente que o crescimento pode aportar. Ambas estas acções estão actualmente impedidas, todavia, pelo quadro regulatório e institucional para o sector do turismo, assim como constrangimentos internos para as empresas que operam na cadeia de valor do turismo.

24. O projecto enfrenta alguns constrangimentos chave que inibem a competitividade do sector do turismo: (i) a capacidade actualmente reduzida de atrair e reter o IDE; (ii) a falta de coordenação e visão estratégica para o desenvolvimento do sector; e (iii) a capacidade limitada que as firmas locais têm na participação na cadeia de valor do turismo. Desta forma o projecto irá contribuir para o aumento do IDE ao melhorar a capacidade de proactivamente atrair e reter investimento (Componente 1), fortalecer o quadro institucional para a gestão e diversificação do turismo (Componente 1), e aumentar a equidade do crescimento liderado pelo turismo ao fortalecer a competitividade das PME locais (Componente 2). O projecto irá ser implementado como uma série de projectos (SOP) que consistirá de duas operações, iniciando com a primeira fase (CDT-1) durante os primeiros quatro anos, e seguido por uma segunda fase de cinco anos (CDT-2).

25. Componente 1: Fortalecer o quadro institucional para atrair investimentos e gerir o sector do turismo (US\$3.0M). O objectivo deste componente é preparar o GovCV para atrair e reter o Investimento Directo Estrangeiro, e apoiar o estabelecimento de uma Organização Nacional de Turismo que possa efectivamente executar a agenda de diversificação do turismo. Este subcomponente irá providenciar assistência técnica ao MTIDE e respectivas agências especializadas para aumentar a eficácia na atracção de IDE, realizar uma série de estudos para

identificar actividades de infra-estruturas que aliviem os constrangimentos de investimentos, e implementar reformas facilitadoras do ambiente de negócios (Subcomponente 1.1). Adicionalmente, este subcomponente irá providenciar assistência técnica estratégica ao MTIDE para estabelecer um Instituto de Turismo, e para supervisionar e coordenar os esforços para implementar a agenda de diversificação do turismo (Subcomponente 1.2).

26. Componente 2: Aumentar a inclusividade do crescimento do turismo através do fortalecimento da competitividade das MPMEs (US\$6M). O objectivo deste componente é aumentar a competitividade das PME's para que estas beneficiem do crescimento do turismo. O componente irá apoiar ambos os lados da cadeia de valor através de um selo de qualidade para pequenos alojamentos, assim como um instrumento de donativos parciais (*matching grants*). O selo de qualidade procura aumentar as taxas de ocupação através do desenho e implementação de um selo que seja facilmente reconhecível pelos turistas, aumentando assim o seu interesse e disponibilidade para ficarem em alojamentos pequenos geridos localmente (subcomponente 2.1). O instrumento de donativos parciais (*matching grant*) irá providenciar apoio adicional às PME's para que estas entrem na cadeia de valor do turismo, tanto como fornecedoras aos *resorts* como para retalhistas e fornecedores de serviços directamente aos turistas.

27. Componente 3: Implementação do Projecto (US\$1M). Este componente irá financiar a UGPE, que irá ser responsável pela supervisão da implementação do projecto, cumprindo com as regras fiduciárias e salvaguardas, e cumprindo os compromissos de seguimento e avaliação. O coordenador do projecto irá ser recrutado através de um processo competitivo a nível nacional que irá procurar um candidato de elevado potencial e com experiência comprovada na gestão de projectos multissectoriais, e que poderá ser o líder técnico da implementação do Componente 2. Adicionalmente, o componente irá também financiar a contratação de uma firma privada para assistir na implementação do FCC no subcomponente 2.2.

Potenciais Impactos Ambientais e Sociais

28. Aplicam-se ao projecto as Políticas de Salvaguarda do Banco Mundial. O Projecto CDT-1 é classificado como Categoria B de salvaguarda. A Avaliação Ambiental do Banco Mundial (PO/PB 4.01) de política de salvaguarda foi despoletada por este projecto. Os objectivos da PO/PB 4.01 (Avaliação Ambiental) são de procurar informar os decisores de políticas sobre a natureza dos riscos ambientais e sociais, e garantir que os projectos propostos para financiamento do Banco são ambientalmente correctos e sustentáveis.

29. Os impactos esperados do projecto são os seguintes:

- (a) O Subcomponente 1.1 irá assistir a CVI e SDTIBM a refinarem propostas atractivas de investimento para hotéis/*resorts*, em simultâneo com o apoio à promoção proactiva de investimento, facilitação, e seguimento na fase de pós-investimento (*aftercare*). O estabelecimento de novos hotéis em Cabo Verde irá levar

à criação de novos empregos e receita governamental, mas tais investimentos (construção e exploração de novos hotéis e *resorts*) pode induzir impactos negativos no plano biofísico (perda de vegetação e/ou habitat ecológico, erosão e degradação subsequente de recursos aquíferos de superfície, degradação temporária de qualidade do ar em áreas habitadas, etc.) ou socioeconómico (questões ligadas à produção crescente de resíduos, perda de terrenos produtivos, perda temporária de receita devido a reassentamentos involuntários, desigualdade de género, prevalência crescente de doenças comunicáveis, etc.) cuja magnitude irá depender da sensibilidade das características ambientais dos diferentes locais. A CVI e SDTIBM vão garantir que qualquer investidor, sob a iniciativa, cumpre com a legislação de Cabo Verde e procedimentos a respeito da avaliação ambiental, entre outros requisitos.

(b) O Subcomponente 1.1 irá também financiar uma série de estudos para identificar infra-estruturas pequenas e médias que possam desbloquear o IDE em Cabo Verde. Tais estudos podem considerar todos os retornos económicos e sociais a somar aos impactos ambientais de forma a identificar projectos de retorno óptimo que possam facilitar o investimento no turismo. Os investimentos identificados podem vir a ser implementados no quadro de um projecto seguinte (CDT-2), e devem gerar um efeito multiplicador que leve à atracção de mais investimentos turísticos, que beneficiem a população local. Os investimentos de infra-estruturas que sejam considerados exequíveis e a serem apoiados no CDT-2 serão processados através dos procedimentos de avaliação estabelecidos no actual ESMF, e depois sujeitos aos estudos relevantes (i.e. ESIA, RAP), a serem financiados pelo CDT-1.

(c) O subcomponente 2.2. irá providenciar apoio às PME e associações elegíveis através de donativos parciais. A natureza, escala, amplitude e localização exacta das potenciais actividades só podem ser conhecidas durante a implementação mas, espera-se que as PME e associações beneficiárias se envolvam em diversos tipos de actividades, algumas das quais podem ter impactos e riscos ambientais e/ou sociais negativos. No entanto, é provável que estes impactos negativos sejam menores, localizados e reversíveis e podem ser mitigados através de uma avaliação ambiental e social adequadas, assim como através da aplicação de medidas simples e de boas práticas ambientais, especialmente tendo em conta a natureza e dimensão das transacções e o financiamento limitado e pequeno a ser disponibilizado às respectivas PME e associações (US\$10.000 - US\$50.000). Adicionalmente, os fundos de donativos parciais não vão financiar trabalhos ou aquisições ligadas a terrenos.

30. Tendo em conta o potencial directo para impactos sociais e ambientais menores, reversíveis e específicos ao local sob o subcomponente 2.2, foi elaborado este QGAS. Espera-se

que a maioria das PME e associações beneficiárias não tenham capacidade para gerir mesmo os impactos sociais e ambientais mais reduzidos. Este QGAS garante por isso que estes impactos são identificados, evitados, minimizados e adequadamente mitigados. Este QGAS também inclui uma «lista de exclusões» (lista genérica de transacções que não são elegíveis para apoio do projecto devido à magnitude esperada do seu impacto negativo no ambiente). O Facilitador do FCC irá requisitar, com o apoio de um especialista de salvaguardas ambientais e sociais, a avaliação das candidaturas ao FCC e efectuar a necessária perícia detalhada de acordo com a Lei e provisões do ESMF.

31. Adicionalmente, o projecto (CDT1) irá financiar a preparação de uma Avaliação Estratégica Ambiental e Social (SESA) do sector do turismo para apoiar: (i) a promoção do crescimento «verde» e dos objectivos de sustentabilidade no sector, promovendo assim o turismo sustentável no país, e (ii) informar avaliações adicionais de cariz social e ambiental de investimentos específicos no sector.

Environmental and Social Management Framework (ESMF)

Competitiveness for Tourism Development (CTD) Project

Cabo Verde

A. Overview

32. The proposed IDA-financed Competitiveness for Tourism Development Project (CTD – US\$10m) aims to increase the competitiveness of the tourism sector in Cabo Verde. Competitiveness is defined on an economy level as attraction of FDI and successful diversification of tourist operations beyond the resort model, and at the firm level as increases in revenue for SMEs operating in the tourism value chain.

33. The project is classified as safeguards Category B as it is expected that its environmental and social impacts will be site specific and few if any will be irreversible. The project will primarily finance technical assistance, capacity building activities, and provide in kind matching grant financing to SMEs to expand on-going business in different sectors along the tourism value chain. As a result, the project triggers OP 4.01 Environmental Assessment safeguard policy. Furthermore, the project will finance feasibility and other studies to identify and prepare future infrastructure works that would offer the best return and the lowest impact; however, the project will not finance the actual works thus identified and prepared. Therefore, the project triggers also World Bank Operational Policy OP 4.11 on Physical Cultural Resources and OP 4.12 on Involuntary Resettlement. Overall, the project is not expected to have significant nor irreversible direct environmental or social impacts.

34. In order to address potential environmental and social concerns this Environmental and Social Management Framework (ESMF) is prepared. Because of the mechanism of funding (matching grants) of component 2.1 and the fact that the activities under this subcomponent will be implemented by third parties (awarded SMEs and Associations), the ESMF includes an exclusion list which will serve to inform the criterion ‘eligible expenditure’.

B. Project Objective

35. The project development objective is to increase the competitiveness of the tourism sector in Cabo Verde. Competitiveness is defined on an economy level as attraction of FDI and successful diversification of tourist operations beyond the resort model, and at the firm level as increases in revenue for SMEs operating in the tourism value chain.

36. The project addresses the goal of the Government of Cabo Verde to promote a new phase of inclusive growth of the economy, catalyzed by a competitive tourism sector. On one hand, this implies the attraction of large investments that bring employment, taxes, and growth to the economy at large. On the other hand, this must be complemented by efforts to help the lower

rungs of the economic pyramid to access the income and opportunities for upward mobility that this growth can bring, all to be done in an environmentally and socially sustainable manner. Both of these implied actions are currently impeded, however, by the regulatory and institutional environment for the tourism sector, as well as internal constraints to firms in the tourism value chain.

37. The project addresses key constraints that inhibit the competitiveness of the tourism sector: (i) the current low capacity to proactively attract and retain FDI; (ii) the lack of coordination and strategic vision for the development of the sector; and (iii) the limited ability of local firms to participate in the tourism value chain. In doing so, the project will raise FDI by improving the capacity to proactively attract and retain investment (Component 1), strengthen the institutional and strategic framework for tourism management and diversification (Component 1), and increase the inclusiveness of tourism-led growth by strengthening the competitiveness of local SMEs (Component 2). The project will be implemented as a first of two operations, beginning with the first project (CTD-1) during the first four years, and likely followed by five-year second project (CDT-2).

Project Description

38. The CTD-1 project comprises of the following three components

Component 1: Strengthen the institutional framework to attract investment and manage the tourism sector (US\$3.0m)

39. The objective of this component is to prepare the GoCV to better attract and retain FDI, and to support the establishment of a National Tourism Organization to effectively carry-out the country's tourism diversification agenda in a sustainable manner. Cabo Verde has suffered a decline in FDI since 2008, when net inflows reached 12 percent of GDP. It decreased sharply in 2009 to 2010 to 7 percent, to 5 percent in 2011, 4 percent in 2012, and a mere 2 percent in 2013. The Government must be proactive in attracting, managing and retaining FDI, through both institutional and regulatory reforms. In order to coordinate and implement the concerted effort that the MTIBD is making to this end, the Ministry will benefit from consultant support to be placed in-house.

Subcomponent 1.1: Improving the ability to attract tourism investment (US\$2.0m)

40. This subcomponent will provide technical assistance to MTIBD and its specialized agencies to increase their effectiveness in attracting FDI, carry out studies to identify infrastructure activities to unlock investment bottlenecks, and implement business environment reforms.

41. Firstly, this subcomponent will provide support to CVI and SDTIBM to build their capability to proactively attract, retain and expand FDI, mainly focused on hotel and resort investments. In order to increase the support effectiveness, CTD-1 will pilot the approach opportunistically on islands with investment-ready projects (i.e. Boa Vista and/or Sao Vicente). The subcomponent activities will help to polish these attractive pre-packaged investment-ready proposals, while supporting CVI and SDTIBM in proactive investment outreach, facilitation, and aftercare. This should result in several site visits by investors, as well as signed investment deals during the project's implementation period. Key to this is the project's support to developing comprehensive market intelligence, a coherent mobilization/outreach strategy, establishing collaboration mechanisms between CVI, SDTIBM, MTIBD, MFP, the Tourism Chamber, and other stakeholders. The project will also leverage IFC's interest to invest in the tourism sector.

42. Secondly, the subcomponent will finance a series of studies to identify small and medium-sized infrastructure that can unlock FDI in Cabo Verde. The studies will be implemented in cooperation with the National Investment System (NIS), supported by an IDF grant. Such studies will consider all the economic and social returns in addition to the environmental impacts in order to identify optimum return projects that will facilitate tourism investment. Studies will only be done for infrastructure investments that are aligned with the safeguard policies triggered in CTD-1 and not for investments classified as category A. The studies and the NIS will help define, analyze and prioritize the infrastructure portfolio. The MTIBD and MIME have prioritized studies on the urban plans of Sal Rei and Santa Maria, as well as upgrading roads in the southern part of Boa Vista. In the case of feasibility studies, the TOR for the studies will ensure that relevant environmental and social issues are taken into account in conducting the studies in a manner that reflects the principles of Bank safeguards. The TOR will require a No Objection from the World Bank, and will need to be publicly disclosed. If the feasibility studies identify feasible investments, then the detailed technical designs will prepare a suite of Bank policy-compliant safeguard instruments for the eventual investments (whether or not funded by the Bank in CTD 2); those instruments will have to comply with this RPF, and the ESMF that has been prepared for the project..

43. Thirdly, the project will support reforms to improve access to finance. Activities under this subcomponent are aimed at implementing the recently produced Cabo Verde: Strategy for Increasing Access to Finance for Micro, Small and Medium Enterprises, facilitated by the Finance and Markets Global Practice. Currently, the GoCV has prioritized the drafting and implementation of a new framework for insolvency, under the coordination of ADEI. Such a framework would provide for the resolution of business insolvency cases to efficiently liquidate unviable firms, while reorganizing viable firms. Having such a legal framework in place, along with its practical and institutional application, is expected to contribute to increased access to finance, particularly for SMEs. The prioritized activities include support to: (a) update the legislative framework to be aligned with the new draft insolvency law and draft implementing

regulations; (b) conduct training and outreach on the new insolvency framework for all stakeholders; (c) support to Camara de Comercio de Sotavento to establish their arbitration and mediation center; (d) create a pilot committee with technical experts to lead the public-private dialogue (PPD) on the insolvency implementation; and (e) publicity, outreach, and communications for the new insolvency framework. The project will further support the GoCV to identify and implement additional reforms to the business environment to release bottlenecks that would increase access to finance.

Subcomponent 1.2 Strengthen the capacity of a National Tourism Organization (US\$1.0m)

44. This subcomponent will provide strategic technical assistance to MTIBD and the NTO for the establishment of the NTO, and to oversee and coordinate the efforts to implement the tourism and diversification agenda.

45. Following a World Bank funded South-South Knowledge Exchange (SSKE) with Seychelles, MTIBD committed to creating a mixed public-private NTO—often referred to as a tourism board. One of the main goals is to plan the tourism sector—that is, to consolidate existing destinations (e.g., Sal and Boa Vista) and create a strategy for new destinations within the country. The NTO will be established with government resources raised by the tourism tax. The role of this NTO will be instrumental in guiding the sector towards greater diversification and competitiveness. Therefore, this subcomponent will provide MTIBD and the NTO with strategic technical support. First, it will facilitate assistance in the drafting of the NTO’s Institutional Framework and Action Plan. This should detail the structure of the public-private board, its secretariat, and other bodies aimed at promoting a robust public-private dialogue. It should also outline the NTO’s specific roles and responsibilities, including those that relate to environmental protection and risk mitigation¹, and therefore, the project will support the preparation of a Strategic Environmental and Social Assessment (SESA) for the tourism value chain, identifying the environmental and social elements to be mainstreamed in sectoral policies and strategies, as a means to promote sustainable, and inclusive sectoral growth. Key Performance Indicators (KPIs) should be formulated so as to enhance NTO performance and accountability.

46. Once staff has been hired, a full-time expert will be embedded within the NTO to support action plan implementation while building capacity of NTO staff. Additionally, an Advisory Council will provide the NTO with guidance on strategic issues. The council will convene twice per year and consist of current or former executives of highly successful NTOs. Also, assistance will be provided for the creation of a new tourism market observatory that will enable the NTO

¹ This will be in collaboration with the GEF “Mainstreaming Biodiversity Conservation into the Tourism Sector in Synergy with a Further Strengthened Protected Areas System in Cabo Verde” project, which is currently being formulated with assistance from UNDP.

to regularly track key market trends. The observatory should be initiated through a foundational market research study that provides in-depth data on relevant niche segments, in the process helping the NTO prioritize target markets. The tourism market observatory will also be fed by intelligence gathered through biannual visitor surveys conducted by the National Statistics Institute (INE). The survey will also allow for monitoring and evaluation of the project. Technical assistance for specific marketing and statistics collection initiatives may also be provided.

47. In order to oversee and coordinate the efforts of the NTO and other agencies involved in the management and attraction of investment to the tourism sector, the MTIBD will receive consultancy support. At the moment, all units within the ministry report directly to the Minister, so there is a need for an intermediate responsible body that can oversee the technical aspects of these units, along with an advisor on overall strategy for the ministry.

48. CTD-2: Conditional upon the feasibility studies, Phase II would finance infrastructure recommended by the National Investment System. Potential infrastructure investments include (i) urban revitalization of Sal Rei and Santa Maria; (ii) airport improvements; (iii) upgrade of roads to the southern part of Boa Vista, an area designated for tourism development that has sparked interest by a number of international investors; and (iv) improvements in water and sanitation. Moreover, CTD-2 would carry out investments to implement the required financial infrastructure activities to complement the legal reforms implemented in CTD-1. Moreover, further support to CVI, SDTIBM, and the NTO will continue under Phase II depending on the priorities of the institutions and the progress made by the time Phase II is approved.

Component 2: Increasing the inclusiveness of tourism growth by strengthening the competitiveness of SMEs (US\$6m)

49. The objective of this component is to increase the competitiveness of SMEs to benefit from tourism growth. The component will support both sides of the value chain through a small accommodation quality label, as well as a matching grant facility. The quality label aims to increase occupancy rates through the design and implementation of a quality label that will be easily recognizable by tourists, thereby increasing their interest and willingness to stay in small, locally-run accommodations. The matching grant facility further supports SMEs to enter the overall tourism value chain, both as suppliers to resorts and as retailers and service-providers directly to tourists.

Subcomponent 2.1 Designing and implementing a quality label for small accommodation establishments (US\$1m)

50. This subcomponent will provide technical assistance to MTIBD to design and implement a quality label for small establishments to increase their competitiveness. While the Government wishes to diversify the accommodation supply for tourists, the current quality of small

accommodation establishments is uneven. International best practice indicates that quality labels can be an effective means of improving service standards of small accommodations. This should result in increased revenues for business owners. A well-designed quality label program would also help position Cabo Verde as a multi-faceted destination, encourage more environmentally-sustainable practices, and promote collaboration among small accommodations owners.

51. The development and implementation of the quality label in Cabo Verde will be led by MTIBD's Institute of Quality Management and Intellectual Property (IGQPI) in collaboration with the NTO and the Chamber of Tourism. The program will target accommodations establishments on all nine inhabited islands, both in urban and rural areas. The component will involve the following: (i) adapting service and facilities standards to the Cabo Verde context; (ii) providing extensive training and technical assistance to participants; and (iii) promoting the label (and its adherents) through the NTO's destination marketing activities.

Subcomponent 2.2: Improving the competitiveness of SMEs (US\$5.0m)

52. This subcomponent will implement a matching grants program to improve the ability of SME to respond to market needs and effectively participate in the economic activities generated by tourism growth. The support to SMEs will be done through a matching grant facility that provides direct support to eligible companies. The matching grant facility (Fundo de Crescimento e Competitividade, FCC) has been in implementation since 2003 and was supported by the recently concluded SME Capacity Building and Economic Governance Project, where firms supported by the FCC recorded increases in revenues of over 30 percent.

53. Eligible uses of funds include the purchase of services such as business development services, training, and small goods. Moreover, funds can be used to finance training and activities that bring enterprises or groups of enterprises to international standards, such as those sponsored by the International Standards Organization, standards that will certify that a product is locally made or grown, organic or "green", or those needed to meet the requirements of the quality label for small establishments under subcomponent 2.1, for example. Moreover, matching grant funds will not finance works or activities that require land acquisition. An adequate selection of beneficiaries is key for the FCC to become successful. Therefore, the management of the FCC will be assisted by a private sector firm (FCC Coordinator) with the necessary experience to proactively create the linkages between potential beneficiaries and the tourism value chain, facilitate the preparation of business plans, carry out the necessary appraisals, and monitor plan implementation. The FCC Coordinator will report to an Investment Committee that will include participation from MTIBD, ADEI, and the private sector, among others.

54. CTD-2: The implementation of the quality label and FCC will continue under CTD-2, reflecting the lessons learned during Phase I.

Component 3: Project implementation (US\$1m)

55. This component will finance UGPE, which will be responsible for the supervision of project implementation, complying with fiduciary rules and safeguards, and fulfill M&E commitments. The project administrator will be recruited through a national competitive process that will search for a high potential candidate with proven experience in multi-sector project management, and who can be the technical lead for the implementation of Component 2. Moreover, the component will also finance the hiring of a private firm to assist in the implementation of the FCC in subcomponent 2.2.

C. Policy, Legal, and Administrative Framework

56. Democratic governance in Cabo Verde is based on the articulation between central government and the municipalities (22 in total), both with rights and responsibilities without intermediate bodies. There are delegations of some ministries that cover several municipalities, but are distributed by islands or by areas of islands according to isolation, population, and volume of activities in a specified sector rather than by geographic distribution.

57. Municipalities are autonomous bodies, with their own patrimony and finances (they can charge some taxes) and with the possibility of regulate some matters. Within the framework of the ongoing decentralization reform, municipalities have an important role on the implementation of environmental policies and measures, as they are the public bodies closer to populations and small companies.

58. Institutional responsibilities are distributed across a variety of agencies such as MAHOT, MDR, MIEM, MTIBD, ANAS, as described in Annex 10. Those with key linkages to the project include (i) MAHOT, which is *inter alia* responsible for overarching policies on environment as well as territorial planning and housing, and decentralization; (ii) National Environmental Council, which supports articulation of policies and cooperation between public and private sector; (iii) DGA within MAHOT, which is the main agency for environmental management and protection, including EIA functions; (iv) DGT within MTIBD, which elaborates and implements tourism policies and strategies, and licenses and monitors tourism operators and operations, including monitoring of environmental impacts; and (v) Delegations of Rural Development, Environment, and Fisheries, which are the decentralized bodies of MAHOT, MADR, and MIEM, implementing ministerial policies, including those in the environment, and supporting the population and SMEs

59. Moreover specific instruments have been created, such as Social Sustainability for Tourism Fund (Resolution 94/2013); Environmental Fund and Ecological Tax (Law 76/VII/2010 amended by Lei 17/VIII/2012) Fundo do Ambiente e Taxa Ecológica; and Transporte Marítimo Inter-ilhas (Resolution 4/2015).

60. The main legal instruments on environment are described in Annex 9. Cabo Verde has the right to the environment granted by its Constitution and reflected in a Framework Law of Environment and its Regulation. Specific policies and legislation have been enacted for the following environment components: air, water, waste and chemicals and soils. However there is lack of regulation which difficult the implementation and enforcement of the general rules and guiding principles. These are the cases particularly of air and waste.

61. Annex 9 also includes a list of the Main Multilateral Environmental Agreements to which Cabo Verde is a Party. It demonstrates that the country is participating actively in the international arena. All these international obligations are part of national law but have not in many cases been reflected in national policies and regulations and are therefore difficult to implement. The secretariats of these MEA often make available technical assistance and funds for implementation.

62. Several structural documents of the GoCV enable the integration of environmental and sustainable development considerations on the planning process. The main instruments are the Poverty Reduction and Growth Strategy Paper (Documento de Estratégia de Crescimento e de Redução da Pobreza, GPRSP III), namely the second phase 2012-2016, and the second National Action Plan for Environment (Plano de Acção Nacional para o Ambiente, PANA II) for the period 2004-2014. The above documents, are backed by the successive Programmes of the Government, as 2011-2016 (Resolução 22/2011 of 14/06).

D. Environmental and Social Management Capacity

63. The National Action Plan for the Environment II, PANA II 2004-2014, is the main policy instrument for environment management in Cabo Verde. PANA II implementation follows an integrated approach in which different sectors and all the municipalities are supposed to intervene. In this way two sets of plans were elaborated, the sectoral plans (Planos de Acção Inter-sectoriais², PAIS, some of which are cross-sectoral) and the municipal action plans (Planos de Acção Municipais, PAM). PANA II has been revised in 2013 and its implementation is expected until end of 2015. A new PANA is expected to start to be drafted in 2015.

64. As PANA II is implemented the environmental governance capacity of the country increases. The environment line ministry is now integrated in the Ministry of Environment, Housing and Spatial Planning, and the Directorate of Environment counts with staff in 3 departments – EIA, legal issues and inspection; environmental information and environmental quality; and natural resources management (up to 2014 it included the protected areas network

² There are 9 PAIS: i) Environment and sustainable management of water resources, ii) Environment and Public Health; iii) Environment and Biodiversity iv) Environment and Territorial Planning; v) Environment and Education, Training, Information and Awareness vi) Environment and Tourism, vii) Environment and Agriculture, Forestry and Livestock viii) Environment and Fisheries; ix) Environment and Industry, Energy and Commerce.

management - currently not integrated). The delegations of the ministry of Rural Development count with specialized staff representing the line ministry of environment and the line ministry of fisheries. Usually there is only one environmental officer in these delegations, unable to address all responsibilities, and requests for support to the DG Environment cannot always be satisfied.

65. A water and sanitation reform is taking place and an Agency for Water and Sanitation including solid waste has been established – it is currently being staffed. Also multi-municipal utilities companies of water and sanitation are being established.

66. National legislation and international obligations assumed by Cabo Verde provide a fair protection of environment. There have been improvements on the process of Environmental Impact Assessment (EIA) and oversight of environmental and social management plans (ESMP). However, it is not uncommon that even public works start without the required EIA. The number of audits, not only to industry but also to different undertakings as inert extraction “pedreiras”, hotels etc have increased, but application of fines and sanctions is still constricted. There are persistent law enforcement challenges. For example, since 2009 the problem of sand extraction has been addressed in a more consistent way, but beaches continue losing sand and saline intrusion in farmlands continues, many municipalities and even GoCV bodies still purchase sand from illegal origin, and the project of importing sand to increase the supply side of the market and to rehabilitate beaches is in a stand still.

67. Progress on biodiversity depends almost exclusively on externally funded projects, in particular by the GEF via UN, and the sub-sector still shows little sustainability. The forest management capacity in the country – responsibility of Ministry of Rural Development - is weak, a forest inventory has been concluded in 2013, but the elaboration and implementation of forest management plans was paused. Invasive species continue to be a problem that is adequately addressed only inside some protected areas, and not at all outside. Marine resources management namely regarding update of fisheries management plans and inspections are at acceptable level (in particular having in mind the limitation of equipment and resources).

68. Climate change is still not addressed in an integrated way in the country, and climate change related projects are conceived and implemented on an ad-hoc basis. There is an Interministerial Committee on the issue that is also the Designated National Authority for Kyoto Protocol, but it does not meet regularly. Investing in the future, a National Plan for Environmental Education 2013-2022 was enacted and the inclusion of environment in the school curricula is being mainstreamed.

69. The spatial planning reform ongoing for the last 5 years has strongly increased planning in the country. Spatial planning legislation has been updated, the National Directive of Spatial Planning is being implemented, 6 Territorial Planning Regional Schemes (EROT) have been elaborated – although the ones on Fogo and St. Antão are suspended – and 19 Municipal Master

Plans have been enacted. Trainings and seminars with the municipalities' staff have been ongoing throughout the process. In July 2010, the Unit of Autarchic and Territorial Inspection has started operation, and the Spatial Planning Institute (planning, geodesy, cartography, and registry) has been established in 2014. Currently new legislation is required to allow law enforcement, otherwise there are no penalties for non-compliant municipalities.

70. In the last few years, there has been significant progress in including environmental considerations in Tourism – with the publication of the Tourism Master Plan containing a program on environment and the publication of legislation (including the framework law) addressing environment protection and value, code of conduct towards environment, besides the eco-tourism and rural area tourism legislation. However tourism inspection is understaffed.

71. With respect to the practical management of tourism development, collaboration between DGT, which has the mandate for developing and overseeing implementation of the tourism policy and vision for the country, and the two institutions responsible for on-the-ground planning, promotion and management of the Integrated Tourism Development Zones³ (ZDTI), namely the Sociedade de Desenvolvimento de Boa Vista e Maio (SDBVM) and Cabo Verde Investimentos (CVI), is extremely limited. Moreover, while SDBVM's approach to ZDTI management attempts to integrate environmental aspects into its planning and development, CVI lacks the staff and capacity to do so.

72. The renewable energies sub-sector has undergone a strong improvement, namely increased knowledge of resource, adoption of legislation promoting renewable energy production, adoption of a plan of action, and the construction of wind farms and solar power plants in different islands. The renewable energy penetration jumped from 3% in 2009 to about 30% in 2014.

73. Civil protection has also been reformed, and in 2012 its base law was published. There are civil protection centers in 16 municipalities, but 17 out of 22 municipalities do not have fire fighters. About 5 regional commands will be established. There is a contingency plan that includes all municipalities. Besides emergencies in general, the plan includes volcano eruptions, fires and floods.

74. The process of decentralization on environment is still not achieved. Each municipality, except for the larger ones, tend to be a rather small entity, with limited staff and financial resources, some have an environmental department others an environmental team. Additionally, municipalities oversee their Autonomous Water and Sanitation Services. As stated, all municipalities have Municipal Action Plans (PAMs) and common issues include solid waste

³ ZDTI is an area of soil foreseen for tourism use, administered by a specific entity and which according to the law should be managed according to a Tourism Management Plan, by a specific entity. Municipalities do not have jurisdiction on ZDTI.

management, public health, territorial planning (including increasing green urban spaces), and environmental training, information and awareness (IEC). Many of these PAM include support to the connection of households to water distribution and wastewater collection systems. Between 2005 and 2009 municipalities received Dutch funds for the implementation of the PAMs. When the earmarked funds finished, many activities, namely on awareness raising were halted reportedly due to lack of funding. Municipalities cannot relate directly with donors, they need to submit the project proposal to Ministry of Finance and Planning that will then try to mobilize the funds and negotiate fund allocation. The eco tax (formerly entirely distributed by municipalities) was another major source of income that municipalities use as running costs for environment. The changes in the legislation – access to funds through a bidding process - may increase the municipalities’ opportunities for capital investment in environmental infrastructure or other projects, but may as well hamper their capacity for adequate operation and maintenance of existing infrastructure, equipment and services. The integration of municipalities into water and/or sanitation multi municipal utilities is expected to increase efficiency and reduce costs. Not all municipalities have the capacity to write appropriate proposals, and they may seek support from municipalities’ association ANMCV experts.

E. Potential Environment and Social Impacts of the Project

75. For the project, World Bank Safeguard Policies Apply. The CTD-1 Project is classified as safeguard Category B. The World Bank Environmental Assessment (OP/BP 4.01), OP/BP 4.11 Physical Cultural Resources and OP/BP 4.12 Involuntary Resettlement safeguard polices were triggered for this project. The objectives of OP/BP 4.01: Environmental Assessment are to inform decision makers of the nature of the environment and social risks, and ensure that projects proposed for Bank financing are environmentally and socially sounds and sustainable. The objective of OP/BP 4.11 Physical Cultural Resources is for the impacts on physical cultural resources resulting from project activities, including mitigating measures, not to contravene either the borrower’s national legislation, or its obligations under relevant international environmental treaties and agreements. Lastly, the objectives of OP/BP 4.12 Involuntary Resettlement is for (a) Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs; (b) where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits; and (c) displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

76. The expected impacts of the project are as follows:

(a) Subcomponent 1.1 will assist CVI and SDTIBM in refining attractive pre-packaged investment-ready proposals for hotels/resorts, while supporting proactive investment outreach, facilitation, and aftercare. The establishment of new hotels in Cabo Verde will lead to a generation of jobs and government revenue, but such investments (construction and exploitation of new hotels and resorts) may induce negative impacts either biophysical (loss of vegetation and/or ecological habitat, erosion and subsequent degradation of surface water resources, temporary degradation of air quality in living areas, etc.) or socio-economic (nuisances subsequent to increased waste generation, loss of productive land, temporary loss of revenue due to displacement, gender inequality, increased prevalence of communicable diseases, etc.) which magnitude will depend on the sensitivity of the specific sites environmental characteristics. There CVI and SDTIBM will ensure that any investor, under the initiative, complies with Cabo Verdean legislation and procedures on environmental assessment, and any other requisites. In the case of the pre-packaged investment-ready proposals, the Government of Cabo Verde will send any Environmental Impact Assessments, Resettlement Plans, and any other safeguard documents carried out as part of the investment to the World Bank for review, and non-objection of the World Bank to inclusion of the pre-packaged proposal under the project.

(b) Subcomponent 1.1 will also finance a series of studies to identify small and medium-sized infrastructure that can unlock FDI in Cabo Verde. Such studies will consider all the economic and social returns in addition to the environmental impacts in order to identify optimum return projects that will facilitate tourism investment. The investments thus identified may be implemented under a follow on project (CTD-2), and are expected to have a multiplier effect leading to an attraction of further tourism investments, and benefiting the local population.

(c) Subcomponent 2.2 will provide support to eligible SMEs and associations through matching grants. The nature, scale, scope and exact location of the potential activities can only be known during implementation but, beneficiary SMEs and associations are expected to engage in diverse types of activities, some of which may have negative environmental and/or social impacts and risks. However, these negative impacts are likely to be minor, localized, and reversible and can be mitigated through proper environment and social screening, application of simple measures and environmental good practices, especially given the nature and size of the transactions and the limited funding to be made available (\$10,000-50,000) to respective SMEs and associations . Moreover, matching grant funds will not finance works or land acquisition.

77. Given the direct potential for minor, reversible and site-specific environment and social impacts under subcomponents 1.1 and 2.2, this ESMF has been prepared. Under subcomponent 1.1, feasibility studies will only be done for infrastructure investments that are aligned with the safeguard policies triggered in CTD-1 and not for investments classified as category A. In the case of feasibility studies, the TOR for the studies will ensure that relevant environmental and social issues are taken into account in conducting the studies in a manner that reflects the principles of Bank safeguards. Sample TOR are included in Annex 12. The final TOR will require No Objection from the World Bank and will need to be publicly disclosed. If the feasibility studies identify feasible investments, then the detailed technical designs will prepare a suite of Bank policy-compliant safeguard instruments for the eventual investments (whether or not funded by the Bank in CTD-2); those instruments will have to comply with this ESMF and, in the case of involuntary resettlement with the RPF that has been prepared for the project.

78. Under subcomponent 2.2, it is expected that most of the beneficiary SMEs and associations will not have adequate capacity in managing even minor environmental or social impacts. This ESMF therefore ensures that such impacts are identified, avoided, minimized and adequately mitigated. The ESMF also includes an “exclusion list” (generic list of transactions that are not eligible for project support because of their expected magnitude of their negative impact on environment). The FCC Facilitator will be required, with the support of a part – time environmental and social safeguard specialist, to screen FCC applications and carry out the subsequent due diligence in accordance of the law and the ESMF provisions.

79. Lastly, while this ESMF only looks at direct project impacts, it is nevertheless recognized that stimulating sectoral growth could, over time, give rise to indirect and cumulative impacts. To help the GoCV address these, the project will support the preparation of a Strategic Environmental and Social Assessment (SESA) for the tourism sector value chain. The assessment will analyze the environmental and social (including gender and community) opportunities and risks associated with promotion of tourism, and provide recommendations to address the technical, institutional, governance and policy gaps and capacity building needs to be addressed so as to promote sustainable and inclusive sectoral growth.

F. Implementation Arrangements

80. The Ministry of Tourism, Investment, and Business Development will take the lead in the oversight of the project and be responsible for ensuring appropriate implementation through its Unit for the Implementation of Special Projects (UGPE, PIU). UGPE will hire a Project Administrator to complement its existing team. The implementation of subcomponent 1.1 will be led by UGPE. The implementation of the matching grant subcomponent (2.2) will be implemented by the Chambers of Commerce and supported by an FCC Facilitator, which will be a competitively selected firm. The FCC Facilitator will consist of a coordinator, two business advisors, and environmental and social safeguards specialist (part time). A Steering Committee,

including the DGA, will provide overall strategic guidance, as well as help resolve any potential impasses which may arise.

81. In the case of subcomponent 2.2, the FCC Facilitator will have two distinct safeguard roles: implementation and monitoring. While the Project Administrator and UGPE will have the overall responsibility for ensuring that the project safeguard requirements are met, the FCC Coordinator will have the day-to-day responsibility for their implementation and monitoring. They will be assisted in this by a part-time safeguards specialist with experience in both environmental and social issues, who will provide guidance to and assist the FCC Facilitator to build capacity for and monitor the preparation and implementation of the ESMPs. In collaboration with the environmental and social safeguard specialist, the business advisors running the FCC will specifically implement the ESMF, including the screening at project start, and to incorporate the findings of the screening (environmental and social measures) into their support. They will be trained on the Bank safeguard policies and the national environmental assessment procedures to that end.

82. The FCC Facilitator will be responsible for screening individual applications for eligibility under the project against eligibility criteria, including the list of ineligible activities; screening of applications to determine environment and social issues and impacts, categories, policies triggered and the transaction-specific instruments and measures that need to be put in place by the FCC Facilitator to manage these impacts. The FCC Facilitator will work with FCC applicants to build their capacity for managing environmental and social dimensions of their businesses, monitor the implementation of business plans, and regularly report compliance to UGPE and the World Bank.

83. Specifically, the FCC Facilitator will:

- Comply with the List of Ineligible Activities under the Project (Annex 8). This list includes activities prohibited by international environmental agreements or where the significance of associated environmental and social risks outweighs the benefits. For example, matching grant funds will not finance works or activities that require land acquisition.
- Take measures as deemed necessary including site visits if necessary to validate that the FCC applicant has appropriately identified in its application the environmental and social risks and measures needed to manage them in project implementation.
- Monitor compliance of FCC beneficiaries in line with this ESMF and the related action plans developed (i.e. ESMP).

- Develop, and maintain, grievance redress mechanisms as provided in this ESMF to ensure that those with grievances to the transactions supported under the project have avenues for redress.
- Submit to the UGPE and Investment Committee periodic reports on the implementation of the ESMF. UGPE and Investment Committee will report to the World Bank Team as part of the project progress report.
- Within five business days of becoming aware, notify the World Bank of any significant social, labor, health and safety, security or environmental incident, accident, issue, or circumstance with respect to any financing activities covered by the FCC.
- Ensure that the proposed activity covered by the FCC complies with all national environmental legislation and regulations. If an applicant states that the necessary permits or licenses have not yet been issued, the FCC Facilitator will advise the applicant to obtain the licenses and permits before applications can be approved. During supervision, UGPE and the FCC Coordinator will ensure that all the transactions for SME comply with government regulations.
- Ensure that where applicable all project affected people are aware of the respective investments and were consulted before approval of the investment. Disclosure of respective instruments (environmental audit, ESMP, ESIA, etc.) should be done before the application is approved.

84. FCC beneficiaries will be responsible for ensuring that their transactions meet the eligibility criteria, manage environment and social impacts through the preparation and implementation of measures, including consultations and disclosures of specific safeguard instruments.

85. The World Bank will provide implementation support to the project through regular supervision, follow up, and monitoring of the implementation of this ESMF. Moreover, the World Bank will work closely with the FCC Facilitator during first year of the project to ensure sufficient capacity for ESMF implementation is in place. The World Bank Team will include qualified Environment and Social Development Specialists, who will also assist in the capacity building of UGPE and the FCC Facilitator. The environmental and social training program is presented below.

G. Environmental and Social Training
Environmental and Social Training Program

PARTICIPANTS	TRAINING TOPIC	TRAINING MODALITY	DURATION	TRAINER
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Relevant government institutions and private sector.	Environmental and social aspects – national framework and regulations. To include findings of SESA once completed.	Workshop (may be provided at year one and year three)	1-2 days	Consultant
FCC Facilitator SDTIBM MTIBD (including UGPE and CVI) Chambers of Commerce DGA staff	Introduction to World Bank safeguard policies, & specific project environmental and social safeguard requirements and procedures.	Workshop (within first six months of effectiveness)	1-3 days	Consultant
All project proponents	General Environmental and Social awareness raising, ESMF processes and procedures, including the Completion of Environmental and Social Screening Checklist, preparation of ESMP, ESIA, etc.	Quarterly (or more frequent if needed)	1-2 days	FCC Facilitator Safeguard Specialist or Consultant

H. Environmental and Social Screening and Implementation Process of Feasibility Studies

86. Under subcomponent 1.1, the TOR for the feasibility studies must ensure that relevant environmental and social issues are taken into account in conducting the studies in a manner that reflects the principles of Bank safeguards. A sample TOR is included in Annex 12. Therefore, each of the proposed infrastructure investments must be screened for its potential social and environmental impacts to identify/define: (a) safeguards policies triggered; and (b) EA category. The required TOR will require No Objection from the World Bank, to confirm that the proposed infrastructure investment is aligned with the safeguard policies triggered in CTD-1, and it is not classified as Category A. The TOR will need to be publicly disclosed.

87. In the case that the feasibility studies identify feasible investments that the government would like to finance (or have financed by a third party), then the detailed technical designs will prepare a suite of Bank policy-compliant safeguard instruments for the eventual investments (whether or not funded by the Bank under CTD-2), on which the public will need to be consulted and which will have to be publicly disclosed. Given the safeguard policies triggered under CTD-

1, such instruments may have to include a resettlement action plan (RAP) in the event land will have to be taken, and an environmental and social impact assessment (ESIA) that will need to also address impacts on physical cultural resources that are likely to be caused by the proposed infrastructure investments. This ESMF provides guidance on the content and preparation of an ESIA as and when needed. Similarly, the RPF that has been prepared for the project provide guidance on the preparation and minimum content of a RAP. In the development of the TOR for the ESIA, the government of Cabo Verde, in consultation with the Bank, relevant experts, and relevant project-affected groups, will need to identify the likely physical cultural resources issues, if any, to be taken into account by the ESIA. The TOR normally specify that physical cultural resources be included in the baseline data collection phase of the ESIA. Standard Terms of Reference for an Environmental and Social Impact Assessment together with a Resettlement Action Plan are included in Annex 13.

I. Environmental and Social Screening Process of FCC Proposals

FCC Proposals

88. FCC proposals must satisfy national and World Bank environmental and social requirements as well as this ESMF. The applicant for FCC support will present a brief description of the FCC project and what the applicant considers are likely to be environmental or social risks and issues of concern with respect to the subproject (see form in Annex 2 and 3).

Screening and Categorization of environmental and social risk

89. Based on the information provided by the applicant and confirmation by the FCC Facilitator, the environmental and social risk of each proposed FCC project each FCC proposal will be categorized in accordance with this ESMF. The choice of categorization will have the following implications:

- *Category A:* These are subprojects that are likely to have significant adverse environmental and social impacts that are sensitive, diverse or unprecedented, or transactions whose impacts affect an area broader than the sites or facilities subject to physical works. It is highly unlikely that Category A transactions will be proposed by eligible applicants. Also, the cost and time associated with assessing such impacts and developing mitigation measures will likely exceed the benefits of the small size support (\$10,000-50,000) that will be made available to SMEs and associations under the project. Moreover, FCC projects classified as category A will not be eligible for funding.
- *Category B:* The subprojects may have environmental or social risks that are less adverse and more limited than category A level, their impacts are site-specific and

largely reversible, which could be readily identified and reliably mitigated through recognized good practices including those described in World Bank Group Environmental, Health and Safety Guidelines (EHSGs). The FCC Facilitator will verify that: (1) supported activities comply with applicable national environmental and social laws and regulations, and World Bank safeguard policies; (2) appropriate environmental permits are obtained prior to support; and (3) investments do not contravene the List of Ineligible Activities presented in Annex 8 of this Framework.

- *Category C:* The subproject is likely to have minimal, low-risk or no environmental or social risks associated with it. No further environmental and social assessment work is required after screening, but there is need to verify compliance with national regulations and relevant permit requirements as well as to monitor implementation of the activities; any environmental and/ or social impacts that may occur will be addressed as per this ESMF. Category C transactions are expected to be the bulk of FCC supported subprojects given the limited size of the support and eligibility criteria. Examples of Category C transactions include purchase of business development services and training.

Transactions not eligible for financing under the FCC:

90. Besides transactions with significant adverse impacts, some transactions are not allowed under the Project for financing because of higher costs and time associated with preparation of impact assessment and development of mitigation measures, and given the limited capacity of the project in managing such impacts in line with World Bank safeguard policies. The list of these transactions is provided in Annex 8, and includes those transactions typically prohibited by international environmental agreements or because of the significance of associated environmental and social risks. It also includes:

- Works
- Transactions that will require physical relocation of households or businesses and/or acquisition of land or the displacement of people from their livelihoods;
- Activities, that threaten biological asset, endangered species, or induce acute pollution of natural resources (water bodies, air and soil) and living environment;
- Activities that do not comply with civil rights, protection of vulnerable people, gender equality and employment of minors;
- activities involving significant conversion or degradation of natural and/or critical habitats and/ or any activities in legally protected or internationally recognized areas;
- Industrial-scale activities involving harvesting of wild fish populations or other aquatic species other than from legal and sustainable origin;
- Activities that have adverse impacts on the lands, natural resources, or critical cultural heritage;

- Activities involving significant alteration, damage, or removal of any critical cultural heritage.

J. Environmental and Social Review and Assessment

Principles and Methods of Screening for Risk Review

91. Screening is the first step in the environmental assessment process, which will assign the transaction in question to one of the three categories (A, B or C). This categorization will decide the nature of further environmental and social assessment and identify subprojects to be excluded at an early stage to avoid or reduce significant adverse impacts and save costly and time-consuming procedures and analysis. The significance of impacts may be described in different ways. The simplest approach is the presence or absence of impacts and qualification of degree of impact as minimal, moderate, significant, or highly significant. In assessing degree of impact or risk, it is appropriate to take into consideration type, scale, location, timing, and sensitivity of the impact. A key factor to consider is whether the impact is reversible, and if so, the rate of recovery.

Environmental and Social Review and Assessment for Category C Transactions

92. If the likely environmental and social risks and impacts are determined through the screening process to be very low or negligible, the transaction is a Category C and no further environmental review and assessment is required. However results of the safeguard screening should be attached to the FCC application documents (see Annex 4, Form A). Also, the FCC facilitator should ensure that the transaction meets the national requirements including permitting and monitor implementation of such transactions to address any environmental and/ or social impacts that may result.

Environmental and Social Review and Assessment for Category B Transactions

93. For Category B transactions, the environmental and social risks and impacts are perceived to be manageable, site specific, reversible and with established remedial and good practice measures as described in this ESMF and the WBG Environmental Health and Safety Guidelines.

94. In subcomponent 2.2, an environmental and social impact audit may have to be carried out on sub-projects proposed for funding through matching grants (FCC) as well as on existing facilities which focuses on two elements: (a) compliance of existing facilities and operations with relevant environmental (including occupational health and safety) and social laws, regulations, and World Bank policies' requirements; and (b) the nature and extent of environmental and/or social impacts, including contamination of soils, groundwater, and

structures, as a result of past/ on-going activities and proposed transactions. The scope and depth of the audit or review should be commensurate to potential impacts and type of transactions.

95. A corrective Action Plan will be developed if the environmental and social impact audit or review finds that negative but manageable impacts may occur as a result of continuing implementation of on-going activities or new implementation of proposed transactions. The Action Plan may call for preparation and implementation of an Environmental and Social Management Plan (ESMP), as relevant, to address the impacts that are identified based on the audit. The Action Plan should also include measures to inform potentially affected people of the nature of transactions, potential impacts, mitigations measures and grievance mechanisms. The Action Plan should be attached to the FCC proposal and the assessment and verification for compliance with the proposed actions and this ESMF is a condition of FCC approval. The proposal is subject to OP/BP 4.01, and therefore, if an activity is non-compliant, it will be deemed ineligible for FCC financing. Annex 3 and 4 provide sample for ESMP content and form for screening.

96. It is recognized that SMEs and associations may have limited capacity for assessing environmental and social risks or carrying out necessary studies, such as environmental and/or social impact audits or reviews. In such cases, efforts will be made to find the best and sustainable instruments and procedures for the transaction in question. The FCC Facilitator will ensure that the environmental and social risks and impacts have been adequately identified and appropriately managed in a manner commensurate to the risk review as well as EMP and corrective Action Plan, which if developed, in line with ESMF, is a condition of FCC approval. In some instances, the FCC Facilitator may opt to arrange for an appropriate environmental review on its own behalf using outside expertise. At minimum, for all Category B transactions, the FCC Facilitator will prepare for the record a brief summary report or memorandum identifying sources of information and relevant facts and findings that allow a determination that the application is consistent with applicable environmental and social requirements (see Annex 4, Form B).

97. If the FCC proposal includes the preparation of category An ESIA under Cabo Verdean legislation, the FCC Facilitator will deem this application ineligible. However, in the event that the applicant has already prepared an ESIA in accordance with Cabo Verdean regulations and processes, it must be submitted to the World Bank for review and determination whether: it is adequate and accurate in identification of environmental and social impacts; that appropriate measures have been identified to avoid, minimize, or mitigate those impacts; that the applicant has the commitment and the capability to manage the impacts as proposed. Moreover, the FCC facilitator will assure itself that the records show that timely and appropriate consultation with directly affected people, local communities, and interested stakeholders has taken place on the findings and recommendations of the ESIA before FCC approval.

98. The World Bank will retain rights to prior review the results of environmental and social screening, audits and corrective Action Plans, if developed, until the FCC Facilitator is considered to have developed adequate capacity to review them independently. Once the FCC Facilitator is evaluated by the environment and social specialists to have developed sufficient capacity, the World Bank will review randomly selected environmental and social audits or reviews and corrective Action Plans on a post review basis.

K. Monitoring and Supervision

99. In the case for subcomponent 1.1, the World Bank will review the safeguard instruments for potential infrastructure investments that will be produced together with the detailed technical designs for those investments. Furthermore, the World Bank will also review the social and environmental due diligence done for the prepackaged investment ready proposals to determine if those proposals should qualify for outreach support under the project.

100. In the case of subcomponent 2.2, for all Category B transactions in the portfolio, the FCC Facilitator will implement and monitor the management of environmental and social impacts in a manner consistent with this ESMF, including the development and implementation of Corrective Action Plans, and ESMP/ ECOP. The first five FCC applications, irrelevant of the safeguard category, will require prior review from the World Bank. The first year category B subprojects will be prior reviewed by the World Bank as agreed or until such time that capacity is built within the FCC Facilitator. For Category C transactions (e.g., TA activities), the FCC Facilitator will carry out random check to verify absence of impacts and compliance with national legislation including permitting.

101. In addition, the FCC Facilitator will screen for any negative media/ NGO coverage/ reports on environmental and social aspects of its portfolio clients on a monthly basis, and retain records of all findings. The FCC Facilitator will agree to make its monitoring and supervision reports available on a business confidential basis to World Bank counterparts upon request.

102. The FCC Facilitator will prepare an annual report for the World Bank as follows:

- Listing of all transactions approved during the reporting period, listing environmental category (B or C) and the name and location of SMEs/Associations receiving FCC support;
- For Category B subprojects approved during the reporting period, a copy of the summary report including environmental and social assessment process findings or memorandum;
- A brief listing of anticipated Category B subprojects that are being processed or with a pending FCC application;

- A brief summary regarding how this Framework has been implemented in transactions covered by FCC, including any material changes (e.g., to staffing, procedure); and
- Details of any negative media/NGO coverage and reports on FCC beneficiaries regarding environmental and social aspects that have come to the attention of the FCC Facilitator and are deemed to produce reputational risk to the Government and the World Bank.

L. Grievance Redress Mechanism

103. FCC information will clearly describe the mechanisms through which people who may be affected by transactions can inform the Chambers of Commerce of their concerns or grievances. The FCC implementations manual will also develop and disseminate the mechanisms through which the Chambers of Commerce will address concerns or grievances. The grievance redress mechanism (GRM) should have a clear set of goals and objectives and a well-defined scope for its interventions. A set of procedures and receiving, recording, and handling of complaints should be available in the GRM. The GRM should include procedures for:

- Recording, registering, and sorting grievances
- Conducting an initial assessment of grievances
- Referring grievances to appropriate units or persons
- Determining the resolution process;
- Making decisions, including parameters and standards for accurate and consistent decision making;
- Directing relevant agencies responsible for implementing decisions;
- Notifying complainants and other affected parties of eligibility, the resolution process, and outcomes; and
- Tracking, monitoring, documentation, and evaluation.

104. If local communities or directly affected stakeholders approach the Chamber of Commerce or MTIBD with reasonable and responsible claims that an activity by an SME funded by the FCC has caused harm to them, their livelihoods, or their environment, the FCC Facilitator will respond to them within four weeks, and work with beneficiary SME to try to address the concerns in a reasonable and responsible manner. The FCC Facilitator will report within a week as such complaints to the UGPE and the World Bank.

105. Public consultations, if required, will be led by UGPE. Consulted groups will be made up of a wide range of stakeholders including the affected by FCC transactions. The structure of the consultations may range from small informal meetings to large public events, as deemed appropriate by UGPE.

M. Budget

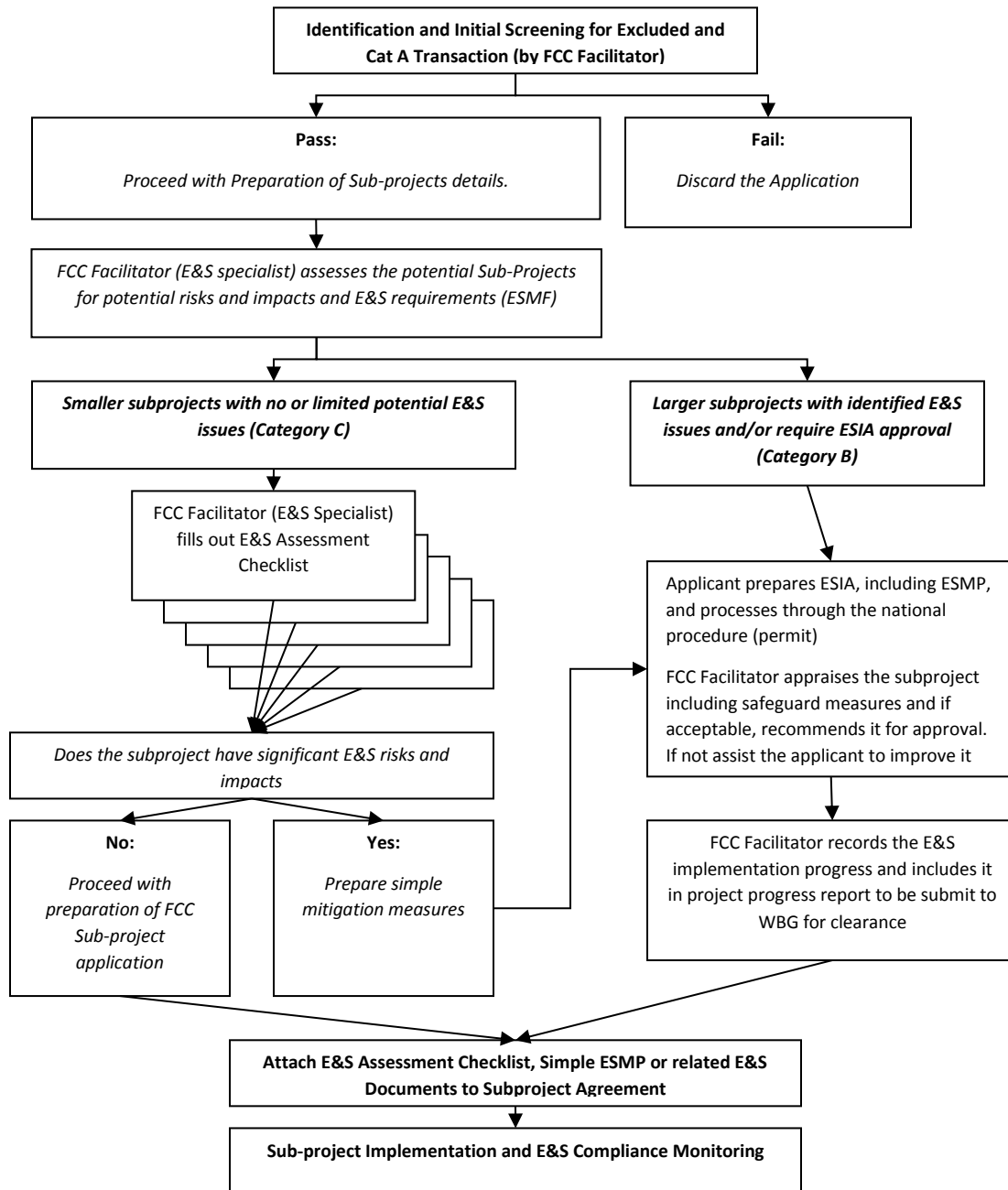
106. Except for the salary of the safeguard specialist within the FCC Facilitator, implementation costs of this ESMF are subsumed in the project's FCC activities themselves. Safeguards training of the FCC Facilitator employees, project staff and appropriate ministerial staff will be conducted early on in the project. The Safeguards Specialist will be contracted on a part time basis and expected to provide on average between 100-150 days support per annum over the lifetime of the project. This consultancy is estimated to cost in the order of \$13,000 - \$20,000. In addition, a budget provision of \$20,000 has been made to cover the costs of DGA participation and training, and \$10,000 for *ad hoc* environmental studies should the need arise.

107. The Project Administrator will have the overall responsibility for ensuring that any environmental or social impacts are appropriately addressed. Although the project's environmental and social impacts are likely to be negligible, monitoring for unexpected environmental and social impacts will be nevertheless be conducted on a regular basis by project staff, in particular the FCC Facilitator. The FCC Coordinator and Safeguard Specialist will conduct visits to the FCC beneficiaries who must prepare ESMPs to verify implementation of any identified mitigation actions, and to provide support on their improvement as necessary. DGA, in line with its legal mandate, will accompany the project staff on at 30% of the FCC financed projects to verify the quality of the project's ESMP monitoring activities. Furthermore, implementation of the ESMPs will also be verified in the field by the World Bank team as part of its regular supervision missions.

108. Lastly, a detailed monitoring system will be designed and implemented for the CTD-1 as a whole. Environmental and social indicators will be integrated into this system and monitored and reported on a quarterly basis.

Annex 1. FCC Safeguard Screening and ESMP Content

Schematic Safeguard Review Process



Annex 2. General Project and Site Information

Form to be completed by project applicant as part of the business proposal package.

INSTITUTIONAL & ADMINISTRATIVE	
Country	Cabo Verde
Project title	Competitiveness for Tourism Development Project (CTD-1)
Scope of project and activity	Matching Grant
SITE DESCRIPTION	
Name of site	TBD once site(s) have been selected
Describe site location	TBD once site(s) have been selected Attachment 1: Site Map []Y []N
Who owns the land?	TBD once site(s) selected. (N.B., No land acquisition permitted)
Description of geographic, physical, biological, geological, hydrographic and socio-economic context	TBD once site(s) have been selected.
Locations and distance	TBD once site(s) have been selected.
LEGISLATION	
Identify national & local legislation & permits that apply to project activity	Law number 86/IV/93, the Basic Law of Environmental Policy, Legislative Decree number 14/97 of July 1, whose objectives are to optimize and guarantee the utilization of natural resources. Decree-Law number 29-2006, of March 6, which sets the framework for the environmental evaluation of development projects. Annex XVII contains a synthesis of ESIA process in Cabo Verde, as regulated by Decree-Law number 29.

Annex 3. Sample of FCC Screening Form

This form is to be used by the FCC Facilitator to screen for project category and potential environmental and social issues of a sub project, determine the instruments to be prepared for the sub project

Subproject Name	
Subproject Location	
Subproject Proponent	
Subproject Type/Sector	
Estimated Investment	
Start/Completion Date	

Questions	Answer		If Yes	Documents requirement if Yes
	yes	no		
Is the proposed project likely to have minimal or no adverse environmental impacts? Please provide brief justification:			Category C	No action needed beyond screening
Is the proposed project impacts limited, site specific and readily mitigated with known mitigation measures? Please provide brief justification:			Category B	Limited ESIA or ESMP

The sub project is classified as a Category _____ project, and the following safeguards instruments will be prepared:

1. _____
2. _____
3. _____
4. _____

SCREENING QUESTIONS	No	Unknown	Yes	MITIGATION MEASURES REQUIRED?
A. NEGATIVE LIST REVIEW:				If Yes, proposal must be rejected
<ul style="list-style-type: none"> • Land acquisition funded by the proposed subproject (business plan)?⁴ 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	If Yes, proposal must be rejected. If Unknown, additional information is

SCREENING QUESTIONS	No	Unknown	Yes	MITIGATION MEASURES REQUIRED?
<ul style="list-style-type: none"> Involuntary resettlement? 				required before proposal can be considered.
<ul style="list-style-type: none"> Do the proposed activities or budget include any of the Project negative list (see Annex 8 of the ESMF) : 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	If Yes, proposal must be rejected. If Unknown, additional information is required before proposal can be considered.
<p>B. ENVIRONMENTAL TRIGGERS: Does the sub-project involve alterations or construction in areas adjacent to or within any of the following environmentally sensitive areas?</p>				Mitigation: must comply with local regulations; ESIA is required. If unknown, additional information is required before proposal can be considered. DOCUMENTATION REQUIRED.
<ul style="list-style-type: none"> Protected Area, Wildlife Reserve, Buffer Zone, or other conservation area 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Wetland 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Areas at risk of salinization 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Other: 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>C. POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS WILL THE SUBPROJECT CAUSE:</p>				Mitigation: must comply with local regulations. ESMP is required. If unknown, additional information is required before proposal can be considered. DOCUMENTATION REQUIRED.
<ul style="list-style-type: none"> Impairment of downstream water quality and therefore, impairment of downstream beneficial uses of water? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Noise or dust from construction equipment and/or subproject implementation? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Are there risks of soil erosion? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Adverse effect on the value of the landscape esthetics? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Are there any pollution and/or public health risks 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Causes temporary or permanent loss of habitat, crops, agricultural land, pasture, fruit trees and domestic infrastructure? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> Risk to generate solid and liquid waste 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

SCREENING QUESTIONS	No	Unknown	Yes	MITIGATION MEASURES REQUIRED?
---------------------	----	---------	-----	----------------------------------

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--|
| • Risk to affect the quality of surface water, groundwater, or drinking water resources? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| • Causes changes in the population lifestyle | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| • Causes incompatible uses or social conflicts between different users | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| • Other: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

D. REQUIRED E&S DOCUMENTS:

- | | | | | |
|---|--------------------------|--|--------------------------|--|
| • Social and Environmental Management Plan (ESMP)? | <input type="checkbox"/> | | <input type="checkbox"/> | |
| • Full Environmental and Social Impact Assessment (ESIA)? | <input type="checkbox"/> | | <input type="checkbox"/> | |
| • Other? | <input type="checkbox"/> | | <input type="checkbox"/> | |

E. OTHER REMARKS:

F. CONCLUSIONS/RECOMMENDATIONS:

- CATEGORY A _____: NOT ELIGIBLE TO FUNDING
- CATEGORY B _____: ELIGIBLE BUT SUBJECT TO: ESIA _____ OR SIMPLE ESMP _____
- CATEGORY C _____: ELIGIBLE AND, NO E&S WORK _____ OR FEW MITIGATION MEASURES _____

G. SIGNING OFF:

PROPONENT

FCC COORDINATOR:

NAME:
 POSITION:.....
 DATE:

NAME:
 POSITION:.....
 DATE:

Annex 4. Sample of FCC Environmental and Social Assessment Form

Sample forms to be completed by the FCC safeguards officer for each application.

Name of project and subproject

Number.....

Local Number.....

Subproject E&S Assessment Form A (form #) –with no impacts

Applicant:	Proposal name:	Proposal number:
Application type:	SME <input type="checkbox"/> Micro <input type="checkbox"/> Association <input type="checkbox"/> Start-up <input type="checkbox"/>	Amount requested:
I certified that this subproject does not involve land acquisition or civil works, and therefore does not require neither safeguard measures nor ESMF clearance Screen by:		Date:
Remarks: <i>Provide more details on the nature of the subproject</i>		

General Instructions:

- This checklist is to be completed to support the verification of a Subprojects Application. It is to be attached to the Subproject Agreement that is to be prepared and submitted to UGPE.*

Subproject E&S Assessment Form B (form #) –with limited impacts

Applicant:	Proposal name:	Proposal number:
Loan type:	SME <input type="checkbox"/> Micro <input type="checkbox"/> Association <input type="checkbox"/> Start-up <input type="checkbox"/>	Amount requested:
Screened by:	E&S Applicable Requirements: <input type="checkbox"/> Mitigation Plan Required <input type="checkbox"/> No Mitigation Required	Date:

	<input type="checkbox"/> No ESMF Clearance	
<p>FCC Facilitator recommendations for proposal improvement before submitting to Council for review:</p> <p>Remarks:</p>		

General Instructions:

- ❑ *This checklist is to be completed to support the verification of a Subproject Application. It is to be attached to the Subproject Agreement that is to be prepared and submitted to the Council.*
- ❑ *This checklist focuses on Environmental and Social issues and concerns to ensure that social dimensions are adequately considered in subproject evaluation.*
- ❑ *The purpose is to identify its feasibility and potential environmental and social impacts of the sub-project activities. If applicable please use the “remarks” section to discuss any suggested mitigation measures.*

Annex 5. Illustrative List of Potential Mitigation Measures

The following table includes an illustrative list of potential mitigation measures for potential impacts that may or may not be encountered.

The following table includes an illustrative list of mitigation measures for potential impacts that may or may not be encountered.

Component	Potential negative impacts	Potential Mitigation measures
Air	<ul style="list-style-type: none"> • Deterioration in the air quality due to dust and gas emissions from industries • Increase in emissions of greenhouse gases (mainly associated with combustion sources) • Emission of noxious and harmful odors 	<ul style="list-style-type: none"> • Install and operate air pollution control devices. (Ex.: electrostatic precipitators, filter collectors, dry and wet scrubbers, absorption systems, etc.). • Install sufficiently tall chimneys for proper dispersion of pollutants and respect the quality criteria of the ambient air. • Include measures to limit fugitive dust emissions during transport or handling of materials (use of dust suppressants on access roads and circulation areas, adequate coverage of conveyors). • Plan the implementation of industrial zones so that prevailing winds will push the pollutants towards inhabited areas. • For combustion systems, promote the use of cleaner fuels and emission burners reduced in nitrogen oxides. • Encourage energy saving and optimization. • Use equipment in their optimal operating conditions (establishment of a regular inspection program and preventive maintenance). • Impose on industry standards or national emissions standards corresponding to the criteria developed by the World Bank in the guide "<i>Pollution Prevention and Abatement Handbook 1998</i>") • Ensure that odorous substances are stored in a way that limit the emission of odors and that transactions involving noxious emissions are carried out in a closed building equipped with an adequate ventilation system and sufficiently tall chimneys.
Soundscape	Increase in ambient noise	<ul style="list-style-type: none"> • Close to residential areas, avoid carrying out noisy work outside normal working hours. • Provide access roads to the industrial area and businesses to avoid or circumvent

		<ul style="list-style-type: none"> residential areas. Put in place measures to reduce or mitigate noise (screens, walls, speakers, etc.) When available, use low-noise equipment
Water	<ul style="list-style-type: none"> Variation in groundwater levels or decline of surface water due to water pumping for industrial needs Variation in groundwater levels due to changes in drainage resulted from the construction of buildings and paved area In coastal areas, possible saltwater intrusion into the aquifer if groundwater is pumped Deterioration in the quality of groundwater and surface water following discharges of industrial wastewater Risk of eutrophication of water receiving wastewater discharges 	<ul style="list-style-type: none"> Establish measures to limit the use of water by industries. Implement industries in areas with high water volume where water requirements for industries minimally affect local activities (water needs for the population, for farmland, etc.) If ground water is pumped for industrial needs, to ensure that the volume of water pumped is not higher than the charging level of the aquifer Promote the development of closed systems and, especially, for cooling water systems and steam production systems (maximum recovery of condensate) Promote the use of collected rainwater to fill industrial water needs Design the industrial area to allow proper drainage of surface water Install separate systems for water collection: rainwater (rainwater from uncontaminated areas), domestic water and industrial contaminated water. This type of collection allows the design of water treatment systems that are better suited to the type of pollution to be treated. Maintain vehicles, machinery and equipment in good condition to prevent leaks and spills of hazardous products (hydrocarbons, chemicals, etc.) and waterproof areas where leaks are most likely to occur. Safely manage hazardous products and store them in confined areas with spill recovery equipment.
		<ul style="list-style-type: none"> Keep vegetation along lakes and streams and near wetlands Plan emergency measures in the event of accidental spillage Impose criteria to industrial enterprises for wastewater discharges to protect the quality of receiving streams or apply the minimum compliance criteria developed by the World Bank in the guide <i>"Pollution Prevention and Abatement Handbook 1998"</i> Ensure that companies implement water treatment systems required to comply with discharges criteria or pretreatment systems required for pollutant loadings that could not be treated in public facilities

		<ul style="list-style-type: none"> • Plan rejection of used waters taking into account absorption capacity of the receiving water body. • Maintain the pH content of wastewater between 6.0 and 9.0 • Prohibit the discharge of cooling water at high temperatures (the temperature of the receiving water should not rise more than 3 ° C) • Promote, where possible, recycling of used water for agriculture • For large industrial areas, build a water treatment plant to treat water discharged by industries
Soil	<ul style="list-style-type: none"> • Change the local topography • Use of fertile land for agriculture or forestry purposes • Erosion by runoff water causing sedimentation problems • Soil contamination due to hazardous spill • Use of land adjacent to the industrial area as a dumping ground 	<ul style="list-style-type: none"> • Avoid areas sensitive to erosion • Perform construction work in the dry season • Encourage the installation of the industrial zone on low productivity soils • Minimize machinery traffic areas • Avoid the construction of access roads in the axis of steep slopes; rather promote a direction perpendicular or diagonal to the slope • Use existing borrow pits rather than create new ones; after the work, restore the borrow pits stabilizing slopes and facilitating the regeneration of vegetation • Stabilize soils to reduce the risk of erosion • Require companies to manage their waste in a responsible and respectful way towards the environment (use of existing discharges, particularly for hazardous waste management, establishment of composting plant for biodegradable waste (particularly for food companies), promote recovery and recycling, etc.) • Establish controlled landfills
Ecosystems	<ul style="list-style-type: none"> • Encroachment into environmentally sensitive and protected areas • Degradation of surrounding ecosystems through exploitation of natural resources (raw materials industries) • Drainage of wetlands • Reduction of biodiversity • Destruction of habitat for some species 	<ul style="list-style-type: none"> • Design industrial areas, associated services and areas used for supply of raw materials taking into account protected areas and environmentally sensitive areas (estuary, wetland, etc.) • If natural habitats may be affected, threatened or destroyed, provide facilities outside the industrial area to create or promote the creation of new habitats • Avoid locating borrow pits or operating grounds of natural resources in environmentally sensitive areas and protected areas • Put in place measures to limit the spread of harmful species that may feed of released industrial waste • Establish a protection perimeter around water collection areas and sensitive ecosystems such as wetlands and wildlife habitats of endangered species

Safety	<ul style="list-style-type: none"> • Increased risk of industrial accidents related to the storage, handling, use or production of hazardous materials • Increased road traffic in residential areas 	<ul style="list-style-type: none"> • Develop health and safety plans within the industrial complex to identify, assess and fight against risks to health and safety of workers and the population. This plan must specify the rules to be followed for their protection. • Ensure that the storage facilities and handling of hazardous materials are designed using recognized design standards. • Provide control mechanisms in the project to reduce the possibility of a spill or release of hazardous materials. • Provide appropriate training to employees to ensure safety in operation. • Provide employees with protective work gear complying with safety standards. • Develop and implement safety procedures for handling hazardous materials • Develop a plan for emergency measures to reduce the consequences of potential accidents • Provide bypass roads towns and villages to avoid heavy truck traffic in residential areas
Vegetation	<ul style="list-style-type: none"> • Destruction of vegetation in the industrial area and/or in the areas assigned to the supply of raw materials for industries • Loss of forest products • In case of significant and permanent drawdown in levels of static fossil groundwater, vegetation growth is reduced, which can accelerate desertification 	<ul style="list-style-type: none"> • Minimize aggressive deforestation (whether for the construction of industrial zones or supply of raw material to wood processing industries) • Collect forest products derived from deforestation and identify redistribution mechanisms for local population • Restore vegetation in deforested areas • Ensure the planting of native species • For implantation of food processing or textile industries, promote an ecological agriculture that is respectful of plant diversity for the supply of raw materials • Promote the development of community nurseries, preferably run by women

Wildlife	<ul style="list-style-type: none"> • Disruption of wildlife habitats and wildlife migration • Habitat degradation of aquatic fauna due to water contamination • Habitat degradation of avian wildlife due to the degradation of air quality and noise generated • Increased poaching due to the presence of non-resident workers • Disturbance of wildlife habitat in case of significant and permanent drawdown of levels of static fossil groundwater (excessive pumping) 	<ul style="list-style-type: none"> • Avoid discharging wastewater into breeding grounds for wildlife and migratory corridors • Put in place measures to limit the proliferation of harmful species (rats, cockroaches, scavengers, ...) • Set up a fence around the industrial area to restrict access to the site for wildlife • Control illegal fishing and hunting, especially by non-resident workers • If ground water is pumped for industrial needs, ensure that the volume of water pumped is not higher than the charging level of the aquifer
Population	<ul style="list-style-type: none"> • Risk of forced expropriation of households following the choice of industrial development site. • Increase in number of homeless households • Increase in number of landless farmers in case the establishment of industrial zones also requires the forced expropriation of cultivated farmland • Demographic pressure due to the arrival of non-resident workers and immigrants attracted by new economic opportunities • Rural migration and emigration of young people especially to the city or place of establishment of industries • Temporary imbalance between men and women because of the influx of male workers and immigrants, especially during periods of site development and construction of factories • Rapid urbanization and squatting of certain neighborhoods or certain urban areas or suburbs • Arrival of hawkers and traders of all kinds to sell their goods both to construction workers as well as factory employees. 	<ul style="list-style-type: none"> • Establish a mixed committee composed of local authorities, representatives of the population to be displaced and authorities responsible for the expropriation. • Explain, monitor and communicate around forced displacement • Identify and prepare living areas and adequate facilities for families to be displaced and resettled to facilitate their adaptation, integration and attachment to a new environment • Identify new resettlement areas at a reasonable distance from their former residence and farmlands to avoid disorientation • Provide other alternatives (e.g. cash compensation) for families wanting to move out of the area. • Promote as much as possible the hiring of local labor • Work closely with local communities to facilitate the integration of immigrants • Develop strategies and retention plan and rural population; or, where appropriate, monitor the arrival of rural populations and prepare adequate facilities • Establish workers camps at a reasonable distance from villages • Provide good spatial organization and an adequate management plan for a balanced spread of population • Minimize undue densification of neighborhoods in residential areas • Provide locations to accommodate traveling merchants and sanitation facilities

		to prevent unintended facilities and waste accumulation in peripheral plants
Quality of life	<ul style="list-style-type: none"> • Overcrowding in homes, development of promiscuity, especially during the construction period • Inappropriate living conditions for non-resident workers • Increased rates of violence and crime, particularly during the construction period, due to poor living conditions and lack of leisure facilities for young migrant workers 	<ul style="list-style-type: none"> • Creation of labor camps • Monitoring of rental property prices to accommodate immigrant workers and their families • Development of recreational and educational centers to attract and entertain youth • Strengthening of general security systems
Gender	<ul style="list-style-type: none"> • Promotion of female employment by type of industry established • Otherwise, possible feminization of rural areas following the exodus of young male workers • Risk of increased prostitution during the construction phase due to the influx of migrant workers 	<ul style="list-style-type: none"> • Prioritize the recruitment of women for similar activities • Plan actions/volunteering activities as well as income generation activities for rural women unwilling or unable to follow their husbands to town • Provide oversight measures • Creation of leisure activities to entertain young people who are away from their family and environment
Health	<ul style="list-style-type: none"> • Psychological disorder in families of expropriated populations • During the operational phase, potential nuisance by noise and dust caused by heavy vehicle traffic • Poor housing for migrant workers • Risks of contamination in certain industries • Risk of accidents on construction sites for workers 	<ul style="list-style-type: none"> • Create awareness, inform and psychologically prepare families to move, at least one year in advance to avoid conflicts (social, land-related, and others) and potential disappointment and discontent that could be harmful to the implementation of the industry • Develop infrastructure facility or sanitary equipment (showers, latrines, waste disposal sites) on the site and in labor camps • Recommend the use of safety headgear and other safety equipment to industry staff to limit accidents and protect them from contamination • Make available a nursing service to track and monitor staff health • Control of sanitary and safety measures in the workplace

	<ul style="list-style-type: none"> • Problems due to lack of equipment available for workers (latrines, showers, garbage) during the site development and construction • Increased incidence of STDs, especially HIV / AIDS due to the influx of workers • For food companies, diseases transmitted by inappropriate methods of storage, processing of raw materials and waste disposal 	<ul style="list-style-type: none"> • Awareness and implementation of preventive measures to limit the spread of STDs and to fight against AIDS • Establish technical standards for monitoring fecal coliform and other bacteria that may form in raw materials and waste • Ensure that waste likely to transmit diseases are properly managed and sent to disposal facilities
Education	<ul style="list-style-type: none"> • Exclusion of some candidates for jobs created because of a lack of basic training • Creation of another wave of unemployment due to the refusal to the poor recruit the poorly qualified labor force mostly from rural areas. • Possible increase in school dropout rates for both girls and boys in rural and urban areas due to new job opportunities in factories • Improved knowledge and development of new skills for industrial workers • 	<ul style="list-style-type: none"> • Carry out works preferably during school holidays to ensure that site development and construction works are not detrimental to the smooth running of the school year • Provide training or skills development courses to future factory workers • Implant industry at reasonable distances from homes, schools, office buildings to avoid any inconvenience • Create awareness for young people around the need for proper training in order to improve their working conditions and living standards • Promote various training needed to improve the quality of work and products made the factory or industry, but also to allow greater mobility for workers to take over different tasks within the company.
Poverty	<ul style="list-style-type: none"> • Contribution to poverty reduction especially for workers in new jobs created in factories • Improving incomes of factory workers can increase their standard of living and purchasing power • Improved economic conditions for parts of the local population through economic dynamism created by the development of industries and ripple effects. Possible decline in living standards of involuntarily displaced persons • Risk of inflation in the prices of staple foods 	<ul style="list-style-type: none"> • Ensure that wages paid to workers allow an increase in their purchasing power and an improvement in their standard of living. Set a minimum wage higher than the official minimum wage. • Create a canteen for industry personnel

	following an increase of the demand	
Economy	<ul style="list-style-type: none"> • Possible economic losses due to expropriation from cultivated farmlands • Job creation for the local population • Temporary decrease in the unemployment rate in the zone of the industrial project and surrounding areas • Economic revitalization • Creating opportunities for local economic operators (building materials suppliers, construction companies etc.) • During construction, temporary informal sector development (innkeeper, beverage vendors, cigarettes, etc.) with the arrival of a construction-related labor force (masons, laborers, etc.) • Boosting the economy following the increase in population and consequently an increase in the demand for goods and services • In the medium and long term, availability of cheap labor 	<ul style="list-style-type: none"> • Carry out expropriation and displacement of populations after the harvest and during the dry season to avoid farmers to be running out of stock • Hire workers from the local population, possibly members of expropriated families and other inhabitants of the surrounding villages • Attempt to reorganize the economic and commercial sector around the project location to make it operational, consistent with the new economic realities and to avoid confusion in the sector • Control and regulate as much as possible the informal sector • Well organize the space and geographical areas to accommodate the new economic and commercial activities • Supervise and support job creation by offering adequate facilities for migrant workers • Facilitate the reunification of families and their integration into their new environment • Assist non-resident workers and encourage their families to join them • Provide income generating activities and volunteering opportunities for youth and wives of male workers employed in town to retain workers in rural areas
		<ul style="list-style-type: none"> • Plan and create sports and recreation centers to avoid rural exodus and mitigate prostitution in towns • Provide training and additional support to women and men affected to facilitate adaptation during the transition period • Exercise vigilance on wage levels so that industrial development is a source of real development for the population

Cultural aspects	<ul style="list-style-type: none"> • Increased diversity ethnic as a result of migrations • Proliferation of cultural exchanges with the presence of immigrants • Risk of conflicts between local people and immigrant workers to get jobs 	<ul style="list-style-type: none"> • Collaborate closely with local communities to facilitate the integration and acceptance of immigrants • Promote cultural exchanges through various events, sports or other activities • Promote employment of local people while gradually promoting the integration of immigrants, both in the workplace and in social life in general
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Annex 6. Environmental, Health & Safety Guidelines

1. As of August 2010, the World Bank Group has produced 64 Environmental, Health & Safety Guidelines (EHSs) for various industrial sectors, as well as General Environmental, Health & Safety Guidelines which covers a wide range of issues and is applicable to all industrial in addition to the sector-specific guidelines. The full set of Industry Sector EHSs and the General EHSs can be most readily accessed on IFC's website (www.ifc.org).

2. The IFC website is also the location where updates of the EHSs will be posted, as new examples of good practice are identified, or as new guidelines are prepared. These EHSs are also part of the Equator Principles. As required by the Equator Principles, the most recent version of the respective applicable guidelines should be used in the screening and review of new transactions.

3. For most investments in the services industry, the General Environmental, Health & Safety Guideline is most likely the only applicable EHS. However, for some investments possible under the Risk Sharing Facility, there are specific industry sector guidelines that also would apply in addition to the General EHS. A few examples of some of these are:

- Tourism and Hospitality Development
- Telecommunications
- Mammalian Livestock Production
- Poultry Production
- Plantation Crop Production
- Annual Crop Production
- Aquaculture
- Fish Processing
- Meat Processing
- Poultry Processing
- Food and Beverage Processing.

4. It should be noted that these Industry Sector EHSs and the General EHS are intended to identify recognized good practice, particularly in the absence of comparable national or local legislation. Moreover, they are designed to cover a wide range of topics, especially in the case of the General EHS, some or many of which specific topics may not be relevant or applicable to the project enterprise seeking FCC support. The EHSs will be used by the financial institution as useful tools in the screening and review process to determine whether environmental and social risks associated with the project enterprise have been appropriately identified and managed.

Annex 7. Simplified Environmental Code of Practice (ECOP)

1. While the FCC (project component 2.2) will not finance works, under project component 1.1 feasibility and design studies to prepare works may be undertaken, and ultimately safeguard instruments for those works may have to be prepared. This annex showcases the requirements that should be incorporated into activities related to civil works, . It comprises 2 parts: (1) good housekeeping involves proper storage, use, cleanup, and disposal of the various materials used during construction for human and environmental safety and (2) a standard clause for “chance find” procedures.

Part (1) Good housekeeping practices:

1. **DO:**

- Limited working hour during the day time, especially in residential areas, and control driving speed;
- Minimize earth excavation and appropriate disposal of spoil;
- Minimize opening of new borrow pits and ensure proper closure;
- Minimize traffic congestion, dust and noise generation;
- Proper maintenance of construction equipment and vehicles;
- Provide appropriate safety sign (day and night) and closely inform local residents;
- Avoid spill of used oil and other toxic materials, including safe transportation and storage;
- Ensure access to clean water and latrines by workers and provide mosquito net;
- Avoid social/cultural conflict between workers and local population; and
- Apply good housekeeping in the construction and/or storage sites to ensure safety of workers and peoples (Gather up and remove debris to keep the work site orderly and safe; Plan and implement adequate disposal of scrap, waste and surplus materials; Keep the work area and all equipment tidy. Designate areas for waste materials and provide containers; Keep stairways, passageways and ladders free of material, supplies and obstructions; Secure loose or light material that is stores on roofs or open floors; Keep materials at least 2m (5ft) from openings, roof edges, excavations or trenches; Remove or bend over nails protruding from lumber; Keep hoses, power cords, welding leads, etc from laying in heavily traveled walkways or areas; Ensure structural openings are covered/protected adequately; Provide the appropriate fire extinguishers for the materials found on-site. Keep fire extinguisher stations clear and accessible; etc.)

2. **DO NOT:**

- Do not permit rubbish to fall freely from any locations of the project and/or access by animals (dogs, cats, pigs, etc.). Use appropriate containers.
- Do not throw tools or other materials.
- Do not raise or lower any tool or equipment by its own cable or supply hose.
- Use grounding straps equipped with clamps on containers to prevent static electricity buildup.

- Do not allow hunting of animals by workers in protected areas.
3. **SPECIAL NOTE ON FLAMMABLE/EXPLOSIVE MATERIALS:**
- Store flammable or explosive materials such as gasoline, oil and cleaning agents apart from other materials.
 - Keep flammable and explosive materials in proper containers with contents clearly marked.
 - Dispose of greasy, oily rags and other flammable materials in approved containers.
 - Store full barrels in an upright position.
 - Store empty barrels separately.
 - Post signs prohibiting smoking, open flames and other ignition sources in areas where flammable and explosive materials are stored or used.
 - Store and chain all compressed gas cylinders in an upright position.
 - Mark empty cylinders and store them separately from full or partially full cylinders.
 - Ventilate all storage areas properly.
 - Ensure that all electric fixtures and switches are explosion proof where flammable materials are stored.

Part (2) The “chance find” procedures:

- If the Contractor discovers archeological sites, historical sites, remains and objects, including graveyards and/or individual graves during excavation or construction, the Contractor shall:
 - Stop the construction activities in the area of the chance find;
 - Delineate the discovered site or area;
 - Secure the site to prevent any damage or loss of removable objects. In cases of removable antiquities or sensitive remains, a night guard shall be arranged until the responsible local authorities or the National Culture Administration take over;
 - Notify the supervisory Project Environmental Officer and Project Engineer who in turn will notify the responsible local authorities and the Culture Department of Province immediately (within 24 hours or less);
 - Responsible local authorities and the Culture Department of Province would be in charge of protecting and preserving the site before deciding on subsequent appropriate procedures. This would require a preliminary evaluation of the findings to be performed by the archeologists of National Culture Administration. The significance and importance of the findings should be assessed according to the various criteria relevant to cultural heritage; those include the aesthetic, historic, scientific or research, social and economic values;
 - Decisions on how to handle the finding shall be taken by the responsible authorities and Culture Department of Province. This could include changes in the layout (such as when finding an irremovable remain of cultural or archeological importance) conservation, preservation, restoration and salvage;

- Implementation for the authority decision concerning the management of the finding shall be communicated in writing by relevant local authorities; and
- Construction work could resume only after permission is given from the responsible local authorities or Culture Department of Province concerning safeguard of the heritage.

Annex 8. Exclusion List

The following subprojects are not eligible for financing under project component 2.2 (matching grant facility) given the significant adverse impacts that will likely require more resources to mitigate than the scale of benefit and the limited capacity of the Chambers of Commerce and FCC Facilitator in managing impacts in line with the World Bank safeguard policies. Therefore, the FCC must apply the following exclusions:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions
- Production or trade in alcoholic beverages (excluding beer and wine)
- Production or trade in tobacco¹.
- Gambling, casinos and equivalent enterprises¹.
- Production or trade in radioactive materials.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Production or trade in unbonded asbestos fibers or use of asbestos-containing materials.
- Subprojects involving civil works
- Subprojects that would cause significant adverse impact and require a full ESIA report according to the national ESIA regulation and in line WB safeguard policies (e.g., category A), which would be beyond the capacity of the FCC beneficiaries to manage.
- Subprojects involving logging or those that that would significantly degrade or convert forest, critical natural habitats. However, transactions that may cause adverse impacts or degradation of non-critical natural habitats may be supported provided that the benefits of the subproject outweigh the negative impacts including the cost to devise and implement specific measures to mitigate them. Production and distribution of construction materials is one of the eligible activities provided that wood/lumber

production are sourced legally and further due diligence of the sources will be pursued as part of processing and approval of the transaction.

- Subprojects that will require physical relocation of households or businesses and/or acquisition of peoples' lands or peoples' displacement from their livelihoods;
- Industrial-scale activities involving significant conversion or degradation of natural and/or critical habitats and/ or any activities in legally protected or internationally recognized areas;
- Activities that likely induce acute pollution of natural resources (water bodies, air and soil) and living environment;
- Activities that do not comply with civil rights, protection of vulnerable people, gender equality and employment of minors;
- Subprojects which result in restriction of access to and/or loss of livelihoods for populations
- Subprojects that may cause effects on rare species, vulnerable and / or economically, ecologically, culturally important
- Subprojects that could change one or more historic sites, archeologic, cultural, or require excavation
- Subprojects which involve transformation or degradation of critical natural habitats and could result in the loss of biodiversity, including any official natural protected areas such as national parks and other protected areas;
- Subprojects which involve the cutting of trees for commercial activities;
- Subprojects which require the use of pesticides;
- Subprojects which involve the purchase of equipment for government agencies;

1. This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

Annex 9. National Legislation

2. This summary is provided for information purposes only and is not necessarily an exhaustive nor a World Bank Group approved list of all relevant environmental legislation and instructional framework.

3. Overall, the main Environmental Legislation in Cabo Verde is the following:

Main Environmental Legislation - general	
Law 86/IV/93 of 25/06	Framework Law on Environment- approves the guidelines for the Environmental Policy and defines the general principles and objectives of the natural environmental components (air, light, water, soil and subsoil, flora and fauna) and the protection of their quality as well as the human environmental components (<i>in accordance with the fundamental law which under its Art. 73 establishes the constitutional right to a healthy and ecologically balanced environment and the duty to protect and improve it</i>).
Legislative Decree 14/97 of 1/07	Regulates the Framework Law on Environment and establishes the fundamental principles for environmental management and protection with the aim of enhancing the natural resources and combating pollution of various nature and source. Establishes the Environmental Fund.
Law Decree 29/2006 of 06/03	Establishes the legal regime of Environmental Impact Assessment of all public and private projects which may have an impact on the environment. Derogates the Legislative-Decree 14/97 on EIA.
Decreto-Lei 3/2015 of 0/01	Derogates the Legislative-Decree 14/97 on the notion of quarries and their management. Establishes the legal regime on the exploitation of the mineral resources.
Law Decree 3/2003 Of 24/02 (as amended by Law Decree 44/2006, of 29/08)	Establishes the legal regime of protected areas - natural spaces, landscapes, monuments and places that by their relevance to biodiversity, for its natural resources, ecological function, socio-economic, cultural, tourist or strategic interest, deserve special protection, and to be integrated into the National Network of Protected Areas.
Resolution 14/2005 of 25/04	Approves the Second National Plan of Action for the Environment (PANA II) for the period 2004 to 2014 as an instrument of national policy on the environment.
Resolution 104/Viii/2014 of 21/05	Approves the White Book on the Environment which <i>inter alia</i> assesses the vulnerability profile of Cabo Verde, analyses the programs for the management of natural resources and the environment, presents the interaction between different sectors and the environment, and describes the legal and institutional frameworks for environmental management

Law Decree 81/2005 of 5/12	Sets up the Environmental Information (EIA) technical, strategic, political and institutional instrument for the organization, circulation and dissemination of environmental information with the aim of promoting the preservation of the environment and adequate and effective participation of citizens and public/private institutions and exchange between producers and users of information.
Resolution 4/2000 of 31/01	Establishes the National Action Programme to Combat Drought and Desertification.
Resolution 3/2000, of 31/01	Establishes the National Strategy and Action Plan for the Conservation of Biodiversity.
Law 17/VIII/2012 of 23/08	Redefinition of eco-tax, including its application, the exempt products, the value of the tax, the declaration, chargeability, liquidation, assignment and allocation, and penalties. The eco-tax is levied on non-biodegradable packaging of metal, glass or plastic artificial or synthetic which is charged by customs and applied on both imports and domestic production, to contribute significantly to the use of the faults missed, trash and waste and to reduce pollution and environmental degradation. It derogates Lei n.º 76/VII/2010.
Regulatory Decree 3/2012 of 28/02	Approves the National Environmental Fund regulation, as a management tool on the implementation of environmental strategic actions in order to achieve a more sustainable and accordant development. The regulation enables the establishment of the administrative responsibilities of the General Directorate of Environment, ensuring autonomy of management and active participation through the planning of supporting measures, as well as on the implementation of technical component through the analysis of the proposals and subsequent material control.
Law Decree 40/2013 of 24/10	Defines project financing arrangements relating to environmental preservation activity that implement new technologies or best practices for waste management operations, encourage the consumption of eco-efficient products, and promote or support actions or systems of information, awareness, education and training on waste management under Law 17/VIII/2012.
Law 48/V/98 of 6/04	Regulates the forestry activity and defines the roles and actions of the State and other public/private entities, establishing forest management tools, including the conditions of submission, planting, reforestation, expropriation, and incentives as well as the sanctions scheme.
Law Decree 2/2002 of 21/01	Prohibits the extraction of sand from dunes, beaches and inland waters, and set regulates the activity of sand extraction when allowed.
Main Environmental Legislation – Air	
Law Decree 5/2003	Defines the national system of air protection and control, which aims <i>inter alia</i> , to establish the appropriate regulatory framework for air management, to

of 31/03	guarantee the right for citizens to air quality, protection of public health and welfare of the people, the preservation of the harmony between nature, industrial activities, transport and human life, creating conditions for an integrated and sustainable development, to develop programs to promote pollution control, and to ensure prior licensing of pollutant establishments and the use of planning tools designed to prevent and reduce air pollution.
Main Environmental Legislation – Water	
Law 41/II/84 of 18/07 (as amended and republished by Legislative Decree 5/99 13.12.1999)	Approves the Water Code which establishes the general bases of legal ownership, protection, conservation, development, management and use of water resources and is applicable to all water resources in the soil, subsoil and atmosphere, the desalinated water and the sea and territorial waters if and to the extent that, in any way may interfere with the water resources.
Decree 82/87 of 1/08	Establishes the legal standards on the protection of water resources, through their rational use, the supply and management of drinking water and the general sanitation as well as activities associated with the consumption and distribution of water, in order to prevent obstruction, depletion, destruction, contamination or pollution of water resources and the spread of water based diseases.
Law Decree 8/2004 of 23/02	Establishes the criteria and standards of water quality and its classification, as well as control systems, the sanctions regime and safeguard measures.
Resolution 29/2003 of 29/12	Approves the National Sanitation Policy whose guiding principles are the sustainability, the integrated development and access to water supply and sanitation, and the environmental integrity.
Decree-Law 75/99 (amended by Decree- Law 5/2013)	Legal framework of the Concession of natural resources – relates to production, distribution and trade of water and wastewater services.
Law Decree 7/2004 of 23/02	Establishes the rules for the discharge of wastewater from isolated dwellings in villages and in all sectors of human activity that generate wastewater produced in the settlements which are commonly referred to as domestic sewage, urban and community.
Resolution 6/2010 of 24/11	Approves the National Action Plan for Integrated Management of Water Resources (PAGIRE)
Resolution 10/2015 of 20/02	Approves the National Strategic Plan of Water and Sanitation (PLENAS),
Main Environmental Legislation – Waste and Chemicals	
Law Decree 31/2003 of 01/09	Establishes the requirements for the disposal of urban and industrial waste and the rules on surveillance with a view of protecting the environment and public

	health.
Law Decree 12/2012 of 17/04	Modifies Law Decree 31/2003 in what relates to the definition of the different groups of medical waste, in order to distinguish between hazard and non-hazard medical solid waste.
Order 53/2011 of 30/12	Regulates the classification of medical waste and its management rules, namely in what concerns the collection, storage, transport, treatment, valorization and elimination, in order to avoid damage to human health and to environmental components. The order takes in account that the medical waste produced in medical units, including in diagnostic, treatment, and disease prevention activities shall be subjected to different treatment depending on its own characteristics.
Resolution 52/2010 of 05/10	Approves the National Sanitation Plan (PNSB), which identifies priority actions for a period of three years in order to ensure the sustainability of the sanitation sector, both from a technical standpoint as social and environmental.
Main Environmental Legislation – Soil	
Legislative Decree 2/2007 of 19/07	Establishes principles and rules for land use by private and public entities.
Decreto-Lei 56/2014 of 7/10	Legal Framework of revelation and use of geological resources

1. Besides, the following legislation can be considered in the ESMF:

Main Territorial Planning and Decentralization Legislation	
Legislative Decree 1/2006 of 13/02	Approves the Law on Spatial and Urban Planning, which defines key principles for land management (as amended and republished by Legislative Decree 6/2010 of 21.06.2010).
Law Decree 43/2010 of 27/09	Approves the Regulations of the National Spatial and Urban Planning (RNOTPU) which establishes the legal instruments of territorial management, and develops the bases for land management and urban planning and proceeds, in particular, with regard to the definition of instruments of territorial management and the determination of protective measures, the establishment of detailed rules of town planning and the establishment of a sanction scheme.
Order 6/2011 of 24/01	Establishes the dominant use and other compatible and incompatible uses of the different classes of spaces in order to classify and qualify the soil in all the municipal territory in accordance with the Regulations of the National Spatial and Urban Planning (RNOTPU)

Resolution 19/2011 of 27/09	Approves the National Directive on Territorial Planning, which establishes the framework of actions with impact on territorial organization at national level. The resolution identifies the national public interests, articulates the actions aimed at ensuring sustainable development and defines the basic criteria for planning and managing natural resources.
Law 134/IV/95 of 03/07	Approves the Statutes of the Municipalities which establishes the guiding rules for organisation and functioning of Municipalities (as last amended and republished by Legislative Decree 6/2010, 21.06.2010).
At the time of writing this report, there are 6 Territorial Planning Regional Schemes (EROT) – although the ones on Fogo and St. Antão are suspended. There are 19 Municipal Master Plans	
Main Civil Protection Legislation	
Lei 12/VIII/2012 of 7/03	Approval of the general bases of civil protection, activities of the State, local authorities, citizens and all public and private entities in order to prevent collective risks inherent in serious accident or disaster, to mitigate its effects, protect and rescue people, other living beings and property in danger when those situations occur. The law establishes the scope, definitions, principles and areas, defines the state of alert, contingency and disaster, determines the competent authorities for supervising and coordinating civil protection policy and its implementation as well as its coordination with the armed forces, establish the civil protection operations and the penalties.
Resolution 10/2010 of 16/03	Approves the National Contingency Plan for Disaster Reduction (PNC), which establishes rules on context and risk assessment, competent bodies for coordination, administration and logistics, management and communications and public information.
Main Legislation on Tourism with relevance for the environment	
Law85/VII/2011 of 10/01	Approves the foundations of Public Tourism Policies identifying the instruments for its implementation, the Strategic Plan for Tourism Development, as a tool for periodic assessment and planning which sets out strategy for national tourism development, establishing guidelines for public policies and guidelines to consider in tourism development plans, development plans and Tourism Special Tourist Zones.
Law 75/VII/2010 of 23/08	Approves the legal regime of the Tourism Special Zones which are areas identified as having special vocation for tourism supported by its potential endogenous or which have significant potential for future tourism development, and are classified as Zones of Integral Tourism Development I (ZDTI's) and Zones of Reserve and Protection of Tourism (ZRPT's).
Resolution 34/2010 of 06/06	Approves the Strategic Plan for Tourism Development for the period 2010 to 2013 which is an instrument of communication, guidance and coordination which aims <i>inter alia</i> to: identify the country's tourism potential and areas for

	improvement and locking points for sustainable growth of tourism in the country; define and communicate a clear vision in line with the country's development strategy drafted by the Government; establish policies and guidelines to guide strategic action programs and establish effective mechanisms for monitoring and evaluating the results of its implementation.
Law Decree 42/2014 of 14/08	Establishes the legal regime of nature tourism, including in nature tourism facilities, hosting activities and services, and tourism and environmental animation undertaken and delivered in areas integrated or not in the national network of protected areas. The act also specifies the types of nature tourism facilities, defines the powers of the authorities, specifically regulating the installation, exploration and operation, the nature tourism facilities outside of protected areas and establishing the surveillance and sanctioning regime.
Decreto-Lei 34/2014 of 17/07	Establishes the legal framework of tourism activities in the Rural area or zone, the set of activities and services provided and remunerated in rural areas, according to different lodging arrangements, complementary activities and services of animation and tourist entertainment, including the provision of accommodation, food supply and drinks in functional spaces of rural lodging facilities, organization and promotion of visits to productive farms, promotion of livelihoods and practices of the rural environment, and the dissemination and promotion of artistic and religious manifestations in rural areas. Different types of lodging are agro-tourism scheme, farm houses, rural hotels, guest houses and village tourism. The legal act also settles the general conditions of installation, and operating requirements, the rules of the accommodation units, installation and operation, penalties and fees.
Law Decree 6/2011 of 06/06	Approves the Code of Conduct for Providers of Nature Tourism Services given the need to encourage investment in tourism, to qualify and diversify tourism products and the sustainable development of the tourism sector.
Main Legislation on Renewable Energies	
Law Decree 1/2011 03/01, amended by DL 18/2014	Establishes rules for the promotion, access, licensing and exploitation of independent and self-generation of electricity based on renewable energy sources containing rules on energy planning and territorial incentives for renewable energy, the environmental impact assessment for renewable energy and for micro-production.
Resolution 33/2011 of 05/09	Approves the Strategy and Action Plan "Cabo Verde 50% Renewable by 2020," which sets the goal of achieving by the year 2020, the use of renewable energy in at least 50% of the electricity produced, and is based on: the preparation of infrastructure; financing and involvement of the private sector; implementation of projects, maximizing efficiency, and the launch of the Renewable Energy Cluster
Resolution 7/2012	Approves the Sector Strategic Plan for Renewable Energy (PESER) sectoral policy tool which aims to program and implement renewable energy

of 3/02	development guidelines, ensuring good use of resources, investing simultaneously in energy efficiency and use of renewable energy; declaration of various Renewable Energy Development Zones (ZDER), to host Wind, Solar, Pumping, Pure, Solid Waste, Geothermal, and Maritime projects adopting forms of organization of activities in the territory and occupation able to maximize the energy gains, promoting the production and use of energy from renewable sources.
Resolution 29/VIII/2011 of 22/08	Installation of the ECOWAS Regional Center for Renewable Energy and Energy Efficiency (ECREE) in Cabo Verde
Law Decree 29/2014 of 13/06	Creation of " Centro de Energias Renováveis e Manutenção Industrial, Entidade Pública Empresarial" (CERMI, EPE), public corporation whose main purpose is to promote the dissemination of knowledge and the development of skills for the exercise of top class professional activities in the field of renewable energy and industrial maintenance. It is a professional training center and a technology hub.

4. Cabo Verde is also a Party to the following main Multilateral Environmental Agreements:

Multilateral Environmental Agreement	Place/Date of Adoption	Date of Ratification¹
UN Framework Convention on Climate Change (UNFCCC)	New York, 09.05. 1992	30.10.1994
Kyoto Protocol to the UNFCCC	Kyoto, 11.12.1997	05.12.2005
Convention on Biological Diversity (UNCBD)	Rio de Janeiro, 05.06.1992	30.10.1994
Biosafety Protocol to the CBD	Cartagena, 29.05.2000	27.09/2005
UN Convention to Combat Desertification (UNCCD)	Paris, 17.06. 1994	18.03. 1995
Convention for the Protection of the Ozone Layer	Vienna, 22.03.1985	31.03.1997
Protocol on substances that Deplete the Ozone Layer	Montreal, 16.09.1987	31.03.1997
Convention on civil liability for oil pollution damage	London, 27.11.1992	10.02.1997
Convention on Persistent Organic	Stockholm, 22.05.2001	20.12.2005

¹ Date of entry into force of the Resolutions which approve the ratification of each MEA.

Pollutants (POPs)		
Convention on Wetlands	Ramsar, 22.06.1980	05.12.2005
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	Washington, 03.05.1973	22.03.2005
Convention of Migratory Species of Wild Animals (CMS)	Bonn, 22.06.1980	05.12.2005
Convention on Prior Informed Consent Procedure for certain Hazardous Chemicals and Pesticides in International Trade (PIC)	Rotterdam, 10.09.1998	27.12.2005
International Convention for the Prevention of Pollution from Ships (MARPOL)	London, 02.11.1973	31.12.0997
International Convention on Oil Pollution Compensation Fund	London, 27.11.1992	26.06.1996
Convention on the Control of Transboundary Movement of Hazardous Wastes and their Disposal	Basel, 22.03 1989	31.03.1997
UNESCO Convention for the Protection of the Underwater Cultural Heritage	Paris, 02.11.2001	29.07.2008

Annex 10. Institutional Framework on Environment

a) Institutional framework

1. Democratic governance in Cabo Verde is based on the articulation between central government and the municipalities (22 in total), both with rights and responsibilities without intermediate bodies. There are delegations of some ministries that cover several municipalities, but are distributed by islands or by areas of islands according to isolation, population, and volume of activities in a specified sector rather than by geographic distribution.
2. Municipalities are autonomous bodies, with their own patrimony and finances (they can charge some taxes) and with the possibility of regulate some matters. Within the framework of the ongoing decentralization reform, municipalities have an important role on the implementation of environmental policies and measures, as they are the public bodies closer to populations and small companies.
3. The main environmental related bodies at central level are:

Table 1 – Institutional Framework on environment

Institutional Framework on Environment	
Ministry of Environment, Housing and Territorial Planning (MAHOT) (DL 65/2014 of 3 December)	Is responsible for the conception, coordination, control, implementation and evaluation of GoCV policies for Environment, Water Resources, Meteorology and Geophysics. Besides, the ministry is responsible for the areas of territorial planning and housing, as well as it oversees the decentralization process. The ministry superintends the ANAS and the INMG and the real estate company IFH, and the minister is the head of National Environment Council and of the National Water Council
Ministry of Rural Development (MDR) (DL 10/2013 of 26 February)	This ministry administers Agriculture, Forestry and Livestock. The ministry administers irrigation and soil conservation measures. The ministry has an integrated approach to development and sustainable use of natural resources.
Ministry of Infrastructures and Marine Economy (MIEM) (DL 16/2013 of 9 May)	This ministry is responsible management of marine resources, through the Secretary of State of Marine Resources. Besides the minister superintends the Institute of Fisheries Development and the Maritime and Ports Institute that is responsible for the coastal zone administration. The ministry coordinates and implements the policies on public works, infrastructure, and transports. The minister coordinates the preparation of bidding processes for public works of direct or indirect administration of the State and centralizes their implementation and quality control.
Delegations of Rural Development,	These delegations depend of the MDR, and functionally of MDR, MAHOT and MIEM. The delegations are the decentralized arms of the the ministries

Environment and Fisheries (DL 17/2014 of 10/03)	implementing the policies, and supporting the population and SMEs. These delegations cover several municipalities, but are distributed by islands or by areas of islands according to isolation, population, and volume of activities in a specified sector rather than by geographic distribution.
Ministry of Tourism, Investment and Business Development (DL 66/2014 of 5 December)	Responsible for proposing, coordinating and implement the tourism and development of policies aimed at economic growth, competitiveness , promotion and internationalization of enterprises, promoting and attracting domestic and foreign investment, as well as public policies for the economic activities of production of goods and services , in particular regarding industry , energy , trade , and crafts, to quality , and services to enterprises. Also responsible for market regulation policies. The ministry presides the National Council of Tourism, the National Council of Competitiveness and the National Council of Energy. The ministry superintends Cabo Verde Investimentos.
National Environmental Council (DL 65/2014 of 3 December)	Consultative body whose mission is to support the GoCV on the evaluation, definition, implementation and articulation of policies and on the cooperation between public and private entities and organizations. CNA is presided by the minister of environment and composed of public and private representatives. DGA ensures CNA secretariat.
National Water and Sanitation Council (Lei 45/VIII/2013 of 17/10)	Interministerial coordination body of water and sanitation services management. It is a body of programming, permanent articulation and expression of multiple interests public and private, both at central and municipal level, regarding water and sanitation.
DN Environment (DL 65/2014 of 3 December)	Is responsible to support the definition, implementation and evaluation of the environmental and natural and built heritage policies. DGA has competencies in the areas of air, water, sanitation, noise, chemicals and protected areas, as well as the protection of natural resources (including marine), environmental liability and the promotion of renewable energies. DGA is composed of Direction of Services of Prevention and Environmental Impact Assessment, Direction of Services of Innovation and Environmental Quality, and Direction of Services of Natural Resources Management. The management of protected areas that used to be a competence of the Direction of Services of Natural Resources Management is no longer part of its competencies under the current legislation.
ANAS (Lei 46/VIII/2013 of 17/10)	The national water and sanitation agency is responsible to implement the policies of the GoCV and the integrated management of investments on the water and sanitation sector, as well strategic planning, technical regulation, supervision and monitoring of the services of production, distribution and trade of water, collection, treatment and discharge of wastewater and solid waste in the whole country. It is superintended by MAHOT.
DG Tourism (DL 23/2013 of 19 June)	Responsible for the elaboration and implementation of tourism policies in the country, to propose the Special Tourism areas, to propose licensing and monitor tourism operators and operations in the country. It DG Tourism is also responsible to develop strategic development plans on tourism and environment and to ascertain that negative impacts from tourism on environment are reduced. The DG Tourism has currently a staff of 6 members, an insufficient resource to

	fulfil its competencies.
DGDAL, UIA (DL 65/2014 of 3 December)	DGDAL is the organ of MAHOT overseeing the decentralization process and supporting municipalities on institutional and managerial issues, including on the implementation of the municipal information system (SIM). DGDAL should receive reports from the municipalities on activities and expenses, but only in 2010 municipalities started to report on a more consistent and frequent way. MAHOT has established in 2010 a Unit of Autarchic Inspection. The Unit inspects on the the implementation of the territorial planning instruments, and also on the legal compliance of other municipal decisions.
DG Marine Resources (DL 16/2013 of 9 May)	Responsible for the national fisheries policy, namely on management and use of living marine resources and to adopt measures for its implementation. It includes the Direction of Services of Inspection and Quality, and the Direction of Services of marine resources, aquaculture and .
DG Agriculture and Rural Development (DL 10/2013 of 26 February)	Directorate of the Ministry of Rural Development responsible for the design, implementation, and coordination of activities on agriculture, forestry, livestock, rural engineering and extension services. It is composed of a) agriculture services; b) livestock services; c) rural engineering and forestry services; d) Extension and agro-business services.
DG Energy (DL 23/2013 of 19 June)	Responsible for the elaboration and implementation of the national energy policy and desalinization. Responsible to support and stimulate the development of national energy resources and the use of renewable energies. Composed of the Service of convetional energy and desalination; and Service of Renewable energy and energy efficiency. It also incorporates the Special Projects Unit that manages large scale investments on energy and water.
Institute of Spatial Planning (DL 65/2014 of 3 December)	Is the spatial planning organ of the MAHOT and it has been coordinating (while it was DGOTDU) the process of elaboration of the DNOT, EROT, and PDM at central, island and municipal level. It is also in charge of geodesy, cartography, and register (cadastro)
INDP (DL 67/97)	The National institute for Fisheries Development is vested with administrative and financial autonomy. The INDP enjoys scientific and technical autonomy as well. INDP performs studies and implements actions (namely monitoring) on fisheries related areas, aiming at recommend actions and plans to improve the socio-economic benefits of fisheries, taking into consideration the policies and programmes of the GoCV on fisheries.
INMG (DR 13/2009)	The national institute of meteorology and geophysics is a semiautonomous agency, providing data and information services on climatology, meteorology, early warning on water flood, and geophysical monitoring – including the volcano of Fogo island. It is superintended by MAHOT.
Conselho Nacional de Protecção Civil (DR 3/2004) National Service of Civil	The CNPC is the multisectorial consulting and coordination body on civil protection. It is presided by the Prime Minister that can delegate functions to the line minister of civil protection. IT is composed by representatives of the army, police, the President of the National Service of Civil Protection and a representative of the National Association of the Municipalities of Cabo Verde.

Protection (DR 18/99)	The SNPC is the coordination body of the Civil Protection in the country. It has the power to activate the <i>Centro Nacional de Operações de Emergência de Protecção Civil (CNOEPC)</i> and coordinates the National Contingency Plan for the Reduction of Natural Disasters.
Centro Nacional de Desenvolvimento Sanitário (DL 39/2010)	The CNDS is responsible for the multisectoral coordination of the information, education and communication for sanitation development, as well as medium and high level training for health, researches and services provided to the communities. The CNDS is superintended by the Ministry of Health.
Rede Educação Ambiental and Serviço de Acção Educativa of Ministry of Education (DL 25/2011)	The Serviço de Acção Educativa is the body of the Ministry of Education responsible for the coordination of activities related to training, information and community awareness and mobilization, as well as for the didactic production and pedagogic follow up. Responsible to include the environment in the curricula of elementary and secondary education. The Rede de Educação Ambiental is the structure of the Ministry of Education responsible for the implementation of the Inter-sectorial Environmental Plan on Education and Environment. It undertakes trainings, awareness and environmental promotion activities for students and teachers.
Cabo Verde investimentos (DR 12/2009)	A public company responsible (according to DL 1/2005) for the physical planning, management and administration of the special tourism areas (Zonas de Desenvolvimento Turístico Integral e Zonas de Reserva e Protecção Turística) in all islands, except Boavista and Maio.
Soc Boavista e Maio (DL 16/2007)	A public company responsible (according to DL 1/2005) for the physical planning, management and administration of the special tourism areas Boavista and Maio islands.
Associação Nacional dos Municípios de Cabo Verde (Boletim Oficial da República de Cabo Verde - II Série, nº33 - de 19 de Agosto de 1996)	Is the representative body of the Municipalities of Cabo Verde. It is usually involved in participatory processes of decentralization of the State activities and is consulted for opinions on many reforms. ANMCV counts with an office of environmental experts that supports municipalities.

4. Moreover specific instruments have been created, such as Fund of Social Sustainability for Tourism (Resolution 94/2013); Environmental Fund and Ecological Tax (Law 76/VII/2010 amended by Lei 17/VIII/2012) Fundo do Ambiente e Taxa Ecológica; and Transporte Marítimo Inter-ilhas (Resolution 4/2015).

5. The main legal instruments on environment are described in Annex I. Cabo Verde has the right to the environment granted by its Constitution and reflected in a Framework Law of Environment and its Regulation. Specific policies and legislation have been enacted for the following environment components: air, water, waste and chemicals and soils. However there is

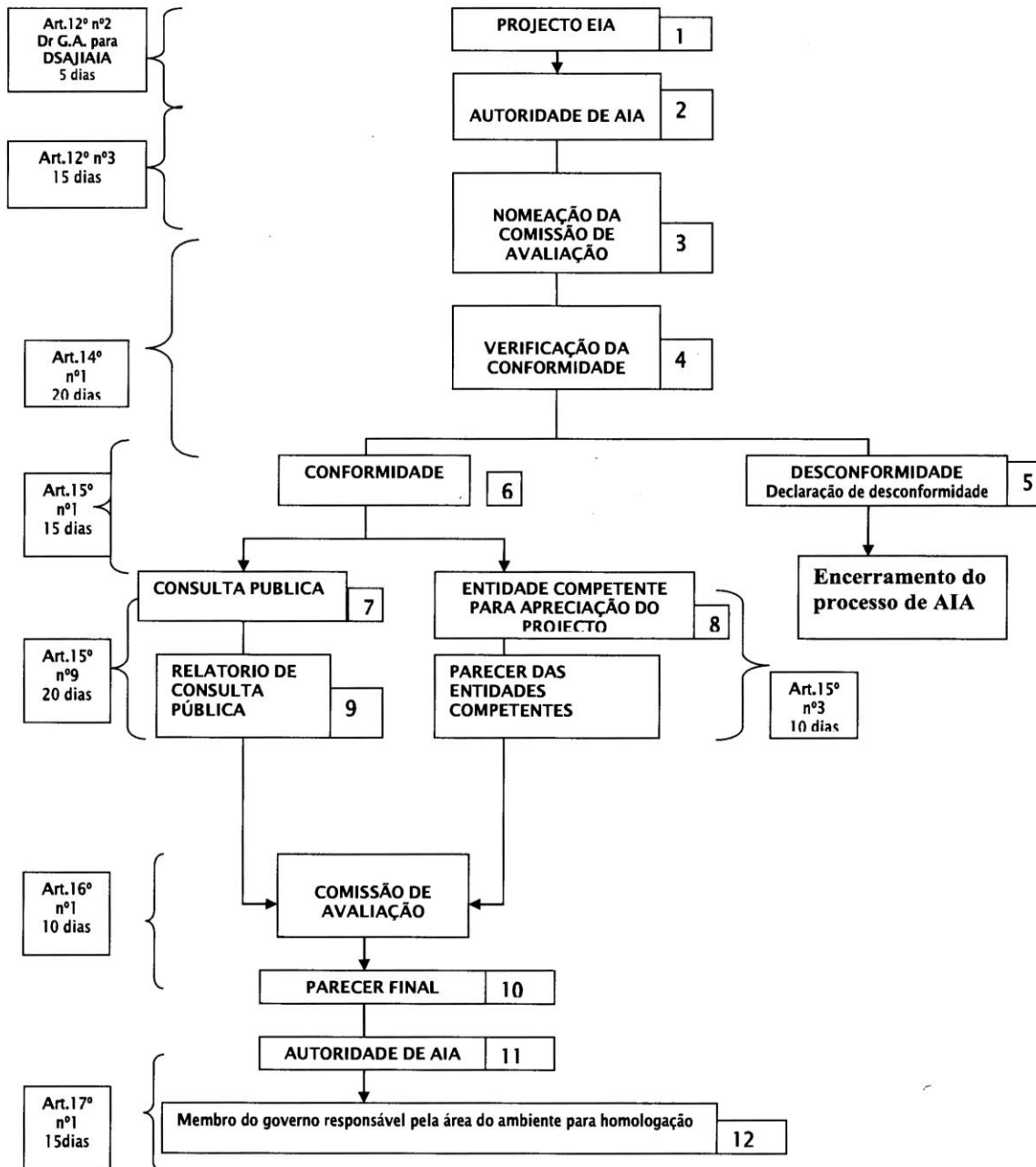
lack of regulation which difficult the implementation and enforcement of the general rules and guiding principles. These are the cases particularly of air and waste.

6. Annex I also includes a list of the Main Multilateral Environmental Agreements to which Cabo Verde is a Party. It demonstrates that the country is participating actively in the international arena. All these international obligations are part of national law but have not in many cases been reflected in national policies and regulations and are therefore difficult to implement. The secretariats of these MEA often make available technical assistance and funds for implementation.

7. Several structural documents of the GoCV enable the integration of environmental and sustainable development considerations on the planning process. The main instruments are the Poverty Reduction and Growth Strategy Paper (Documento de Estratégia de Crescimento e de Redução da Pobreza, GPRSP III), namely the second phase 2012-2016, and the second National Action Plan for Environment (Plano de Acção Nacional para o Ambiente, PANA II) for the period 2004-2014. The above documents, are backed by the successive Programmes of the Government, as 2011-2016 (Resolução 22/2011 of 14/06).

Annex 11. Procedures for Evaluation of Environmental Impacts under Cabo Verde Law

PROCEDIMENTO DE AVALIAÇÃO DE IMPACTE AMBIENTAL CABO VERDE (Decreto – lei 29/2006)



1. Gericamente o procedimento de AIA inicia-se com a apresentação do Projecto, do EIA e respectivo Resumo Não Técnico (RNT). Toda a documentação é entregue na entidade licenciadora (DGA) que a remeterá posteriormente para a Autoridade de Avaliação de Impacte Ambiental (DSAJIAIA).

2. A Autoridade de Avaliação de Impacte Ambiental (Autoridade de AIA (DSAJIAIA))

3. Recebido o Projecto, o EIA e o RNT, a Autoridade de AIA nomeia uma Comissão de Avaliação para o procedimento de AIA. Gericamente a Comissão de Avaliação é constituída por representantes das diferentes Direcções de Serviços do Ambiente (Monitorização, Avaliação Ambiental e Licenciamento; saneamento; e, gestão de recursos naturais). Um ou dois representantes da Direcção do Ordenamento do Território e Recursos Hídricos e um representante dos Serviços de Ambiente da Ilha onde se localiza o Projecto. Caso o projecto se localize numa área de protecção de um imóvel ou conjunto classificado, um representante da Direcção Regional da Cultura integra igualmente a Comissão de Avaliação.

4. A Comissão de Avaliação procede à apreciação técnica do EIA, verificando inicialmente a sua conformidade com os princípios e critérios definidos na legislação sobre AIA, nomeadamente o Decreto-Lei n.º 29/2006, de 6 de Março. A verificação da conformidade deve ocorrer no prazo de 20 dias. Caso sejam necessários elementos adicionais a Comissão de Avaliação pode solicitá-los ao proponente, suspendendo-se o prazo até à entrega dos mesmos.

5. Caso a Comissão de Avaliação entenda que o EIA apresentado não satisfaz os requisitos legais pode declarar a sua Desconformidade. A Declaração de Desconformidade deve ser fundamentada e determina o encerramento do processo de AIA. Caso o proponente assim o entenda poderá dar início a um novo procedimento de AIA.

6. Declarada a conformidade do EIA, o mesmo é enviado para publicitação e promoção da consulta pública e para as entidades com competências na aprovação do projecto.

7. No prazo de 15 dias, a Direcção de Serviços de Monitorização, Avaliação Ambiental e Licenciamento promove a publicação do EIA, bem como o período e forma de participação dos interessados. O período de consulta pública decorre por um período de 20 dias.

8. As entidades com competência na apreciação do Projecto, devem emitir o seu parecer no prazo máximo de 10 dias

9. Após a realização da consulta pública a autoridade de AIA elabora o relatório da consulta pública e remete-o à Comissão de Avaliação.

10. No prazo de 10 dias a contar da recepção do relatório da consulta pública, a Comissão de Avaliação, em face do conteúdo dos pareceres técnicos recebidos, da apreciação técnica do EIA e dos resultados da consulta pública, elabora e remete à Autoridade de AIA, o parecer final do procedimento de AIA.

11. A Autoridade de AIA remete o parecer final do procedimento de AIA para membro do governo responsável pela área do ambiente para homologação.

12. Após recepção do parecer final, cabe ao membro do governo responsável pela área do ambiente, emitir a decisão de aia no prazo máximo de 15 dias a contar da recepção desta

Nota: os prazos estipulados referem-se a dias úteis

Elaborado por: Neiva Centeio e Tânia Cruz

Annex 12. Draft Terms of Reference for a Feasibility Study

Introduction

Objective

Scope

Expected outputs

Timing

Team composition

The team shall include at least one social and one environmental expert with professional qualifications and a minimum of 10 years' experience,

DEFINITION OF DESIGN AND CONSTRUCTION STANDARDS

[to be included]

TECHNICAL ANALYSIS AND REQUIREMENTS

[to be included]

ASSESSMENT OF WORK QUANTITIES & COST

[to be included]

ENVIRONMENTAL AND SOCIAL ANALYSIS

The study must ensure that relevant environmental and social issues are taken into account in a manner that reflects the principles of the World Bank Operational Policies (OP) on safeguards, in particular OP 4.01 on environmental assessment, OP 4.11 physical cultural resources and OP 4.12 on involuntary resettlement.

The Consultant shall identify and describe the pertinent regulations and standards - both local and international, governing the environmental quality, health and safety, protection of sensitive areas, land use control at the national and local levels and ecological and socioeconomic issues. Thereafter, the Consultant shall identify the project activities that should comply with the identified regulations.

Depending on the envisioned infrastructure works and their impact on the surrounding environment, the consultant will prepare an appropriate environmental assessment. The Consultant will be required to prepare an Environmental Mitigation Plan, an Environmental and Impact Assessment (EIA) or a Social Impact Assessment (SIA) depending on the works.

While the Consultant will be responsible for the overall preparation of the environmental and social assessment reports (e.g., the EMP or EIA), he will do so in close coordination with UGPE. The Consultant will conduct the public consultations with groups affected by the proposed project, and with local NGOs, on the environmental and social aspects of the proposed project. The draft reports should be available in a public place accessible to affected groups and local NGOs. Two consultations will be required, firstly at the scoping stage before starting the assessments, and secondly after the draft assessments have been completed.

The comprehensive environmental management plan (EMP) should recommend a set of mitigation, monitoring and institutional measures to eliminate, minimize or reduce to acceptable levels of adverse environmental impacts and/or maximize socio-economic benefits. The Consultant should provide cost outlays for the proposed mitigation measures as well as their institutional and financial support, time frame and responsibility. This shall be provided for all the project phases.

The Consultant will prepare relevant materials to be provided to affected groups in a timely manner prior to consultation and in a form and language that is understandable and accessible to the groups being consulted. A record should be maintained by the Consultant of the public consultation. These records should indicate: (a) any means other than consultations (e.g. surveys) that have been used to seek the views of affected stakeholders, (b) the date and location of consultation meetings, (c) a list of attendees, their affiliation and address/ telephone number, and (d) summary minutes.

ECONOMIC STUDY

The study shall justify the benefits of [...]. The economic analyses should be based on an evaluation of investment costs and quantifiable benefits. The cost of improvements shall be based on local market prices for relevant components of construction costs i.e. labour, materials and equipment.

Included in the study must be a calculation of the area of land and property that must be expropriated, so that the cost of this IS estimated. The RPF will provide information on the prevailing compensation rates for land and the different types of buildings.

It is anticipated that the Consultant will carry out sensitivity analyses examining the impact of [...]. Costs and benefits should be expressed in constant prices (base year price).

FEASIBILITY REPORT

The report will contain the techno-economic and financial analyses, and ensure that relevant environmental and social issues are taken into account.

Annex 13. Standard Terms of Reference for an ESIA and RAP

1. Introduction

This terms of reference has been prepared as a general guideline for the preparation of an Environmental, Social Impact Assessment and Resettlement Action Plan for use with projects that are being implemented within CTD.

2. Objectives

The aim of the study is to achieve the following objectives:

1. To review of existing Environmental Impact Assessment (EIA) and Resettlement Action Plan (RAP) reports.
2. To identify and assess potential environmental and social impacts of the project.
3. To identify all potential significant adverse environmental and social impacts, of the projects and recommend measures for mitigation.
4. To review and develop an Environmental and Social Management Plan (ESMP) and RAP.
5. To prepare an Environmental and Social Impact Assessment, RAP and ESMP reports compliant to the relevant authorities, and detailing findings and recommendations.

2. Scope of the Consultancy Services

The consultant is expected to undertake investigations on social aspects, economic activities, and conservation of natural resources, historical and anthropological heritages, public consultations and disclosures. The proposed transmission line route and associated substations will be provided to give a guideline of the facilities to be studied. The scope of services to be undertaken by the Consultant shall include the following tasks.

2.1 Task 1. Detailed Desk-top Review

The Consultant is to review all existing documentation, and any previous EIA, RAP and ESMP reports. They shall further undertake a detailed study of the proposed (project), mapping on actual map of appropriate scale. The Consultant shall then concisely describe each facility assessed, its geographic, ecological, general layout of facilities including maps at appropriate scale where necessary Information on size, capacity, facilities and services should also be provided.

2.2 Task 2. Description of the baseline environment

The Consultant is required to collect, collate and present baseline information on the environmental characteristics of the existing situation around each facility. This description should involve but not limited to:

1. Physical environment (topography, land cover, geology, climate and meteorology air quality, hydrology, etc.)
2. Biological environment (i.e., flora and fauna types and diversity, endangered species, sensitive habitats etc.)
3. Social and cultural environment, including present and projected. Where appropriate (i.e., population, land use, planned development activities, community social structure, employment and labor market, sources and distribution of income, cultural/religious sites and properties, vulnerable groups and indigenous populations etc.)
4. Economic activities, agriculture, livestock, fisheries, small scale industries etc.

2.3 Task 3. Legislative and Regulatory Framework

The Consultant shall identify and describe the pertinent regulations and standards - both local and international, governing the environmental quality, health and safety, protection of sensitive areas, land use control at the national and local levels and ecological and socioeconomic issues. Thereafter, the Consultant shall identify the project activities that should comply with the identified regulations.

2.4 Task 4. Determination of impacts of project facilities and activities

From the detailed field study, the Consultant shall analyze and describe all significant changes brought about by each facility/activity. These would encompass environmental, ecological and social impacts, both positive and negative, as a result of each facility/activity intervention that are likely to bring about changes in the baseline environmental and social conditions discussed in Task 2.

The Consultant will make a prioritization of all concerns identified and differentiate between short, medium, long-term and cumulative impacts during construction, operation and decommissioning. The Consultant shall also identify both temporary and permanent impacts. A detailed outline and discussion of specific conditions that might affect the environment which are unique to the type of facility and/or operation being audited should be provided.

2.5 Task 5. Occupational health and safety concerns

The Consultant shall analyze and describe all occupational health and safety concerns brought about by activities during all the phases of the project. The Consultant shall make recommendations on corrective and remedial measures to be implemented under the environmental management plan.

2.6 Task 6. Development of management plan to mitigate negative impacts

The Consultant shall develop a comprehensive environmental management plan. The plan should recommend a set of mitigation, monitoring and institutional measures to eliminate, minimize or reduce to acceptable levels of adverse environmental impacts and/or maximize socio-economic benefits. The Consultant should provide cost outlays for the proposed mitigation measures as well as their institutional and financial support, time frame and responsibility. This shall be provided for all the project phases.

2.7 Task 7. Development of re-settlement action plan

The consultant shall undertake a socio-economic survey of the communities affected by the project.

1. Conduct a census of the affected persons and identification of vulnerable groups and indigenous populations.
2. Develop an eligibility criteria and establishment of a cut-off date. 3. Evaluate and prepare an inventory of the affected properties 4. Evaluate all other socio-economic costs.
5. Conduct public consultations/awareness creation of the relevant stake-holders, taking into consideration the gender concerns and vulnerable groups.
6. Identification of alternative relocation sites, where affected person might have to be resettled.
7. Develop adequate livelihood restoration mechanisms.
8. Prepare the resettlement implementation costs.
9. Preparation of implementation schedule.
10. Develop a monitoring and evaluation methodology
11. Consider the relevant legal provisions for land acquisition and resettlement during preparation of an appropriate re-settlement action plan.
12. Prepare and submit a detailed resettlement action plan.
13. Develop a conflict resolution mechanism.

2.8 Task 8. Development of monitoring plan

The Consultant is required to give a specific description, and technical details, of monitoring measures for both ESMP and RAP, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, definition of thresholds that will signal the need for corrective actions as well as deliver a monitoring and reporting procedure. The Consultant should provide a time frame and implementation mechanism, staffing requirements, training and cost outlays.

2.9 Task 9. Comparison

The consultant shall undertake a comparison of any other options that have been considered and studied. These other alternatives shall be compared to the proposed final concept; and pros/cons of each proposal detailed.

2.10 Task 10. Study Reports

The output will be an Environmental and Social Impact Assessment report and Resettlement Action Plan prepared in accordance with the regulatory provisions. The report shall be in Portuguese or English/French and be clear and concise. The reports should be in a format acceptable to local competent authorities, international environmental standards and development partners. The Consultant shall present the reports to relevant environmental authorities for approval in the required number of copies.

2.11 Task 11. Approval

The Consultant shall present the report prepared under Task 9 for approval by the relevant authorities. The Consultant shall be responsible for making any modifications that the authorities may demand before approval of the report.

2.12 Task 12. Counterpart Staff

For the purpose of capacity building the Consultant shall undertake the study together with counterpart staff seconded by the Client.

2.13 Task 13. Other relevant documents

All the comments in the Attachment to this TOR from the various EIA Authorities which are considered vital but not considered on the last Final ESIA and RAP reports shall be carefully addressed.(If needed)

3. Study Description

This being a category B project, the consultants will conduct an Environmental and Social Impact Assessment (ESIA) and prepare an Environmental and Social Management Plan (ESMP) and a separate Resettlement Action Plan (RAP) in accordance with the Bank's Environmental and Social Assessment Procedures, and Bank's policy on Involuntary Resettlement. This will comprise all the tasks that are required for a full environmental assessment, as described hereafter. The Consultant will be responsible for gathering, reviewing and analyzing all necessary data and information. Where these are insufficient, the Consultant shall make all practical efforts to produce the missing information/data including professional estimates and predictions based on the most likely conditions at the project area, reliable information and data from similar situations and conditions, etc.

The Consultant shall characterize the extent and quality of available data and describe the key data gaps and the uncertainties associated with estimates, predictions, and data used from similar situations. The methods of accommodating these gaps and uncertainties in the ESIA should be well stated and presented by the Consultant. When estimated values are used in place of data, the Consultant will be required to provide the uncertainty limits associated with these values and perform an appropriate sensitivity analysis.

The work will also include thorough consultations and meetings with all parties concerned (affected population or their representatives; local, regional, and national authorities; representatives of the scientific community; NGOs; etc.); in strict accordance with the requirements of the Government of Cabo Verde's and the World Bank's policies and procedures.

3.1 Main Tasks

The consultant will be responsible to review and update the following tasks:

1. Examine all aspects of the Project and will produce an inception report which will review the tasks to be carried out and agree with the client on any modifications and additions that may be required.
2. Prepare a detailed work plan indicating schedules and inputs required to complete the tasks.
3. During this inception period the consultant will carry out a scoping exercise that will provide the basis for the final report and detailed work plan.
4. Prepare a public consultation and disclosure plan.

3.2 Detailed Tasks

3.2.1 Provide description of the proposed Project

The consultant will provide a brief description of the Project including maps (at appropriate scales) where necessary.

3.2.2 Public consultation process

The consultant will:

1. Identify all affected people (e.g. people affected by construction activities and during operation) and will facilitate dissemination of information to relevant authorities and interested and affected parties (IAPs) concerning the proposed project NGOs and government departments and agencies that may have a stake in the Project and its effects should be consulted.
2. Prepare a Stakeholder Consultation Plan, providing an opportunity for the relevant authorities and IAPs to raise issues and concern pertaining to the proposed project and allow the identification of the additional alternatives and recommendations.
3. Describe a schedule for public consultation with these different groups, including number and timing of public input, and the methods to be employed (e.g. media announcements. town hall meetings questionnaires, one-on-one meetings, public EA steering committees). Public consultation should occur, at least, during the inception and collection of baseline information, and at the draft report stage. An annex of ESIA should summarize the Public consultation process and the results of the consultation process.
4. Gather more detailed information through which the study team could anticipate issues not raised by the IAPs that will be addressed by the environmental impact assessment report.
5. Focus the study on relevant issues and recommend specific investigations, such that the resulting ESIA is useful to decision makers and it addresses the concerns of IAPs

3.2.3 Legal and Administrative Framework

1. Describe the pertinent regulations and standards governing environmental quality, health and safety, protection of sensitive areas, protection of endangered species, land use control, etc., at national and local levels.
2. Describe the current administrative arrangements for environmental regulation, enforcement and management in the Cabo Verdean Government, and more specifically, within (name governorate or other government agency)
3. Provide a general assessment of the (name of agency who will be managing the project) and relevant government agencies involved in environmental and social management issues, to ensure that the EMP will be effectively implemented. The agencies may need

strengthening through capacity building measures to be specified in the Environmental Management Plan.

3.2.4 Description of the environment/project setting

Assemble, evaluate and present baseline data on the relevant environmental and social characteristics of the study area. In addition to the data being used for determining and assessing impacts it will be used as a baseline against which future changes caused by the Project can be measured and monitored. The data should include any information on changes anticipated before the Project commences. The description should contain relevant descriptions of the following:

1. **Physical environment:** geology, topography, soils, climate and meteorology; ground water and surface hydrology
2. **Biological environment:** flora; fauna; forests; rare or endangered (maybe name anything specific, if known, or create Appendix) significant natural sites, etc.; species of commercial importance, and species with potential to become nuisances, vectors or dangerous.
3. **Socio-cultural environment:** (include both present and projected where appropriate); population affected (numbers and subsistence systems), land use where appropriate and property (including houses, crops trees, plants, other properties. etc.); planned development activities; public health; cultural characteristics (including cultural property and heritage); and gender differentiation.
4. **Economic activities:** livelihood; employment; gender composition cross border migration. Some examples of the specific activities are: recording plant species that may be affected, based on field surveys; identification of any species of special concern, namely species with conservation status or endemic to the area; commentary on conservation status of specific species; compilation of a broad scale vegetation or habitat map of the area indicating the extent to which the project would affect each vegetation or habitat type; description of current land use and compilation of a broad land use map.

3.2.5 ESIA Methodology used

As a chapter of the ESIA report the consultant will describe the methods used for conducting the ESIA (scoping and bounding, impact analysis and public consultation process, etc.). The consultant will include a public participation plan to include stakeholder identification process, stakeholders identified, stages within the ESIA process where stakeholders have participated, and the different levels of participation used. Identification of impacts will include the identification of the important environmental components, and selection criteria used for identifying the significant impacts (positive and negative) whenever possible. Significant levels may be determined through the application of scoring system if the consultant is of the opinion

that such an approach is warranted. The consultant will employ environmental economic analysis where applicable, particularly to justify significant impacts to be mitigated.

3.2.6 Potential Impacts of the Proposed Project

Using the collected baseline data and the system or monitoring and evaluation, the consultant will take a systematic approach to identification mitigation and evaluation of all impacts and will identify potential changes which the Project may cause. These would include, but not be limited to, changes in the following:

1. Physical environment
2. Biological environment.
3. Socio-cultural environment.
4. Economic activities.
5. Employment opportunities.
6. Safety issues, including (i) measures to assure safety of local residents with respect to exposure to electromagnetic radiation, (ii) measures to ensure transformers and equipment at the substations do not contain PCBs; (iii) ensure that the safety and health concerns of temporary and migrant workers are addressed, and (iv) an HIV,AIDS program for workers and affected communities.
7. Construction phase impacts.
8. Impacts of work camps.
9. Waste management for the entire project, including the work camps and construction sites. Changes in land use, land tenure patterns and land grabbing as a consequence of improved access: (i) residential patterns; (ii) agricultural practice; (iii) livestock management (pastoralism); (iv) commercial use; (v) traditional use (herb, firewood collection, sacred sites etc.); (vi) access to public services (health, education etc.).
10. Impacts of access roads and how to manage these impacts and if needed closure or immobilization of access roads. In case of improved access to sensitive natural and critical natural habitats through access road to be constructed under the project, an Induced Access Management Plan needs to be prepared, in order to manage longer term impacts on natural habitat.
11. Traffic density, safety and dust control.
12. Land acquisition and settlement and per Bank Guidelines

The Consultant will analyze:

13. Positive and negative impacts.
14. Direct and indirect impacts, short term and long term.
15. Impacts those are avoidable/unavoidable - reversible/irreversible
16. Pre-construction actions to avoid or minimize negative impacts.

17. Construction and operational phase impacts.
18. Cumulative impacts occurring as a consequence of other activities in
19. The project area: existing activities, projects under construction or planned activities within a reasonable time frame.
20. Impacts in critical and non-critical habitats.
21. Identify the potential risk of the spread of HIV/AIDS and other sexually transmitted diseases during the construction period, and prepare a detailed plan for awareness and prevention including resource implications.

Wherever possible, the consultant will describe impacts quantitatively. In terms of environmental costs and benefits, and assign economic values when feasible. Impact analysis should be divided between construction and operation impacts.

3.2.7 Environmental and Social Management Plan

An Environmental and Social Management Plan (ESMP) that addresses the following aspects should be prepared:

Activities and impacts

Predicted adverse environmental and social impacts (and any uncertainties about their effects) for which mitigation is necessary should be identified and summarized. Effective measures to prevent or reduce significant negative impacts to acceptable levels during (i) construction and (ii) operation. Estimate the impacts and costs of those measures. Estimate the costs of any residual impacts. Another area of impacts that could contribute substantially is the cumulative effects of construction and operational phases of the Project. Most of these, if not all, can be avoided by following a set of best practices that the consultant will prepare (e.g. construction workers not littering, soil stockpiled in such a way as to prevent erosion and waterway sedimentation, only working day shifts to avoid unnecessary noise to adjacent households).

Description of implementation and monitoring program

Prepare detailed institutional arrangements (responsibilities) for implementing and for monitoring implementation of mitigation measures and the impacts of the project during construction and operation and maintenance. This will include a description of monitoring methodology, specific operations and features to be monitored, monitoring reporting relationships, and arrangements to ensure that monitoring is effective and leads to modifications where required to ensure minimal impact on the environment. Include in the plan an estimate of costs and description of other inputs such as training and institutional strengthening to ensure effective monitoring. An indication of what performance indicators to be used is to be provided.

Institutional strengthening and training

Identification of institutional needs to implement environmental recommendations: Review the authority and capability of (implementing agent) and other relevant institutions and recommend steps to strengthen or expand these institutions to ensure that effective environmental management and monitoring will occur.

3.2.8 Resettlement Action Plan (RAP)

The Consultant shall develop a comprehensive **RAP** based on a door-to-door survey ("resettlement survey") for all expropriation operations and displacements of houses and businesses needed for the selected option.

The objective of the **RAP** is to ensure that the population to be expropriated and displaced by the project is formally consulted and adequately compensated and treated. Involuntary resettlement should be avoided or minimized where feasible. However if displacements and expropriation are unavoidable, a resettlement plan needs to be developed. Displaced and expropriated persons should be consulted and compensated for the losses at full replacement costs prior to the actual move. Secondly they should be assisted in the move and supported during the transition period in the resettlement site. Thirdly assistance should be provided in their efforts to improve on their former living standards or at the very least maintain them. In general, a RAP would include the following sections:

1. **Executive Summary:** including the statement of objectives legal framework and main recommendations
2. **Description of the Project:** including a general description and identification of the project area
3. **Potential impacts, including identification of:**
 - a) The project component or activities that give rise to resettlement.
 - b) The zone of impact of such activities
 - c) The alternatives considered to avoid or minimize resettlement; and
 - d) The mechanisms established to minimize resettlement to the extent possible, during project implementation.
4. **Main objectives of the resettlement program**

3.2.9 Socio-economic survey

Findings of socio-economic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people, including:

The results of a census survey covering the following:

1. The current occupants of the affected area to establish a basis for the design of the resettlement program and to exclude subsequent inflows of people for eligibility for compensation and resettlement assistance; Standard characteristics of displaced households
2. The magnitude of the expected loss - total or partial – of assets, and the extent of displacement, physical or economic;
3. Information on vulnerable groups or persons, for whom special provisions may have to be made; and
4. Provisions to update information on the displaced peoples livelihoods and standards of living at regular intervals

Other studies describing the following

5. Land tenure and transfer systems, Including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems, and any issues raised by different tenure systems in the project area;
6. The patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project
7. Public infrastructure and social services that will be affected and
8. Social and cultural characteristics of displaced communities including a description of formal and informal institutions that may be relevant to the consultation strategy and to designing and implementing the resettlement activities

Legal framework including the following:

9. The scope of the power of eminent domain and the nature of compensation associated with It In terms of both the valuation methodology and the timing of payment;
10. The applicable legal and administrative procedures;
11. Relevant laws governing land tenure, valuation of assets and losses, compensation and natural resource usage rights customary personal law related to displacement and
 - Laws and regulations relating to the agencies responsible for implementing resettlement activities:
 - Gaps, if any, between local laws in the two countries covering eminent domain and resettlement and the World Bank resettlement policy, and the mechanisms to bridge such gaps and
 - Any legal steps necessary to ensure the effective implementation of Resettlement activities under the project.

Institutional framework covering the following:

12. The identification of agencies responsible for resettlement activities and NGOs that may have a role in project implementation;
13. An assessment of the institutional capacity of agencies and NGOs; and
14. Any steps that are proposed to enhance the institutional capacity of agencies and NGOs responsible for resettlement implementation.

4. Reporting

The consultant will produce the following reports in draft and final versions:

1. Inception Report including a detailed work plan (if completed)
2. Environmental and Social Impact Assessment
3. Induced Access Management Plan (if needed)
4. Environmental Management Plan
5. Resettlement Action Plan
6. Stakeholder Consultation Plan
7. Others (to be specified)

Annex 14. Consultations

For the purpose of general disclosure and public consultation of this Environmental and Social Management Framework and in accordance with the operational guidelines of the World Bank, the Ministry of Tourism, Investment and Business Development of Cabo Verde (MTIBD) organized a public consultation workshop in the city of Praia, Cabo Verde, on the 2nd of April of 2015.

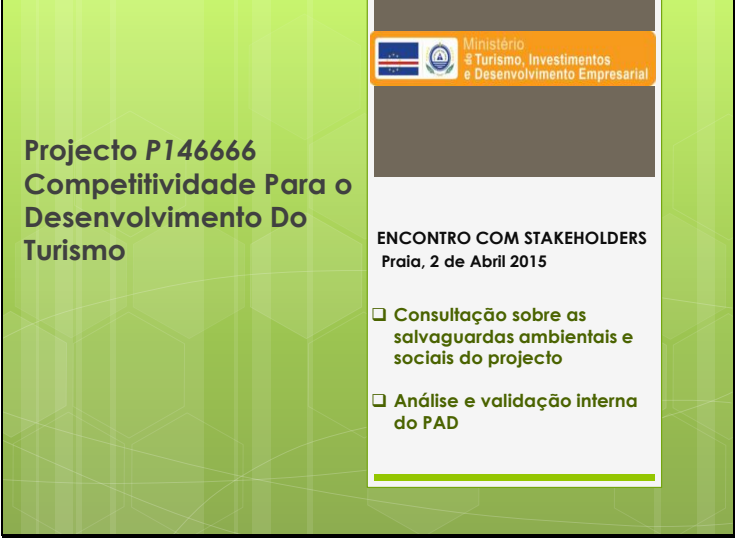
The event was attended by representatives of several public and private entities, including:

- General Directorate of Environment (based in the Ministry of Environment, Housing and Territorial Planning);
- General Directorate of Tourism (based in the MTIBD)
- General Directorate of Industry and Commerce (based in the MTIBD);
- Unit for the Management of Special Projects (based in the MTIBD);
- Cabo Verde Investments;
- Institute for the Management of Quality and Intellectual Property;
- Chamber of Commerce, Industry and Services of Sotavento Islands;
- Agency for Corporate Development and Innovation.

The ESMF was presented to the participants, showcasing how the environmental and social safeguards are managed under the project. The screening mechanisms were discussed, and there was special attention to the measures to be undertaken under the FCC. The main topic of discussion was the coverage of sectors to benefit under the FCC. It was discussed that many sectors will benefit as long as they are part of the tourism value chain. For example, agriculture, information technology, restaurants, and hotels.

Representatives validated the ESMF and the General Directorate of Environment underlined that it is in tune with national environmental laws. The presentation slides and photos of the event are presented next:

Slide 1



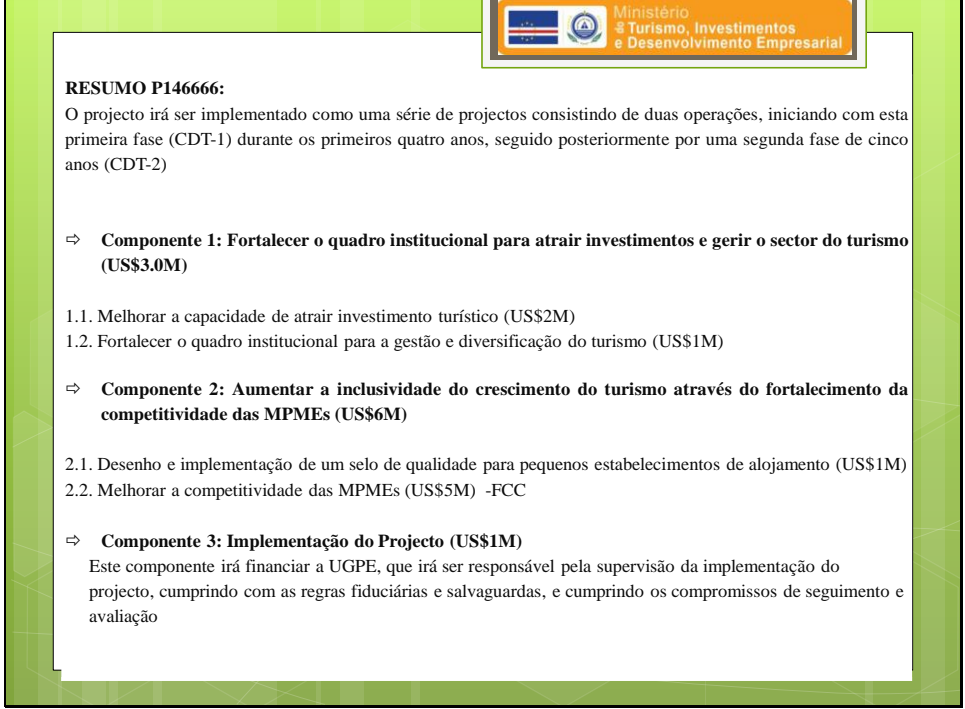
**Projecto P146666
Competitividade Para o
Desenvolvimento Do
Turismo**

Ministério
Turismo, Investimentos
e Desenvolvimento Empresarial

ENCONTRO COM STAKEHOLDERS
Praia, 2 de Abril 2015

- Consulta sobre as salvaguardas ambientais e sociais do projecto
- Análise e validação interna do PAD

Slide 2



Ministério
Turismo, Investimentos
e Desenvolvimento Empresarial

RESUMO P146666:

O projecto irá ser implementado como uma série de projectos consistindo de duas operações, iniciando com esta primeira fase (CDT-1) durante os primeiros quatro anos, seguido posteriormente por uma segunda fase de cinco anos (CDT-2)

⇒ **Componente 1: Fortalecer o quadro institucional para atrair investimentos e gerir o sector do turismo (US\$3.0M)**

1.1. Melhorar a capacidade de atrair investimento turístico (US\$2M)
1.2. Fortalecer o quadro institucional para a gestão e diversificação do turismo (US\$1M)


⇒ **Componente 2: Aumentar a inclusividade do crescimento do turismo através do fortalecimento da competitividade das MPMEs (US\$6M)**

2.1. Desenho e implementação de um selo de qualidade para pequenos estabelecimentos de alojamento (US\$1M)
2.2. Melhorar a competitividade das MPMEs (US\$5M) -FCC

⇒ **Componente 3: Implementação do Projecto (US\$1M)**

Este componente irá financiar a UGPE, que irá ser responsável pela supervisão da implementação do projecto, cumprindo com as regras fiduciárias e salvaguardas, e cumprindo os compromissos de seguimento e avaliação

Slide 3



Potenciais impactos ambientais e sociais do projecto (World Bank Safeguard Policies - Category B)

Subcomponent 1.1 - melhorando a capacidade de captação de investimentos pode levar a construção de novos estabelecimentos hoteleiros – estes deverão estar em consonância com as leis ambientais do país. Os estudos de viabilidade que serão financiados sob esse componente deverão considerar todos os impactos socio-económicos e ambientais

Subcomponent 2.2 – as actividades dos MPMEs a serem financiadas poderão ter impactos ambientais negativos. Neste sentido, por serem provavelmente baixos e reversíveis, podem ser atenuados através de um adequado processo de triagem ambiental e social, e também aplicação de medidas de mitigação e boas práticas ambientais

Políticas de salvaguarda:

- Avaliação ambiental (Environmental Assessment OP/BP 4.01)


Slide 4



H. Environmental and Social Training program

PARTICIPANTS	TRAINING TOPIC	TRAINING MODALITY	DURATION	TRAINER
Relevant government institutions and private sector.	Environmental and social aspects – national framework and regulations. To include findings of SESA once completed.	Workshop (may be provided at year one and year three)	1-2 days	Consultant
FCC Facilitator SDTIBM MITBD (including UGPE and CVI) Chambers of Commerce DGA staff	Introduction to World Bank safeguard policies, & specific project environmental and social safeguard requirements and procedures.	Workshop (within first six months of effectiveness)	1-3 days	Consultant
All project proponents	General Environmental and Social awareness raising, ESMF processes and procedures, including the Completion of Environmental and Social Screening Checklist, preparation of ESMF, ESIA, etc.	Quarterly (or more frequent if needed)	1-2 days	FCC Facilitator Safeguard Specialist or Consultant

Slide 5



I. Environmental and Social Screening Process of FCC Proposals

- Transacções não permitidas neste projecto: aquisição de terrenos e realocação de casas; actividades industriais (que envolvam degradação ambiental e de biodiversidade); relocação de sítos históricos

Annex 8. Exclusion List
(...)

- Produção ou comércio de produtos ilegais, armas, tabaco, bebidas alcoólicas (excluindo vinho e cerveja),
- Jogos e casino
- Produção ou uso de produtos contendo "asbestos"
- Uso pesticidas
- Aquisição de equipamento para agências governamentais
- Relacionado com trabalho político ou religioso
- Que envolve abatimento de árvores por razões comerciais
- (...)

Slide 6

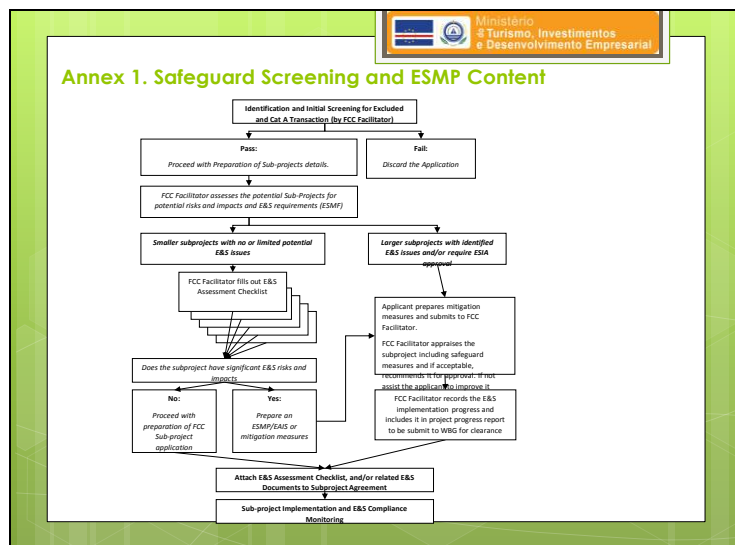


Photo 1:



Photo 2:



Photo 3:

