# BASIC INFORMATION

## A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
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<tbody>
<tr>
<td>Cabo Verde</td>
<td>P165267</td>
<td>Social Inclusion Project</td>
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<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<tr>
<td>AFRICA</td>
<td>30-Sep-2018</td>
<td>26-Nov-2018</td>
<td>Social Protection &amp; Labor</td>
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<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
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<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance</td>
<td>Ministerio da Familia e Inclusao Social - Ministry of Family and Social Inclusion</td>
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### Proposed Development Objective(s)

To support Government efforts in building an effective social protection system that promotes social and productive inclusion, by building effective delivery systems for outreach, targeting and program management; and supporting the expansion of the Rendimento Social de Inclusão Program (cash transfer program).

### Components

- Strengthening Social Protection systems
- Expansion of the Rendimento Social de Inclusão (RSI) Program

## PROJECT FINANCING DATA (US$, Millions)

### SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tr>
<td>Total Project Cost</td>
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</tr>
<tr>
<td>Total Financing</td>
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<tr>
<td>of which IBRD/IDA</td>
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<tr>
<td>Financing Gap</td>
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### DETAILS

**World Bank Group Financing**

| International Development Association (IDA) | 10.00 |
B. Introduction and Context

Country Context

1. **Cabo Verde is a small archipelago of 4.033 sq km located 550 km off the West African coast, facing major development constraints.** The local population (537,661 people), is scattered over nine islands. The economy depends largely on the services sector which accounts for roughly 60 percent of economic activities and 65 percent of labor force participation. Commerce, hotels and restaurants provide around 23 percent of jobs, followed by public administration and public services (19 percent).

2. **Cabo Verde witnessed spectacular social and economic progress between 1990 and 2008.** During this period, its GNI per capita grew six-fold and it was the only non-extractive economy in Sub-Saharan Africa to reach middle-income status in such a short time. Poverty levels were reduced considerably, largely driven by fast growth in the tourism sector and remittances. However, economic growth collapsed following the global financial crisis in 2008.

3. **Despite Cabo Verde’s robust GDP growth and the important reduction in poverty in the last 10 years, 35 percent of the population remains poor.** With a GNI per capita of US$ 3,290 Cabo Verde remains the country with the highest inequality in West Africa and almost 30 percent of the youth do not work nor study. Poverty also has a clear gender dimension with 39 percent of female headed households being poor, compared to 31 percent of those headed by men.

4. **Poverty is also mostly concentrated among households with children.** Out of the total poor households, 85 percent of them have children under 15 years old at home, whereas in non-poor households, those having children are 57 percent of them.

Sectoral and Institutional Context

5. **According to Decree-Law 54/2016, the Ministry of Family and Social Inclusion (MFIS) is in charge of the design, the implementation and the coordination of social inclusion policies and programs.** The social protection system is governed by Law No. 131/V/2001 of 22 January 2001, which establishes three
different schemes, namely Social Assistance, Compulsory Social Protection and Complementary Social Protection.

6. **Total Social Protection spending in Cabo Verde increased from 3.7 percent of GDP in 2010 to 5.3 percent of GDP in 2017.** These figures placed Cabo Verde among the top providers of government funds in terms of social protection expenditures in Sub-Saharan Africa.

7. **Compared to other SSA countries, Cabo Verde has an advanced social protection system, though programs are very fragmented and coverage of the poor remains insufficient.** The Social Protection System covers 55 percent of the total population in 2017. Around 33 percent of the total population benefit from the social insurance system mainly through health assistance.

8. **Implementation of Social Protection Programs in Cabo Verde follows a decentralized approach.** Policies and programs are designed, supervised and financed by MFIS, but the actual implementation is carried out by the municipalities. In such a decentralized context, the Government of Cabo Verde is lacking adequate tools to ensure monitoring and evaluation of programs. Only the Social Pensions program has a proper Management Information System that can provide accurate information and there is limited technical capacity within the municipalities to implement social protection programs.

9. **To tackle the above-mentioned weaknesses in the sector, the Government of Cabo Verde, through MFIS, intends to focus on two main interventions: the continuous expansion of its newly created Unified Social Registry (USR), and the implementation and expansion of the Rendimento Social de Inclusão Program.**

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

**Development Objective(s) (From PAD)**

To support Government efforts in building an effective social protection system that promotes social and productive inclusion, by (i) building effective delivery systems for outreach, targeting and program management; and (ii) supporting the expansion of the Rendimento Social de Inclusão Program (cash transfer program).

**Key Results**

- Percentage of the population registered in the Unified Social Registry
- Number of poor beneficiary households receiving regular cash transfers from the Project through the RSI Program (disaggregated by gender of the cash transfer recipient)
- Percentage of RSI beneficiaries from the poorest two quintiles
- Percentage of RSI beneficiaries receiving the payment of their benefits on time
- Percentage of RSI beneficiaries benefitting from productive inclusion activities

D. **Project Description**

10. The project will be articulated around two main components: a component supporting the strengthening of social protection systems, and a component aiming at increasing coverage of the RSI and promoting
socio-economic support to RSI beneficiaries.

**Component 1 – Strengthening Social Protection systems (US$ 3 million)**

11. The specific objective of this component is to enhance the capacity of MFIS and other institutions (municipalities) involved in the social protection sector to implement, monitor, and evaluate safety nets programs as an integrated and permanent safety net system.

**Subcomponent 1.1 - Building permanent systems to implement Social Protection programs**

12. This subcomponent would build the capacity of MFIS in general, and the Directorate of Social Inclusion (Direção Geral de Inclusão Social or DGIS), the Directorate of Planning, Budget and Management (Direção de Planificação, Orçamento e Gestão or DGPOG) and participating municipalities in particular, as the institutions responsible for the social protection related activities under the Project. This subcomponent aims to establish the delivery systems required to effectively implement social protection programs and enhance the capacity of staff within DGIS and municipalities to manage these programs.

**Subcomponent 1.2: Support to the expansion of the Unified Social Registry (USR)**

13. This subcomponent would support the scale up of Cabo Verde’s USR. The Government of Cabo Verde is committed to the operationalization of an USR that would serve as a national instrument for outreach, intake, and determination of potential eligibility for all social programs. The USR is also conceived as a planning tool for municipalities to better understand the vulnerability of their populations and generate additional demand for social programs.

**Component 2: Expansion of the Rendimento Social de Inclusão (RSI) Program (US$ 7 million)**

14. The objective of this component is to scale up and improve targeting and efficiency of the Rendimento Social de Inclusão Program (RSI), which was designed and financed by the government of Cabo Verde in 2016/2017, and aims to provide (i) cash transfers to very poor families; (ii) access to productive inclusion initiatives to the same beneficiaries; and (iii) access to childcare services for very poor families.

**Subcomponent 2.1: Cash transfers to poor households with children**

15. This subcomponent would scale up the cash transfers in the frame of the RSI. This subcomponent would scale up the cash transfer to additional selected families that would be registered in the Social Registry and would be selected through a poverty index (Proxy Means Test) that has already been developed by DGIS with World Bank TA.

**Subcomponent 2.2: Support to productive and social inclusion of RSI beneficiaries**

16. The objective of this component is to support RSI beneficiaries in achieving productive and social inclusion, and increase their access to the labor market, self-employment and income generating initiatives.
17. **Productive inclusion activities.** The project would develop a referral system for safety net beneficiaries to access productive opportunities. In order to achieve a sustainable graduation out of poverty, beneficiaries from the cash transfers would be referred to productive inclusion opportunities supported by the Project.

18. **Childcare services for family dependents.** Through a decentralized approach giving a large competence to municipalities in this area, the project would support the government in improving childcare services in the poorer areas where most of RSI families live.

**E. Implementation**

Institutional and Implementation Arrangements

19. **The proposed project would be implemented over four years.** The emphasis of the first year after effectiveness will be on enhancing government capacity and consolidating the institutional building blocks of the social safety net system, including the establishment of the country’s social registry.

20. **The Project implementing agency would be MFIS.**

21. **The Social Registry will be housed at the General Directorate of Planning, Budget and Management (DGPOG – Direção Geral de Planeamento, Orçamento e Gestão) within MFIS.** Municipalities will manage local teams of registration agents and finance part of the registration exercise, while the DGPOG provides technical assistance, guidance and some financial resources.

22. **The RSI program will be managed by the General Directorate of Social Inclusion (DGIS – Direção Geral de Inclusão Social) of MFIS.** DGIS will have the responsibility for the design of the program and supervises its implementation at decentralized level.

23. **Municipalities have a key role in the implementation of safety nets in Cabo Verde and would continue playing this role under the project.** In addition to their role in the process of registering households in the USR and in implementing the RSI program at local level, they will play a leading role in identifying social and economic activities to promote economic inclusion of RSI beneficiaries, in referring beneficiaries to institutions and associations managing these activities and in promoting child care services for families participating in productive inclusion initiatives.

**F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The Project will be implemented in all inhabited islands of Cabo Verde. Cabo Verde is a small archipelago of 4.033 sq km located 550 km off the West African coast. The local population (537,661 people), is scattered over nine islands and approximately 85 percent of the population currently lives on four islands: Santiago
(56 percent), São Vicente (15 percent), Santo Antão (7 percent) and Fogo (7 percent). The population of Cabo Verde lives mostly in cities. About 66 percent of the population lives in urban areas.

G. Environmental and Social Safeguards Specialists on the Team

Gernot Brodnig, Social Specialist
Nicolas Kotschoubey, Environmental Specialist
Nadia Henriqueta Gabriel Tembe Bilale, Environmental Specialist

<table>
<thead>
<tr>
<th>SAFEGUARD POLICIES THAT MIGHT APPLY</th>
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<td>Safeguard Policies</td>
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<td>Environmental Assessment OP/BP 4.01</td>
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<td>Performance Standards for Private Sector Activities OP/BP 4.03</td>
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<td>Natural Habitats OP/BP 4.04</td>
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<td>Indigenous Peoples OP/BP 4.10</td>
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<td>Safety of Dams OP/BP 4.37</td>
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<td>Projects on International Waterways OP/BP 7.50</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
No safeguards issues are expected under the Project as the proposed activities (cash transfers) will not have any negative environmental or social impact.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
No potential indirect or long term impacts are expected in Project areas due to Project activities.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
No alternatives have been considered as no negative impacts are expected.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
No safeguards policy issues are expected under the Project. However, World Bank safeguards specialist will be invited to supervision mission to assess any potential safeguard issue that might arise during the implementation of the Project.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Key stakeholders are the platform of NGOs and municipal Governments. These institutions have been fully involved and consulted during Project preparation.

B. Disclosure Requirements

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
NA
All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
NA

Have costs related to safeguard policy measures been included in the project cost?
NA

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
NA

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
NA

CONTACT POINT

World Bank
Eric Zapatero Larrio
Sr Social Protection Specialist

Borrower/Client/Recipient
Ministry of Finance

Implementing Agencies
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FOR MORE INFORMATION CONTACT

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APPROVAL

<table>
<thead>
<tr>
<th>Task Team Leader(s):</th>
<th>Eric Zapatero Larrio</th>
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**Approved By**

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<tr>
<th>Safeguards Advisor:</th>
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<tr>
<th>Practice Manager/Manager:</th>
<th>Jehovah Arulpragasam</th>
<th>18-Oct-2018</th>
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<tr>
<th>Country Director:</th>
<th>Fatou Fall</th>
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