



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 30-Jul-2020 | Report No: PIDA29999



**BASIC INFORMATION**

**A. Basic Project Data**

Country Cabo Verde	Project ID P174299	Project Name Cabo Verde: COVID-19 Response PEF Additional Financing	Parent Project ID (if any) P173857
Parent Project Name Cabo Verde: COVID-19 Emergency Response Project	Region AFRICA WEST	Estimated Appraisal Date	Estimated Board Date
Practice Area (Lead) Health, Nutrition & Population	Financing Instrument Investment Project Financing	Borrower(s) Ministério das Finanças	Implementing Agency National Health Directorate

Proposed Development Objective(s) Parent

Project development objective is to prepare and respond to the COVID-19 pandemic in Cabo Verde

Components

- Component 1: Emergency COVID-19 Prevention, Preparedness and Response
- Component 2: Implementation Management and Monitoring and Evaluation (M&E)

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

**SUMMARY**

<b>Total Project Cost</b>	0.94
<b>Total Financing</b>	0.94
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	0.94
Pandemic Emergency Financing Facility	0.94



Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

### Impact of the Covid-19 Pandemic on Cabo Verde and Government Response

**1. The Pandemic is inflicting profound and devastating economic impacts on Cabo Verde, where baseline economic growth forecasts have been revised downwards by 10.5 percentage points.**<sup>1</sup> As of July, the economy is expected to contract by 5.5 percent in 2020, the most significant annual economic contraction on record. The overall fiscal deficit will increase sharply from 1.8 percent of GDP in 2019 to 8.4 percent in 2020, with public debt expected to increase by 13.6 percent to 137.7 percent of GDP.<sup>2</sup> The tourism sector, which represents 25 percent of GDP and drives overall economic performance, is being affected by the travel restrictions aimed at containing the Pandemic. Second, the delay or cancelation of planned private investment projects is reducing FDI and will negatively impact economic activity. Third, with a diaspora outnumbering the resident population, the economic downturn in the developed world is reducing remittances, which account for circa 9 percent of GDP.

**2. The COVID-19 induced economic shock opened up a fiscal financing gap of US\$177 million (9.4 percent of GDP) for 2020, which will be filled by external concessional credits, grants, and domestic borrowing.** The IMF approved the full Rapid Credit Facility (RCF) quota for Cabo Verde of US\$32.3 million in April 2020. A World Bank COVID-19 Emergency Response Project (P173857, US\$5 million) was approved, and the US\$10 million Cabo Verde Disaster Risk Management Development Policy Financing with CAT-DDO (P160628) was triggered. The African Development Bank approved a concessional budget support credit of US\$33.5 million in May 2020, and the UN, the EU, Luxemburg, and Portugal provided grants amounting to US\$30 million. The remaining financing gap of US\$67.4 million is expected to be filled by a combination of CRW resources allocated to the proposed Second State-Owned Enterprise Reform and Fiscal Management DPF (2<sup>nd</sup> SOERFM DPF, P171080), resources freed by the Debt Service Suspension Initiative (DSSI), and domestic borrowing.<sup>3</sup>

**3. The authorities announced accommodative fiscal and monetary policy measures to mitigate the economic impact of the shock and enhanced social programs to preserve the livelihoods of the poor.** Fiscal measures included the extension of tax payment schedules, exemption of social contribution for three months, acceleration of tax refunds, and fast-tracked settlement of supplier invoices. Other fiscal measures to support firms included credit lines and loan guarantees amounting to nearly US\$30 million. The Government also activated the National Emergency Fund (US\$10 million) to finance prevention and response actions within the scope of the national health system and civil protection. Also, financial policies to increase banks' liquidity are being implemented. Interest rates were reduced across the board with the intention to provide a financing boost to the economy. The 2020 budget was revised and supplemented with US\$20 million, reaching 38.4 percent of GDP at US\$761 million. It gives priority to strengthening the National Health System to handle the COVID-19 Pandemic, while also improving future health outcomes.

### World Bank Group Support for Responding to the Crisis



**4. The Bank has responded swiftly to the crisis through emergency operation and the repurposing of existing operations.** Responding to the crisis has not resulted in substantial modification of the program agreed with the Government under the CPF, as pipeline operations which remains extremely important for the economic recovery. The critical areas of intervention of the CPF - accelerating human capital development and strengthening the environment for a more diversified economy - and the pipeline of programs under preparation remain a priority. Ongoing operations were restructured to free up a combined US\$4.5 million to respond to the crisis. The social response was provided through the Social Inclusion Project (P165267) which allocated US\$3 million to reach an additional number of vulnerable families and the Cabo Verde Education and the Skills Development Enhancement Project (P164294) which has repurposed US\$1 million for the purchase of tablets and televisions to respond to the urgent need from the Ministry of Education to ensure educational continuity remotely.

**5. Economic response to the Crises has been provided through allocated CRW funds of US\$25 million to the 2<sup>nd</sup> SOERFM DPF.** The program will respond to the current emergency while supporting needed reforms to reduce fiscal risks in the SOE sector, and to strengthen accountability and effectiveness in fiscal and debt management, critical to middle term recovery. This budget support operation will finance the 2020 revised budget, which prioritizes critical spending to respond to the economic crisis in the areas of health, social protection, and measures to support policies to protect jobs and promote access to finances to firms and households.

## B. Introduction and Context

### Country Context

**6. The Cabo Verde: COVID-19 Emergency Response Project (P173857) was approved on April 2, 2020 and became effective on April 9, 2020.** As of June 18, 2020, the Project has disbursed 42 percent of loan proceedings. The Project's first disbursement was an advance payment for the purchase of personal protective equipment (PPE) and medical equipment (lot 01) to support the COVID-19 response, corresponding to 42 percent of the total contract value. The first shipment was delivered in Praia on June 1, 2020. The balance of the contract will be processed upon the shipment and delivery of the additional medical equipment (lot 02), which is expected to arrive in Praia by mid-July 2020.

**7. Project implementation has progressed well, taking advantage of the existing Project Implementation Unit (PIU) of World Bank projects in the country.** The PIU submitted the Environmental and Social Commitment Plan (ESMF), which has been reviewed and cleared by the World Bank safeguards team. The final version of the ESMF was disclosed on June 18, 2020. The PIU is also making proper utilization of Bank systems for fiduciary processes, including procurement and financial management.

**8. The proposed additional financing (AF) aims to expand activities under the parent Project (*Cabo Verde: COVID-19 Emergency Response Project – P173857*) which supports the Government of Cabo Verde in the implementation of its COVID-19 National Response Plan.** The National Health Direction is responsible for the implementation of the Plan under the overall stewardship of the Ministry of Health and Social Security (MSSS). The emphasis of the project is to provide medical equipment, supplies, and inputs to support the national virology laboratory, case detection at points of entry, and to improve treatment capacity.



9. **The Project AF is a recipient executed trust fund (RETF) in the amount of US\$942,857.14 from the Insurance Window of the Pandemic Emergency Financing Facility (PEF).**<sup>1</sup> The PEF provides financial support to IDA-eligible countries in case of major multi-country disease outbreaks, has triggered for COVID-19 and has made available a total of US\$195.84 million. The PEF Steering Body has approved allocations for 64 PEF eligible countries that have reported cases of COVID-19 as of April 22, 2020.

### C. Proposed Development Objective(s)

#### Original PDO

10. **Project** development objective is to prepare and respond to the COVID-19 pandemic in Cabo Verde

#### Current PDO

11. Project development objective is to prepare and respond to the COVID-19 pandemic in Cabo Verde

#### Key Results

12. **PDO level Indicators:** The PDO will be monitored through the following PDO level outcome indicators:

- Percentage of suspected cases of COVID-19 tested per approved protocol;
- Percentage of diagnosed cases treated per approved protocol;
- National virology laboratory with COVID-19 diagnostic equipment, test kits, and reagents per Ministry of Health guidelines (Yes or No).

13. **Intermediate indicators:**

#### *Component 1*

- Percentage of health districts with pandemic preparedness and response plans per Ministry of Health Guidelines;
- Percentages of health facilities with personal protective equipment and infection control products and supplies, without stock-outs in preceding two weeks.
- Country has prepared a referral system to care for COVID-19 patients;
- Number of additional Intensive Care Units beds equipped and operational.

#### *Component 2*

- Percentage of claims registered in the Project's grievance redress mechanism (GRM) resolved in a timely manner.

### D. Project Description

<sup>1</sup> The total PEF allocation to Cabo Verde is US\$1 million, from this amount is deducted: (i) Cost Recovery (5% on the RE commitment) of USD47,142.86; and (ii) Supervision through a Bank Executed Activities (BETF) of USD10,000.00. The net allocation, as RETF, is USD942,857.14.



14. The Project AF objectives follows the results chain of the parent project as well as the COVID-19 Strategic Preparedness and Response Program (SPRP). The Project Development Objective (PDO) statement remains the same, which is to prepare and respond to the COVID-19 pandemic in Cabo Verde.

15. **The Project AF will fund activities under component 1 (Emergency COVID-19 Prevention, Preparedness and Response):** (i) Prevention of new COVID-19 cases and propagation. This activity includes the provision of PPEs for population of Cabo Verde; (ii) Strengthen national and sub-national COVID-19 case detection. This activity will improve case detection by scaling up testing capacity in the country, through the procurement of COVID-19 diagnostic tests and Equipment’s and Materials for Virology Lab; and (iii) Capacity building on public health preparedness and response. The PIU will continue to be responsible for overall administration, procurement, and financial management and M&E of project activities.

Table 2: Estimated AF

Components & Sub-Components	Cost USD
<b>Component 1: Emergency COVID-19 Prevention, Preparedness and Response</b>	
<i>Sub-component 1.1: Prevention of new COVID-19 cases and propagation</i>	200,000.00
<i>Sub-component 1.2: Strengthen national and sub-national COVID-19 case detection</i>	690,000.00
<i>Sub-component 1.3: Strengthen national system for public health preparedness and response</i>	52,857.14
<b>Total AF Project Cost</b>	<b>942,857.14</b>

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	
Projects in Disputed Areas OP 7.60	

Summary of Assessment of Environmental and Social Risks and Impacts

16. Overall, this AF, like the parent Project, is expected to have positive impacts on the Cape Verdean society by improving COVID-19 responses, surveillance, and containment mechanisms. However, the AF could also cause significant environmental, health and safety risks due to the nature of the pathogen and reagents and other materials to be used in the project-supported Healthcare facilities. The AF activities will generate medical health care waste, which can affect the health of local communities and Cabo Verde’s population if not well managed. Working with patients and materials infected with COVID 19 can potentially expose health workers and medical staff to contamination, hence presenting health and safety issues.



17. The proposed AF will provide medical supplies for public health facilities (diagnostic, electronic, and life-support equipment; durable medical equipment, such as beds and carts) and virology laboratory supplies; Personal Protective Equipment for health personnel involved in patient case management; Vehicles for transport of medications and laboratory samples, training on Monitoring and evaluation; and the procurement of goods and their distribution across health facilities within Cabo Verde. Potential risks and Impacts from the project include those related to the handling, storage, processing and disposal of COVID-19-infected materials; operation of laboratories and medical facilities. All specific sites and activities under the project remain to be defined.

18. To mitigate the project's risks and impacts, the Client has prepared an Environmental and Social Management Framework (ESMF) integrating a Medical Waste Management Plan, which has been cleared by June 2020. The ESMF will include a medical waste management plan that builds on best international practice and World Health Organization (WHO) protocols for its collection, storage, transportation and final disposal. The relevant parts of the WHO COVID-19 quarantine guidelines and COVID-19 biosafety guidelines will be integrated into the ESMF so that all relevant occupational and community health and safety risks and mitigation measures will be covered. These guidelines include provisions to address the needs of patients, including the most vulnerable. They also include provisions on the establishment of quarantine and isolation centers and their operation considering the dignity and needs of patients. The ESMF will serve as a mechanism/tool to prepare specific E&S Management Plans (ESMP) when sites and activities are known and the ESMF screening suggests one is needed.

19. The project includes a Stakeholder Engagement Plan (SEP) that identifies project stakeholders, identifies what information will be in the public domain, in what languages, and where it will be available. It explains the opportunities for public consultation and how people will be notified about new information or opportunities for comment. It explains how comments will be assessed and considered and describes the project's grievance redress mechanism (GRM). The SEP will also include how routine information on the project's environmental and social performance will be publicly disclosed, including opportunities for consultation.

20. The ESMF will integrate a list of the most vulnerable groups detailing measures to specifically address their needs. To properly address GBV/SEA/SH risks, the ESMF will map out and assess GBV prevention and response actors in communities adjoining the project and include a SEA/SH Prevention and Response Action Plan including an Accountability and Response Framework. Relevant capacity building measures will be included in the ESMF as well to provide the Borrower with the needed support to properly address the project's E&S risks. The UGPE will appoint an E&S Specialist to provide technical assistance to the project's overall E&S aspects.

## E. Implementation

### Institutional and Implementation Arrangements

21. **The overall coordination of Project implementation will be the responsibility of the UGPE, within the Ministry of Finance, which has implemented several development projects since being established in 1999.** The UGPE is currently implementing the ongoing IDA credit for Competitiveness for Tourism Development Project (P146666), the Education and Skills Development Enhancement Project (P164294), [Access to Finance for Micro, Small, and Medium Sized Enterprises Project \(P155200\)](#), the Social Inclusion Project (P165267), the State-Owned



Enterprises Related Fiscal Management Project (P171528), and the Regional Harmonizing and Improving Statistic (P169265). The National Health Directorate will have primary technical responsibility in carrying out the Project and would play a role in the implementation of the components and their various activities, in accordance with the existing roles and responsibilities assigned to them within the ministry (see below).

**22. The UGPE would have primary Project coordination and fiduciary management (procurement and financial management) functions for the Project.** The UGPE is the management unit in charge of all World Bank projects and is familiar with the Bank fiduciary procedures and its overall procurement and financial management (FM) performance is satisfactory. The UGPE coordinator will be responsible for consolidating inputs from the MSS to prepare semiannual progress reports and streamlining communication with the World Bank. The Project coordinator will work closely with the UGPE fiduciary staff and MSSS staff.

### Financial Management

**23. The National Health Directorate within Ministry of Health and Social Security (MSSS) will have primary technical responsibility in carrying out the project and UGPE will be responsible for the coordination and fiduciary management (procurement and financial management).** The FM arrangements will be based on the existing arrangements in place within UGPE which has the fiduciary responsibility of five active World Bank financed projects. The overall FM performance of the UGPE is Satisfactory. Proper books of accounts and supporting documents have been kept in respect to all expenditures. The UGPE is familiar with the World Bank FM requirements. The interim un-audited financial reports (IFRs) for the ongoing projects are also submitted on time, acceptable to IDA and the external auditors issued an unqualified (clean) opinion on the 2018 Financial Statements of active projects. UGPE has an adequate financial management manual of procedures which can be used for this project. However, UGPE internal control environment is weakened by the lack of internal audit function despite the growing number of the World Bank financed projects they are managing.

**24. In order to accommodate the project in the existing financial management system and ensure readiness the following measures should be taken:** (i) the customization of the existing accounting software to include the bookkeeping of the project to generate interim financial reports and financial statements no later than one month after effectiveness (ii) the recruitment of an internal auditor who will cover all bank financed projects no later than one month after effectiveness (iii) the recruitment of an external auditor to conduct a single audit of the project financial statements no later than 6 months after effectiveness.

**25. The overall FM risk is moderate.** UGPE has the overall responsibility of the financial management and procurement functions and has proven experience with Bank financed projects. UGPE's financial management arrangements in place satisfy the Bank's minimum requirements under Bank Policy and Directive on Investment Project Financing (IPF) effective in 2017.

### Procurement

**26. Recognizing the significant disruptions in the usual supply chains for medical consumables and equipment for COVID-19 response, the World Bank will provide, at borrowers' request, Bank Facilitated Procurement (BFP) to proactively assist them in accessing existing supply chains.** Once the suppliers are identified, the Bank could proactively support the UGPE with negotiating prices and other contract conditions. UGPE will remain fully responsible for signing and entering into contracts and implementation, including assuring relevant logistics with





suppliers such as arranging the necessary freight/shipment of the goods to their destination, receiving and inspecting the goods and paying the suppliers, with the direct payment by the Bank disbursement option available to them. the Bank's Procurement Framework would constitute additional support to borrowers over and above usual Hands on Expanded Implementation Support which will remain available. If needed, the Bank could also provide hands-on support to Borrowers in contracting to outsource logistics.

**27. The UGPE has experience with Bank procurement rules and procedures, including with the new Procurement Regulations for Borrowers (IPF).** All ongoing projects, except the Tourism Development Project, are implemented under the new Procurement Regulations. The UGPE is implementing these projects with two procurements specialists and an assistant. An additional procurement assistant will be recruited to strength the procurement capacity of UGPE.

**28. The staff has acceptable backgrounds in World Bank procedures and the use of the World Bank's Standard Bidding Documents.** However, the new procurement officer and assistant need more training on the New Procurement framework, especially around the flexible arrangements to support the emergency response. This new project and two others in preparation will also bring additional workload that needs to be managed. There are risks of delays in project implementation and improper procurement that could result in poor results. The overall procurement risk without mitigation measures has been assessed to be **Substantial**.

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**APPROVAL**

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