Project Information Document (PID)
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>
</thead>
<tbody>
<tr>
<td>Cabo Verde</td>
<td>P171099</td>
<td>Digital Cabo Verde</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICA</td>
<td>11-May-2020</td>
<td>29-Jul-2020</td>
<td>Digital Development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance</td>
<td>Secretary of State for Innovation and Technical Training at Government of Cabo Verde</td>
</tr>
</tbody>
</table>

Proposed Development Objective(s)

To strengthen Cabo Verde’s digital competitiveness foundations and improve the provision of digital public services

Components

- Component 1: Enabling Legal and Regulatory Environment
- Component 2: Digital Competitiveness
- Component 3: Digital Public Services and Marketplace
- Component 4: Project Implementation Support
- Component 5: Contingent Emergency Response Component

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>30.00</td>
</tr>
<tr>
<td>Total Financing</td>
<td>30.00</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>30.00</td>
</tr>
<tr>
<td>Financing Gap</td>
<td>0.00</td>
</tr>
</tbody>
</table>

DETAILS

World Bank Group Financing
Environmental and Social Risk Classification
Low

Decision
The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Located more than 500 kilometers off the west coast of Africa, Cabo Verde is a small and fragmented volcanic archipelago, facing a unique set of development challenges.** The country’s small population of 543,767 people (2018 estimate)\(^1\) is scattered across nine islands that are up to 300 km apart, with around 90 percent living on four main islands\(^2\). Estimates suggest that over 750,000 people of Cape Verdean origin are part of the diaspora, which is playing an increasingly important role in the country’s development through remittances and reverse migration. Among those in the country, 66 percent live in urban areas, driven by frequent droughts and attracted by tourism-related jobs, making Cabo Verde one of the most urbanized economies on the continent. At the same time, with modest resources, scarce arable land (only 10 percent) and limited fresh water (second lowest in Africa on per capita basis), the country and its highly concentrated coastal population are eminently vulnerable to climate change. Specific vulnerabilities include frequent extreme weather events, such as storms, floods, droughts and, more rarely, volcanic eruptions that impact livelihoods, infrastructure, water and sanitary conditions as well as crop productivity.

2. **A middle-income economy, Cabo Verde experienced robust economic growth and poverty reduction but has remained largely dependent on its tourism-dominated services sector.** Propelled by almost 20 years of sustained growth, Cabo Verde was one of the first countries in Sub-Saharan Africa (SSA) to achieve middle income status in 2007. Its per capita income was US$3,420 in 2018\(^3\), while its extreme poverty stood at 9.3 percent in 2019 (down from 17 percent in 2007)\(^4\). After a period of slowdown in 2009-2015 caused by the global financial crisis, the growth regained its momentum, reaching 4.7 percent on average in 2016-2019, driven mostly by private investment and consumption. At the same time, due to fiscal consolidation measures, the overall fiscal deficit fell from 7.6 percent of GDP in 2014 to 1.9 percent in 2019, bringing the debt-to-GDP ratio to 123 percent in 2019. Overall, the economy remains services-oriented, largely dominated by tourism that leverages a year-round attractive weather, stable democracy, limited security risks and proximity to Europe. However, the weight

---

\(^1\) World Development Indicators, World Bank Group 2018, as reported at: [https://data.worldbank.org/](https://data.worldbank.org/)

\(^2\) Santiago (56 percent), Sao Vicente (15 percent), Santo Antão (9 percent), and Fogo (8 percent).


\(^4\) Extreme poverty is defined as a share of population living below the national food poverty line (PPP US$2.9 per person in 2015).
of tourism in the economy, at 45 percent of the gross domestic product (GDP)\(^5\) and 40 percent of employment, remains a source of vulnerability and signals a need for diversification. This task is particularly challenging in the context of territorial fragmentation and population dispersion that limit economies of scale, create significant connectivity challenges and prevent cost-effective integration of the domestic market. Another constraining factor are mixed results in creating a conducive business environment, as reflected in the country’s low rankings in the 2019 Global Competitiveness Index (112\(^{th}\) out of 141 countries globally and 9\(^{th}\) in SSA) and in the 2020 Doing Business (137\(^{th}\) out of 190 countries and 16\(^{th}\) in SSA).

3. The economic vulnerabilities have increased considerably during the COVID-19 global pandemic, which has severe consequences for this small island economy, putting a temporary hold on its debt decline, fiscal consolidation, and poverty reduction, while subjecting the overall economic outlook to high downside risks. The pandemic and associated economic deceleration will seriously affect Cabo Verde, given its high reliance on tourism, remittances and foreign direct investment (FDI). Currently, the country is completely closed to international visitors and the services sector is projected to contract by 3.9 percent in 2020. Moreover, the delay or cancellation of planned investment projects would reduce FDI, which is estimated to decline by 3.1 percentage points (p.p.) to 1 percent of GDP in 2020. On the upside, however, as a net oil importer, Cabo Verde would experience an improvement of its terms of trade following the reduction in international prices. Lower fiscal revenues due to containment measures and unforeseen public expenditure to mitigate pandemic and support vulnerable population groups and businesses will halt fiscal consolidation and public debt reduction. The fiscal deficit is projected to reach 9.4 percent of GDP, while public debt is estimated to increase to 134.3 percent of GDP. Overall, the economy is projected to contract by 4 percent, while the extreme poverty would rise by 0.7 p.p. to 10 percent in 2020.

4. There is a shared understanding that diversification within and beyond the tourism sector is critical to support Cabo Verde’s economic development and digital transformation could play a vital role in it, particularly in the wake of the COVID-19 crisis. The Government (GoCV) has been steadily developing its Information and Communication Technology (ICT) sector, aiming to accelerate economic growth, boost job creation and improve public service delivery. Promoting digital transformation and positioning Cabo Verde as a digital hub capable of supporting business outsourcing and back office operations, software development, and cloud hosting are considered critical for the achievement of the broader objectives set by the Strategic Plan for Sustainable Development 2017-2021 (Plano Estratégico de Desenvolvimento Sustentável, PEDS). The PEDS outlines seven strategic sectors\(^6\), including digital services and innovation, as sources of sustainable and diversified growth that would enable Cabo Verde to become a circular economy in the mid-Atlantic. To capture these opportunities, the PEDS also includes measures to strengthen the private sector and create a better-educated and more entrepreneurial workforce. These efforts to accelerate digital transformation come to the forefront in the context of the COVID-19 crisis, as digital technologies offer the only opportunity for the Government, enterprises and individuals to ensure business continuity, prevent service disruptions and cope with social distancing.

5. Cabo Verde has been performing relatively well on a range of gender indicators. The 2020 Global Gender Gap Index by the World Economic Forum ranks Cabo Verde relatively high – 52\(^{nd}\) / 153 globally (7\(^{th}\) in SSA),

---

\(^5\) This is a total contribution of travel and tourism activities to GDP in 2017, including direct and indirect impacts, as reported by the World Travel and Tourism Council in “Travel and Tourism Economic Impact 2018: Cape Verde”.

\(^6\) The total of seven key services-based sectors are put to the forefront in the PEDS: (i) tourism, (ii) digital services and innovation, (iii) finance, (iv) maritime activities, (v) air transport, (vi) commerce, and (vii) industrial activities.
particularly in the economic participation and opportunity sub-index (driven by female labor force participation and estimated earned income) – 15th globally (5th in SSA). Moreover, the country has demonstrated solid gender results in education, well ahead of the SSA averages: there is a near parity between girls and boys at the primary and secondary levels, while at the tertiary level women outnumber men. At the same time, the labor market remains highly segregated, with women concentrated in services but less represented in manufacturing and construction. Women account for 37 percent of workers in the ICT sector but represent only 20 percent of researchers in engineering and technology. While women are well-represented in firm ownership, with a rate of 33 percent (surpassing the SSA average of 29.6 percent), only 14 percent of firms have a female majority ownership. Available information (from UN Women and OECD) suggests that access to finance and technology and lack of entrepreneurial skills are key underlying constraints for women entrepreneurs in Cabo Verde.

Sectoral and Institutional Context

6. Digital competitiveness can be understood as the ability of countries to adopt and use digital technologies as a key driver for transformation in public and private sectors as well as a wider society. To achieve this, governments need to rely on several solid foundations, including affordable digital connectivity, strong human capital, particularly in reference to digital skills that allow citizens to effectively partake in the digital economy, and a sound digital entrepreneurial ecosystem that can spur innovation and respond to increasing demands for digital solutions. Cabo Verde was among the first to lead the African continent into a profound digital transformation, but it now faces challenges that are directly impacting its ability to remain competitive in the global digital economy.

7. Notwithstanding significant progress, Cabo Verde still faces challenges in broadband coverage and the provision of digital services to users. Mobile broadband penetration in Cabo Verde reached 56 percent in 2019, slightly below Senegal, Ghana and Nigeria, standing respectively at 60, 65 and 64 percent. At the same time, with a household fixed broadband penetration rate of 14.5 percent, Cabo Verde is 6 p.p. above the SSA average of 8.3 percent. Similar to other countries in the region, however, Cabo Verde faces a gap between mobile broadband coverage and adoption, with 30 percent of the population not using mobile Internet, despite being covered by a mobile broadband network (GSMA, 2019).

8. Some of the underlying constraints are low broadband affordability and quality. According to the Research ICT Africa Mobile Pricing (RAMP) Index, the average cost of 1GB of data was US$5.1 in 2019, which is slightly above the median for West Africa. This price has remained relatively stable over the last five years. In addition, the quality and bandwidth available in Cabo Verde (18.9 kbps) is still much lower compared to aspirational peers, such as Seychelles (67.03 kbps) and Mauritius (137.46 kbps). In fact, the 2018 GSMA Mobile Connectivity Index ranks Cabo Verde 4th in Africa, but still behind Mauritius, South Africa and Ghana, with the country’s lowest score being on the infrastructure sub-index. The ongoing pandemic is expected to put even further pressure on the country’s digital infrastructure due to the congestion in broadband wireless networks at

---

7 Unique mobile internet subscribers expressed as a percentage of total unique subscribers, as reported by the Global Systems for Mobile Communication Association (GSMA) in December 2019. Mobile internet services are defined as any activity that consumes mobile data (i.e. excluding SMS, MMS and cellular voice calls).
8 As reported by Telegeography in December 2019.
9 As reported by the United Nations International Telecommunication Union (ITU) in December 2017.
10 Four key dimensions measured under the infrastructure sub-index of GSMA Mobile Connectivity Index include network coverage, network performance, other enabling infrastructure and spectrum. Cabo Verde’s infrastructure score was 39.5 out of 100 in 2018.
the last mile caused by a surge in demand, increased traffic for video streaming and other high bandwidth services as well as the shift in location of daytime peak traffic from business to residential areas, which networks were not necessarily designed to serve.

9. **Against this background, the country is in need of a more vibrant telecommunications / broadband sector.** The market is currently a duopoly, split between an operator fully owned by the (Cabo Verde Telecom, CVT)\(^{11}\) and a private sector player (Unitel T+). To compete in the provision of fixed broadband services to end users, Unitel T+ has to purchase wholesale access from CVT, which operates and commercializes the Public Infrastructure Network (PIN) – the national fiber optic backbone – under a concession contract with the GoCV. To boost the sector, the GoCV has embarked on a series of sectoral reforms. First, ARME has started implementing wholesale broadband regulation compliant with regional ECOWAS directives (C-REG-06-06-12), stipulating conditions for accessing landing stations of international submarine fiber optic cables that connect Cabo Verde with the rest of the world\(^{12}\). In addition, taking benefit of the fact that the concession contract with CVT for the PIN ends on December 31, 2020, the GoCV has decided to reorganize the operator, separating it into two independent business units: (i) a wholesale operator of the national backbone network, subject to the applicable ex-ante regulation and (ii) a commercial retail operator.

10. **Despite a head-start with its e-Government solutions and services strategy, the country has scope to further accelerate the digitalization of its public sector, which is coming to the forefront in the wake of the COVID-19 crisis.** In 2003, under Decree No. 15/2003, the GoCV established the Information Society Operational Nucleus (Núcleo Operacional para a Sociedade de Informação, NOSi) as an operational unit of the Inter-ministerial Commission for Innovation and Information Society chaired by the Prime Minister. NOSi’s mission is to contribute to the modernization of society and acceleration of the economic growth, while rendering public services more citizen-centric. To this end, NOSi is responsible for promoting the knowledge society, namely through innovation and mechanisms of integrated electronic governance, aimed at facilitating daily lives of Cabo Verdeans and raising competitiveness standards across the economy. The COVID-19 crisis has amplified the critical need to accelerate e-government initiatives and highlighted the importance of digital public platforms to ensure a continuous availability of vital services and maintain the economy afloat. Countries with more developed digital economies are likely to be less impacted by general lockdowns imposed during the pandemic, while Cabo Verde faces an important need to increase the uptake of platforms usage and further strengthen e-government service delivery as well as digital solutions for health and education.

11. **As part of its e-Government advancements and the efforts to attain both local and international trust in the area of cybersecurity, the GoCV has recently developed the National Cybersecurity Strategy (NCS).** The NCS sets national cybersecurity guidelines for 2016-2020 and identified five priority areas to effectively improve Cabo Verde’s capacity to respond to cybersecurity threats. As revealed during consultations of the 2019 World Bank (WB) Cybersecurity Capacity Review\(^{13}\), the adoption of the NCS and the country’s cybersecurity capacity is far from reaching maturity on several critical indicators and continuous efforts are required to protect the country against cyber-attacks, which has witnessed a rise globally during the COVID-19 crisis.

12. **Despite recent efforts to improve digital skills, particularly among the youth, connectivity continues to**

---

\(^{11}\) CVT is active on the market with its two group affiliates: CV Móvel (mobile) and CV Multimedia (VoIP, Data, TV).

\(^{12}\) The decree implementing regional ECOWAS directives (C-REG-06-06-12) was adopted in October 2019 and was supported by the WB Development Policy Operation (P171080), which encouraged the GoCV’s efforts to ensure fair and transparent access to wholesale broadband infrastructure. The decree has now entered into force.

\(^{13}\) In October 2019, in collaboration with the Global Cyber Security Capacity Centre, the WBG undertook a comprehensive review of the maturity of the cybersecurity capacity in Cabo Verde to enable the GoCV to strategically prioritize investments in the area.
pose challenges, while key education initiatives require scaling and mainstreaming to achieve results. Under the GoCV Education Sector Plan (2017-2021), aimed at improving education quality by modernizing national school curriculum, some of the new subjects focus on digital skills, including computer programming and robotics starting in grade 5 (primary level). However, education materials on these topics are yet to be developed and once ready, significant efforts will be required to train teaching personnel on how to deliver new courses and effectively use technology in classrooms. Moreover, connectivity in schools continues to vary, even though with the support from NOSi, the GoCV has connected approximately half of the 469 public schools (organized in 87 clusters) to broadband and increased available bandwidth. Furthermore, NOSi leads an initiative to improve digital skills among the youth, known as WebLabs. Under this program, ICT-focused “laboratories” (equipped containers / classrooms) opened in all 43 clusters with secondary schools, offering short courses on robotics, IT equipment maintenance, and applications development for secondary-level students and out-of-school youth. While these WebLabs are located on the schools’ premises (usually in the garden), the courses offered are not yet part of the formal education system. Moreover, there is a sizeable gender gap among the program beneficiaries, as just 36 percent of girls participated in the program in 2019 compared to 64 percent of boys.

13. There is a range of other ongoing initiatives to support digital skills development, including professional training programs supported by the WB Education and Skills Development Enhancement Project (P164294). What is currently missing, however, is an overarching national digital skills framework differentiated by target groups and aligned with projected needs of the labor market. Such framework could help consolidate and better coordinate various training programs and interventions, improve their relevance for the private sector, and ensure their long-term sustainability. It could also more effectively address existing gender gaps, as women continue to be underrepresented in technology-oriented education programs and jobs, accounting for mere 8 percent of tertiary-level graduates of science, technology, engineering and mathematics (STEM) programs, 20 percent of researchers in engineering and technology, and 37 percent of ICT specialists.

14. To foster a vibrant innovation ecosystem and support digital entrepreneurs, the GoCV launched the Digital Cabo Verde Program. This program, adopted in November 2019, aims to address key challenges facing entrepreneurs, including the lack of ICT talent and physical spaces for tech entrepreneurs, insufficient start-up funding as well as weak support networks. The program complements existing initiatives and supports three public agencies established recently to tackle different needs and constraints of local micro, small and medium enterprises (MSMEs)\(^\text{14}\). These represent the majority of economic actors in the country and are hit particularly hard during the COVID-19 pandemic due to falling demand, reduced input supply, liquidity crunch and uncertainty.

C. Proposed Development Objective(s)

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

To enable the Government of Cabo Verde to strengthen its digital competitiveness foundations and improve the provision of public digital services.

---

\(^{14}\) These public agencies include (i) Pró-Empresa, which provides entrepreneurs with technical assistance, including coaching and training, and manages a matching grant scheme facilitating access of start-ups to a range of business development services; (ii) Pró-Garante, which works with local financial institutions to reduce MSMEs credit risks through a partial credit guarantee facility; and (iii) Pró-Capital, a public venture capital fund in charge of deploying seed and equity capital to support eligible MSMEs.
Key Results

15. The proposed project will support the GoCV’s strategy to accelerate digital transformation of the country, contributing to the realization of its vision as a competitive and inclusive digitally enabled economic hub. The project’s results chain is outlined in Figure 1 below.

![Figure 1. Theory of Change](image)

D. Project Description

16. The proposed Digital Cabo Verde Project is articulated around four components that will seek to (i) improve the enabling legal and regulatory environment for a vibrant, safe and inclusive digital economy; (ii) strengthen its competitiveness through better connectivity, skills and innovation; (iii) boost digital public services and marketplaces; and (iv) provide support to the GoCV to respond to emergencies, including the COVID-19 crisis.

Component 1: Enabling Legal and Regulatory Environment (US $6 million)

17. This component will support the GoCV in improving the legal and regulatory environment for a vibrant, safe and inclusive digital economy.

18. **Subcomponent 1.1: Foundational and forward-looking ICT policies and regulations (US$2 million).** This subcomponent will include a technical assistance (TA) and capacity-building focused on telecommunications / broadband market regulations, including regulatory impact analysis (RIA) of the effectiveness of regulatory tools and instruments and scenario analysis for sustainable 5G deployment. It will strengthen ARME’s capacity to manage and continuously monitor the quality of service for fixed broadband Internet and mobile networks, release frequencies for mobile broadband, and establish regulation sandboxes to foster innovation in applications enabled by 5G and other emerging technologies. These measures become particularly important in
the context of the COVID-19 pandemic, which puts a significant strain on broadband networks, and are expected to make GoCV better prepared to respond to similar external shocks in the future.

19. **Subcomponent 1.2: Trustworthy digital pre-requisites: Cybersecurity and data protection (US$2 million).** This subcomponent will finance a TA to support the implementation of the Cybersecurity Policy and Strategy and the development of policies related to data protection / privacy. The overarching objective is to ensure the preparation of enabling policies and regulations as well as adequate enforcement procedures to enhance trust in data transactions in the country, important for private investment and critical in the wake of COVID-19 crisis.

20. **Subcomponent 1.3: Institutional structure and capacity (US$2 million).** This subcomponent will support the GoCV’s efforts in reforming two key public stakeholders in the sector – NOSI and CVT. It will finance a TA to conduct audits of NOSI’s legacy systems and infrastructure, financial asset valuation and the development of a new management model (including a new Human Capital strategy) with an aim to operationalize NOSi 2.0 as an agile and competitive technology product manager, released from the ownership of digital infrastructure assets. It will also provide a TA to accompany the GoCV during the implementation of CVT’s repositioning and separation, with a focus on exploring possible financing options and ensuring effective monitoring of the implementation.

**Component 2: Digital Competitiveness (USD 13.7 million)**

21. This component aims to better equip individuals and businesses across the country to be more competitive in the digital economy job market and to spur innovation and productivity growth. To this end, this component will support the GoCV’s efforts to strengthen key enablers of a dynamic and competitive digital economy with a focus on digital connectivity, skills and entrepreneurship.

22. **Subcomponent 2.1: Digital connectivity for education (US$ 3 million).** The ongoing reform of the Ministry of Education (MoE) places a high priority on the use of technology to improve the effectiveness and efficiency of service delivery as well as enhance the quality of education. This becomes particularly critical as the education system is impacted by the closures of all education establishments during the COVID-19 pandemic, resulting in an overwhelming recognition of the need for effective distance learning empowered by digital technologies. In this context, the subcomponent will finance: (i) TA to conduct a feasibility study and prepare bidding documents to purchase additional broadband capacity for primary and secondary schools; and (ii) Purchasing international bandwidth to be delivered by existing operators to schools. It is expected that improved Internet access and increased bandwidth in schools will enable the access to and the use of online education platforms and learning materials – the only available channels of learning during the general lock-down.

23. **Subcomponent 2.2: Digital skills (US$ 5.7 million).** Under this subcomponent focused on the competitiveness of the human capital in Cabo Verde, two main types of digital skillsets are to be prioritized: (i) intermediate digital skills of the youth and general workforce; and (ii) intermediate and advanced digital skills of civil servants and ICT professionals (support to improve basic digital skills is expected to be covered under a future WB project on Human Capital). Specific activities to be financed include: (i) TA to develop the National Digital Skills Framework and Action Plan; (ii) Purchase of equipment and supplies to implement WebLabs II (as an expansion of WebLabs I), including the installation and operation of Weblabs for the first three years; (iii) TA to strengthen collaboration and synergies between key public sector players – NOSI and MoE; (iv) Funding intermediate and advanced digital skills courses for policy makers, civil servants and ICT professionals; and (v)

---

15 As established in the CPF for the period FY20-25, under Objective 4: Improving the foundations for the private sector growth.
Funding PhDs in key technical areas, such as computer science, artificial intelligence, and big data.

24. **Subcomponent 2.3: Digital innovation and entrepreneurship ecosystem (US$ 1 million).** Building upon the Digital Cabo Verde program, this subcomponent will contribute to reinforcing digital programs to support startups, particularly those most affected by the unfolding global economic crisis, in scaling their businesses and accessing global market. To this end, it will include: (i) **TA to conduct a startup ecosystem mapping**, i.e. a diagnostic of weaknesses, opportunities and gaps of currently active intermediaries; (ii) **TA to support digital skills and talent development of start-ups**, including through digital bootcamps, hackathons and programs to attract ICT talents from the diaspora; and (iii) **TA to establish the Atlantic Innovation Fund (AIF)** to boost early-stage financing available to local entrepreneurs.

25. **Subcomponent 2.4: Urgent response to the COVID-19 emergency (US$ 4 million – an estimate to be finalized at appraisal).** This subcomponent will support the GoCV in improving the resilience of the broad digital ecosystem to respond to the COVID-19 pandemic and the associated economic downturn. Prompt actions are required to shift towards more efficient and adaptable technology-based models of government operations, service delivery, interactions with citizens and distance learning via education technologies. For Cabo Verde, the actions taken now will not only mitigate the impacts of the current crisis but will also help build a resilient system to cope with any future emergencies (particularly relevant due to the archipelago’s climate vulnerabilities). With these objectives, the project will finance the purchase, **installation and implementation of equipment and software** to ensure the continuity of public services, including in health and education sectors.

**Component 3: Digital Public Services and Marketplaces (US$ 9 million)**

26. **This component will support activities designed to boost the GoCV capacity to better deliver digital public services in government-to-government (G2G), government-to-business (G2B) and government-to-people (G2P) domains.** To that end, it will help transform and update existing government information systems for enhanced back office and service delivery, while enabling the scalability of selected cloud-based services and introducing new relevant business models in collaboration with the private sector. More specifically, this component will **finance goods and services**, particularly hardware equipment, traditional software and software as a service (including cloud services) and consulting as well as an **accompanying TA** required for implementation of selected digital public platforms.

**Component 4: Project Implementation Support (US$ 1.3 million)**

27. **This component will provide support to both overall and fiduciary project implementation units for the management and implementation of project-associated activities.** This component will finance activities related to project management, including project coordination, procurement, financial management, monitoring and evaluation, project communication, citizen engagement, and environmental and social safeguards. This component will also provide support for covering office equipment, incremental operating costs, and independent audits. Moreover, it will aim to finance additional staff required for overall project implementation as well as staff specifically assigned to carry out fiduciary activities. This includes the recruitment of an individual digital economy project coordination advisor for the National Directorate of Telecommunications and Digital Economy (DGTED) under the Ministry of Finance (MoF), a project manager as well as safeguards, procurement and financial management specialists assigned to the fiduciary Project Implementation Unit (PIU), also known as the Special Projects Management Unit (**Unidade de Gestão de Projetos Especiais - UGPE**). Special attention will be devoted to promoting women’s equal participation in all decision-making bodies under the project and...
contributing to tackling barriers in their recruitment, retention and promotion.

**Component 5: Contingent Emergency Response Component** (US$0 million)

28. In the context of a rapidly developing COVID-19 emergency, a fifth Contingent Emergency Response Component (CERC) is added to the project structure to allow for quick disbursement of uncommitted balances as a crisis response measure for this COVID-19 situation or any future ones. This will have an initial zero value but may be financed during the implementation of the project to allow for agile response to emerging events, with funds redirected from other components. Including CERC at the preparation stage, albeit with zero funding, provides for flexibility to respond to an imminent or actual emergency (such as COVID-19). The crisis response expenditures could cover, for instance, the facilitation of emergency humanitarian payments to vulnerable groups of population using mobile money or ensuring the business continuity of core government functions, when civil servants are required to continue home-based work, or supporting MSMEs, particularly the most affected ones, to address their immediate liquidity challenges, reduce layoffs, and avoid bankruptcies.

<table>
<thead>
<tr>
<th>Legal Operational Policies</th>
<th>Triggered?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects on International Waterways OP 7.50</td>
<td>No</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP 7.60</td>
<td>No</td>
</tr>
</tbody>
</table>

**Summary of Assessment of Environmental and Social Risks and Impacts**

29. The following World Bank Environmental and Social Standards (ESSs) are relevant to the proposed project: ESS1 Assessment and Management of Environmental and Social Risks and Impacts; ESS10 Stakeholder Engagement and Information Disclosure; and ESS2 Labor and Working Conditions.

30. The environmental risk classification for the project is low under the WB ESF, based on the nature of the project activities. There are minimal environmental risks associated with the project and a negligible impact likely to be generated by the project activities, which include proposed financial reform to update legal, regulatory and TA with the financing of equipment and materials.

31. The social risk level for this project is low. It is anticipated that through the expansion of access to digital services and to innovative digital ecosystems—including expansion in the educational, entrepreneurial, and public spheres—the project will result in having a positive social impact at individual and community levels. Nonetheless, infrastructural barriers and gender-based stereotypes could hinder the access of specific groups, such as disabled students and adolescent girls and young women (AGYW), to the digital benefits of WebLab II. Specific vulnerable and/or disadvantaged individual/groups, such as the elderly, individuals/families with financial constraints, disabled people, AGYW, unemployed and illiterate people, and populations living in remote and isolated areas might also face challenges in accessing the project’s benefits, including in accessing the proposed digital services. In addition, bringing access to the web into schools might expose students to unintended cyber risks, such as cyber predators and cyberbullying. On the gender side, results from the first WebLab experience show that more male students tend to participate in this program; indeed, in 2019, 36 percent of the participants were girls, compared to 64 percent boys. A preliminary Sexual Exploitation and Abuse
and Sexual Harassment (SEA/SH) assessment has been conducted resulting in low SEA/SH risks. As the project will not invest in civil infrastructures, it will not lead to land acquisition resulting in physical and/or economical displacement and labor influx concerns.

E. Implementation

Institutional and Implementation Arrangements

32. **The MoF will be responsible for leading the overall implementation of this project**, specifically through the DGTEd, which reports to the Secretary of State for Innovation and Professional Training. The UGPE in the MoF will be responsible for all fiduciary matters. The UGPE is currently providing fiduciary services and implementation support to most of the WB-financed projects under implementation.

33. **The National Commission for Digital Strategy (Comissão Nacional para a Estratégia Digital, CNED) established in January 2020, will serve as the Project Steering Committee (PSC)**. Chaired by the Prime Minister, the CNED comprises representatives from the MoF (responsible for the implementation of the Digital Strategy); the Presidents of ARME, NOSi, and SNIAC; actors leading the implementation of the digital strategy in diplomatic missions; representatives from education institutions; and private sector actors. In its role, as the PSC, CNED will provide overall strategic guidance to the project and will monitor its progress during periodic meetings.

34. While the MoF through DGTEd will be leading the overall project implementation, other government agencies (beneficiaries) will be actively involved in the implementation of specific subcomponents in close collaboration with the DGTEd. Namely, ARME will be an implementing partner for component 1, while NOSi (also part of the MoF), in close collaboration with the MoE (through a formal agreement), will be an implementing partner for subcomponents 2.1 and 2.2. Moreover, each digital public service to be improved under component 3 will be represented by a focal point that will work directly with the DGTEd to assure quality, user friendliness, and appropriateness of platform capabilities. At the same time, NOSi will provide product management to ensure user-centricity by applying iterative development to prioritize user needs and learn what works as quickly as possible. Thus, implicated ministries / agencies (e.g. Ministry of Foreign Affairs, Ministry of Culture, and SNIAC) will be fully engaged in the component 3 implementation through a formal agreement with NOSi and DGTEd.

35. **The responsibilities of the UGPE will include**: (i) managing the procurement, financial management (FM), disbursements, and safeguards aspects; (ii) coordinating the preparation, adjustments, and use of the project management tools, annual working plan, Procurement Plan and disbursement projections; (iii) monitoring the progress of achieving the PDO and intermediate results indicators, as established in the Results Framework; and (vi) acting as a main point of contact for fiduciary matters. In line with these responsibilities, the UGPE will be composed of a project manager, a dedicated accountant, a procurement officer, an FM specialist, a safeguards specialist and any other specialists, as required and agreed between the MoF and the WB to ensure successful project implementation. The UGPE is familiar with WB fiduciary procedures and its overall procurement and financial management performance is satisfactory.

36. **Further implementation roles, responsibilities and requirements related to all project stakeholders will be established in the Project Implementation Manual (PIM)**. The PIM will be prepared by the borrower and agreed with the WB by project approval.

---

16 The CNED was created by Resolution 1/2020 of January 3, 2020 from the Council of Ministers.
CONTACT POINT

World Bank
Jerome Bezzina
Senior Digital Development Specialist

Maria Claudia Pachon
Senior Digital Development Specialist

Borrower/Client/Recipient
Ministry of Finance

Implementing Agencies
Secretary of State for Innovation and Technical Training at Government of Cabo Verde
Aruna Handem
Director, National Directorate for Telecommunications and Di
Aruna.Handem@nosi.cv

FOR MORE INFORMATION CONTACT

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

APPROVAL

Task Team Leader(s):
Jerome Bezzina
Maria Claudia Pachon
### Approved By

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental and Social Standards Advisor:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Practice Manager/Manager:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country Director:</td>
<td>Fatou Fall</td>
<td>07-May-2020</td>
</tr>
</tbody>
</table>