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Report No: PAD3850

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED INTERNATIONAL ASSOCIATION DEVELOPMENT CREDIT
IN THE AMOUNT OF SDR 3.65 MILLION
(US\$ 5 MILLION EQUIVALENT)
IN CRISIS RESPONSE WINDOW RESOURCES

TO

THE REPUBLIC OF CABO VERDE

FOR THE

CABO VERDE COVID-19 EMERGENCY RESPONSE PROJECT

UNDER THE

COVID-19 STRATEGIC PREPAREDNESS AND RESPONSE PROGRAM (SPRP)

USING THE MULTIPHASE PROGRAMMATIC APPROACH (MPA)
WITH AN IBRD AND IDA FINANCING ENVELOPE OF
US\$1.3BILLION IDA AND \$2.3BILLION EQUIVALENT

APPROVED BY THE BOARD ON MARCH 20, 2020

Health, Nutrition & Population Global Practice
Africa Region

This document is being made publicly available after Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

CURRENCY EQUIVALENTS

(Exchange Rate Effective Mar 26, 2020)

Currency Unit = Cabo Verdean
Escudo

ECV 102.76 = US\$1

US\$ 1.37 = SDR 1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

COVID-19	Coronavirus Disease
ECV	Cape Verdean Escudo (<i>Escudo Cabo-Verdeano</i>)
EID	Emerging Infectious Diseases
E&S	Environmental and Social
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plans
ETNIR	Rapid Intervention Technical Team (<i>Equipa Técnica de Intervenção Rápida</i>)
EVD	Ebola Virus Disease
FCTF	Fast Track COVID-19 Facility
FM	Financial Management
GDP	Gross Domestic Product
GRS	Grievance Redress Service
HDI	Human Development Index
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDA	International Development Association
IDSR	Integrated Disease Surveillance and Response
IFR	Interim Un-Audited Financial Report
IHR	International Health Regulations
INE	National Statistics Institute
IPF	Investment Project Financing
M&E	Monitoring and evaluation
MPA	Multiphase Programmatic Approach
MSSS	Ministry of Health and Social Security
NCD	Non-Communicable Diseases
OHS	Occupational Health and Safety
PAD	Project Appraisal Document
PDO	Project Development Objective
PPE	Personal Protective Equipment
PPSD	Project Procurement Strategy for Development
PPSD	Project Procurement Strategy for Development
RCCE	Risk Communication and Community Engagement
SARS	Severe Acute Respiratory Syndrome
SDGs	Sustainable Development Goals
SEA	Sexual Exploitation and Abuse
SEP	Stakeholder Engagement Plan



The World Bank

Cabo Verde: COVID-19 Emergency Response Project (P173857)

SH	Sexual Harassment
SPRP	Strategic Preparedness and Response Program
STEP	Systematic Tracking of Exchanges in Procurement
UGPE	Special Project Management Unit (<i>Unidade de Gestão de Projectos Especiais</i>)
WHO	World Health Organization
WBG	World Bank Group



TABLE OF CONTENTS

DATASHEET	1
I. PROGRAM CONTEXT	7
A. MPA Program Context	7
B. Updated MPA Program Framework	8
C. Learning Agenda	8
I. CONTEXT AND RELEVANCE	8
A. Country Context	8
B. Sectoral and Institutional Context	9
C. Relevance to Higher Level Objectives	10
II. PROJECT DESCRIPTION	11
A. Project Development Objective	11
B. Project Components	12
C. Project Beneficiaries	13
III. IMPLEMENTATION ARRANGEMENTS	14
A. Institutional and Implementation Arrangements	14
B. Results Monitoring and Evaluation Arrangements	14
C. Sustainability	14
IV. PROJECT APPRAISAL SUMMARY	15
A. Technical, Economic and Financial Analysis (if applicable)	15
B. Fiduciary	16
B. Legal Operational Policies	19
D. Environmental and Social	19
V. GRIEVANCE REDRESS SERVICES	21
VI. KEY RISKS	21
VI. RESULTS FRAMEWORK AND MONITORING	23
Annex 1 – Financial Management Arrangements	27



DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Cabo Verde	Cabo Verde: COVID-19 Emergency Response Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P173857	Investment Project Financing	Substantial

Financing & Implementation Modalities

<input checked="" type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Project Approval Date	Expected Project Closing Date	Expected Program Closing Date
02-Apr-2020	31-Mar-2021	31-Mar-2025

Bank/IFC Collaboration

No

MPA Program Development Objective

The Program Development Objective is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

MPA Financing Data (US\$, Millions)



MPA Program Financing Envelope	4,000.00
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Proposed Project Development Objective(s)

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

Components

Component Name	Cost (US\$, millions)
Component 1: Emergency COVID-19 Prevention, Preparedness and Response	4.85
Component 2: Implementation Management and Monitoring and Evaluation (M&E)	0.15

Organizations

Borrower: Ministério das Finanças

Implementing Agency: National Health Directorate

MPA FINANCING DETAILS (US\$, Millions)

Board Approved MPA Financing Envelope:	4,000.00
MPA Program Financing Envelope:	4,000.00
of which Bank Financing (IBRD):	2,700.00
of which Bank Financing (IDA):	1,300.00
of which other financing sources:	0.00

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

Total Project Cost	5.00
Total Financing	5.00
of which IBRD/IDA	5.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	5.00
IDA Credit	5.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Cabo Verde	5.00	0.00	0.00	5.00
National PBA	5.00	0.00	0.00	5.00
Total	5.00	0.00	0.00	5.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021
Annual	3.50	1.50
Cumulative	3.50	5.00

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Social Protection & Jobs

Climate Change and Disaster Screening

This operation has not been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Low
2. Macroeconomic	● Low



3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Low
9. Other	
10. Overall	● Moderate
Overall MPA Program Risk	● High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

Schedule 2, Section I.B.2(a)

The Recipient shall, not later than thirty (30) days after the Effective Date, prepare and adopt a Project implementation manual containing detailed guidelines and procedures for the implementation of the Project, including with respect to: administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures, a grievance redress mechanism, personal data collection and processing in accordance with good international practice, roles and responsibilities for Project implementation, and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Association (“Project Implementation Manual”).



Sections and Description

Schedule 2, Section I.B.3(a)

The Recipient shall, not later than thirty (30) days after the Effective Date, prepare and furnish to the Association, a work plan and budget containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

Conditions

Type

Disbursement

Description

Schedule 2, Section III.B.1

Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$2,000,000 may be made for payments made prior to this date but on or after April 15, 2019, for Eligible Expenditures.



I. PROGRAM CONTEXT

1. This Project Appraisal Document (PAD) describes the emergency response in Cabo Verde under the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), approved by the World Bank's Board of Executive Directors on March 20, 2020 with an overall Program financing envelope of International Development Association (IDA) US\$1.3 billion and of International Bank for Reconstruction and Development (IBRD) US\$2.7 billion.¹

A. MPA Program Context

2. **An outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China.** Since the beginning of March 2020, the number of cases outside China has increased thirteenfold and the number of affected countries has tripled. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spreads across the world. As of March 21, 2020, the outbreak has resulted in an estimated 267,013 confirmed cases and 11,201 deaths in 185 countries, areas or territories.

3. **COVID-19 is one of several emerging infectious diseases (EID) outbreaks in recent decades that have emerged from animals in contact with humans, resulting in major outbreaks with significant public health and economic impacts.** The last moderately severe influenza pandemics were in 1957 and 1968; each killed more than a million people around the world. Although countries are now far more prepared than in the past, the world is also far more interconnected, and many more people today have behavior risk factors such as tobacco use² and pre-existing chronic health problems that make viral respiratory infections particularly dangerous³. With COVID-19, scientists are still trying to understand the full picture of the disease symptoms and severity. Reported symptoms in patients have varied from mild to severe, and can include fever, cough and shortness of breath. In general, studies of hospitalized patients have found that about 83 percent to 98 percent of patients develop a fever, 76 percent to 82 percent develop a dry cough and 11 percent to 44 percent develop fatigue or muscle aches⁴. Other symptoms, including headache, sore throat, abdominal pain, and diarrhea, have been reported, but are less common. While 3.7 percent of the people worldwide confirmed as having been infected have died, WHO has been careful not to describe that as a mortality rate or death rate. This is because in an unfolding epidemic it can be misleading to look simply at the estimate of deaths divided by cases so far. Hence, given that the actual prevalence of COVID-19 infection remains unknown in most countries, it poses unparalleled challenges with respect to global containment and mitigation. These issues reinforce the need to strengthen the response to COVID-19 across all IDA/IBRD countries to minimize the global risk and impact posed by this disease.

4. **The World Bank Group has created a dedicated COVID-19 Fast Track facility and streamlined emergency project preparation for new projects designed to help countries address emergency response to the outbreak.** This project is prepared under the global framework of the World Bank COVID-19 Response financed under the Fast Track

¹ COVID-19 Strategic Preparedness and Response Program (SPRP) P173789

² Marquez, PV. 2020. "Does Tobacco Smoking Increases the Risk of Coronavirus Disease (Covid-19) Severity? The Case of China." <http://www.pvmarquez.com/Covid-19>

³ Fauci, AS, Lane, C, and Redfield, RR. 2020. "Covid-19 — Navigating the Uncharted." *New Eng J of Medicine*, DOI: 10.1056/NEJMe2002387

⁴ Del Rio, C. and Malani, PN. 2020. "COVID-19—New Insights on a Rapidly Changing Epidemic." *JAMA*, doi:10.1001/jama.2020.3072



COVID-19 Facility (FCTF), which will be a globally-coordinated, country-based response to support health systems and emergency response capacity.

B. Updated MPA Program Framework

5. Table 1 provides an updated overall MPA Program framework, including the proposed project for Cabo Verde.

Table 1. MPA Program Framework

Phase #	Project ID	Sequential or Simultaneous	Phase’s Proposed DO*	IPF, DPF or PforR	Estimated IBRD Amount (\$ million)	Estimated IDA Amount (\$ million)	Estimated Other Amount (\$ million)	Estimated Approval Date	Estimated Environmental & Social Risk Rating
3	Cabo Verde	Sequential		IPF	-	US\$5.00	-	April 2, 2020	Substantial
Total			Board Approved Financing Envelope		\$2,700.00	\$1,300.00			

6. The Program framework will be updated as more countries join SPRP. All projects under SPRP are assessed for ESF risk classification following the Bank procedures and the flexibility provided for COVID-19 operations.

C. Learning Agenda

7. The need for interchange of experiences across countries is essential as Cabo Verde and other countries grapple with a pandemic that is still relatively new, and for which financial and especially physical resources are increasingly limited given the rapid spread of the pandemic. Like other small island states, Cabo Verde will have to deal with questions such as how to deal with global supply chain constraints for relatively small purchases and global shortages for key supplies; how to implement appropriate policies for prevention, social isolation, and testing; how to engage in appropriate communication strategies to the public; how to effectively engage in triage at hospitals and acute care facilities; and how to increase effective treatment capacity, among others.

8. In this regard, the World Bank and other key partners will provide continuous support to facilitate learning on best practices coming from other countries, especially on overcoming constraints on the supply chain for essential medical inputs.

I. CONTEXT AND RELEVANCE

A. Country Context

9. **Cabo Verde is a small archipelago of ten volcanic islands (of which nine are populated) situated in the Atlantic Ocean about 500 km off the coast of Senegal.** Its population is small, only numbering about half a million people. Before the global financial crisis, Cabo Verde experienced rapid economic growth, and in 2007 it graduated to a middle-income country status. Tourism has driven growth and has played a catalytic role in the development of other key sectors, including construction. Despite the challenges associated with being a small island economy, Cabo Verde witnessed significant social and economic progress over the last decades, driven mainly by the rapid development of inclusive tourist resorts.



10. **Tourism places Cabo Verde at a high risk due to large influx of international travelers.** In 2018, more than 700,000 tourists visited the country.⁵ Only in the first three quarters of 2019, the National Statistics Institute (INE) reported over five hundred thousand tourists visited the country. Most of them coming from Europe, with United Kingdom and Portugal leading in number of tourists. The Government of Cabo Verde announced a three-week suspension of flights from Europe, the United States, Brazil, Senegal, and Nigeria beginning on March 18, 2020.⁶ On March 25 there were three confirmed cases of COVID-19 in Cabo Verde, the virus is predicted to continue spreading globally and particularly in Africa over the coming months which makes urgent to strengthen preparedness and response systems in these countries.

B. Sectoral and Institutional Context

11. **Cabo Verde has experienced significant improvements in several key health indicators over the recent years.** With a Human Development Index (HDI) of 0.654, Cabo Verde is in the medium human development category, and its health index (0.815) reflects the country's high life expectancy (73 years), the second highest in Africa. Under-five-child and maternal mortality have steadily decreased over the past two decades in Cabo Verde, while immunization coverage rates and qualified-assisted birth rates have improved. Child mortality rate in Cabo Verde fell from 63 deaths per 1,000 births in 1990 to 17 per 1,000 births in 2017. Maternal mortality also declined – by 84 percent from 256 to 42 deaths per 100,000 births as at 2015. Furthermore, immunization coverage has increased for key major childhood diseases (including hepatitis, diphtheria, pertussis, tetanus and measles). Between 2000 and 2017, immunization against measles for children aged 12-23 months improved from 86 percent to 96 percent. Similarly, the rate of births attended by skilled health staff reached 91 percent in 2015, while it was only 78 percent in 2005.

12. **As the country undergoes epidemiological transition, the burden of disease shifted from maternal, nutritional and communicable to non-communicable diseases (NCD).** NCDs account for the two-thirds of deaths. When considered from the angle of years lost to disability, the weights of communicable and NCDs are nearly identical: 44 percent and 46 percent, respectively. A 2007 study on NCDs found that 35 percent of adults had hypertension, 13 percent were diabetic, 36 percent were overweight or obese, and 90 percent of adults between 45 and 64 years of age lived with one or two risk factors for cardiovascular heart disease. Around 8 percent of the adult population smoked in the last year.

⁵ World Bank Data <https://data.worldbank.org/indicator/ST.INT.ARVL?locations=CV>

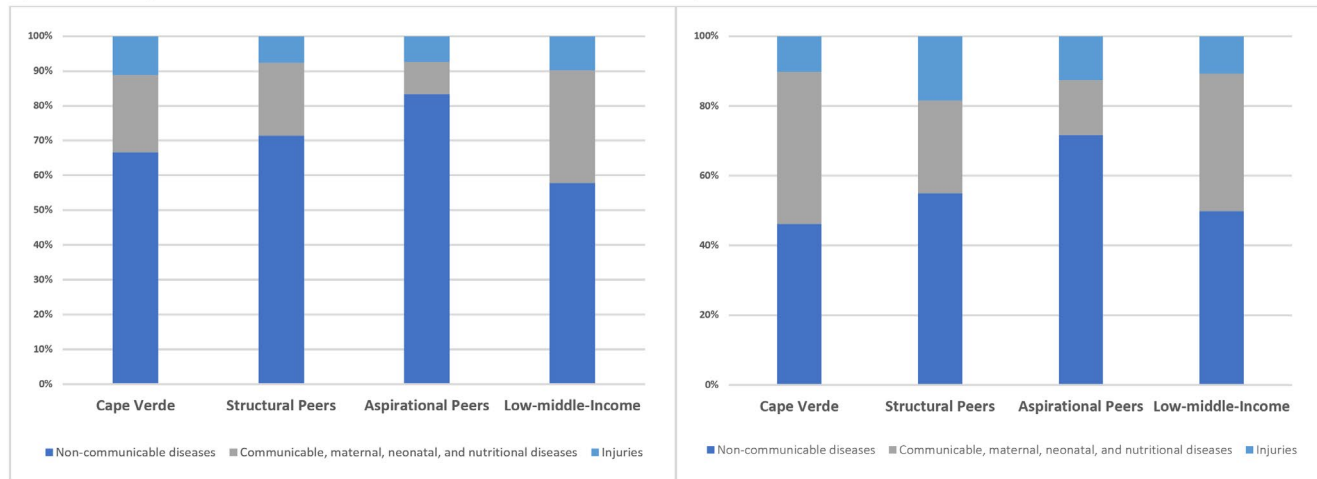
⁶ Government of Cabo Verde news, accessed March 19, 2020 <https://www.governo.cv/covid19-governo-declara-situacao-de-contingencia-a-nivel-da-protecao-civil/>



Figure 1: The Burden of Disease in Cabo Verde and its Peers* – 2016

a) Causes of death

b) DALYs



Source: WDI, 2017.

* Structural peers are Bhutan, Samoa and Sao Tome and Principe; and aspirational peers are Mauritius, Seychelles, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

13. **The vulnerability of the country concerning vector-borne diseases is a major public health concern and a challenge for health security.** In 2009-2010 Cabo Verde faced a dengue epidemic for the first time, and in October 2015 and 2017 a Zika virus outbreak was declared. A malaria outbreak was declared in sections of Santiago in 2017. These recent outbreaks highlight the urgent need to strengthen disease surveillance and response systems in the country.

14. **The Government of Cabo Verde has developed a National COVID-19 Preparedness Plan in January 2020.** The Plan focuses on scaling-up and strengthening all aspects of prevention, preparedness and response including defining responsibilities and priorities for central and decentralized levels, identifying roles and responsibilities of a rapid intervention technical team (*Equipa Técnica de Intervenção Rápida*, ETNIR) who will lead the response, guidance for the prevention measures, risk communication and dissemination of epidemiological surveillance information. The plan outlines the roles and responsibilities of the ETNIR according to the three levels of public health emergency response defined by the World Health Organization (WHO).

15. **As part of national preparedness efforts, Cabo Verde opened the first virology laboratory at the Dr. Agostinho Neto National Hospital in Praia.** The national virology laboratory plays a central role in the Preparedness plan, which describes laboratory diagnostic procedures to be coordinated both nationally and internationally with the support of Ricardo Jorge Institute in Lisbon and Pasteur Institute in Dakar. Nonetheless, the closing of borders between these countries places additional responsibility on the national lab to lead the early detection efforts. This emergency response project focuses on strengthening the national surveillance and laboratory capacity through the provision of necessary inputs and medical equipment.

C. Relevance to Higher Level Objectives

16. **The project is aligned with World Bank Group strategic priorities, particularly the WBG’s mission to end**



extreme poverty and boost shared prosperity. The Program is focused on preparedness and is also critical to achieving Universal Health Coverage. It is also aligned with the World Bank's support for national plans and global commitments to strengthen pandemic preparedness through three key actions under Preparedness: (i) improving national preparedness plans including organizational structure of the government; promoting adherence to the International Health Regulations (IHR); and utilizing international framework for monitoring and evaluation of IHR. The economic rationale for investing in the MPA interventions is strong, given that success can reduce the economic burden suffered both by individuals and countries. The project complements both WBG and development partner investments in health systems strengthening, disease control and surveillance, attention to changing individual and institutional behavior, and citizen engagement. Further, as part of the proposed IDA19 commitments, the World Bank is committed to "support at least 25 IDA countries to implement pandemic preparedness plans through interventions (including strengthening institutional capacity, technical assistance, lending and investment)." The project contributes to the implementation of IHR (2005), Integrated Disease Surveillance and Response (IDSR), and the OIE international standards, the Global Health Security Agenda, the Paris Climate Agreement, the attainment of Universal Health Coverage and of the Sustainable Development Goals (SDG), and the promotion of a One Health approach.

17. **The WBG remains committed to providing a fast and flexible response to the COVID-19 epidemic, utilizing all WBG operational and policy instruments and working in close partnership with government and other agencies.** Grounded in One-Health, which provides for an integrated approach across sectors and disciplines, the proposed WBG response to COVID-19 will include emergency financing, policy advice, and technical assistance, building on existing instruments to support IDA/IBRD-eligible countries in addressing the health sector and broader development impacts of COVID-19. The WBG COVID-19 response will be anchored in the WHO's COVID-19 global Strategic Preparedness and Response Plan (SPRP) outlining the public health measures for all countries to prepare for and respond to COVID-9 and sustain their efforts to prevent future outbreaks of emerging infectious diseases.

II. PROJECT DESCRIPTION

A. Project Development Objective

18. The Project objectives are aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).

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

19. **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).

20. **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 ICU beds equipped and operational.

Component 2

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

B. Project Components

21. **The Project is structured around two complementary components, which will support the Government of Cabo Verde in the implementation of its National COVID-19 Preparedness Plan.** The Plan was prepared by the National Health Directorate of the Ministry of Health and Social Security in January 2020, with inputs from relevant teams from within the Ministry (surveillance systems, laboratory network, pharmaceuticals, health promotion) and from representatives from other sectors (Ministry of Agriculture and Environment, Civil Protection, National Security and Armed Forces, Maritime and Ports Institute, and the Civil Aviation Agency). This details national prevention and control actions that would be taken according to three levels of severity. It defines responsibilities, priorities, and prevention and control measures at the central and decentralized levels. In order to implement the Plan, the Government requested the World Bank's support principally in securing inputs necessary for an adequate response.

22. **Component 1: Emergency COVID-19 Prevention, Preparedness and Response (US\$4.85 million).** This component would provide immediate support to Cabo Verde to prevent COVID-19 from arriving into the country or limiting local transmission through prevention of person to person transmission through adequate personal protective equipment (PPE) for health and laboratory personnel. It would support enhancement of disease detection capability through provision of laboratory equipment, and diagnostic supplies to ensure prompt case finding, consistent with the National COVID-19 Preparedness Plan. It would also enable Cabo Verde to mobilize surge response capacity through well-equipped frontline health workers, increasing the number of available beds, equipping intensive care units, providing treatment and life-support equipment to national and regional tertiary and secondary hospitals, as well as creating response capacity for primary health care facilities in isolated geographic areas. Supported subcomponents are outlined below. This component would have the following sub-components:

23. **Sub-component 1.1: Prevention of new COVID-19 cases and propagation (US\$0.8 million).** This sub-component would help implement preparedness and prevention measures outlined in the National COVID-19 Plan. This includes the provision of PPE for surveillance teams at points of entry (including ports and airports), for healthcare workers, laboratory technicians, as well as cleaning and support staff according to their risk of exposure, as delineated in the Plan.

24. **Sub-component 1.2: Strengthen national and sub-national COVID-19 case detection (US\$1.3 million).** This sub-component would help strengthen disease surveillance systems through the National Virology Laboratory, in collaboration with public health laboratories within the national laboratory network, to improve case detection at both points of entry and healthcare facilities. This includes laboratory equipment, reagents and commodities, as well as diagnostic equipment to be used in healthcare facilities (e.g. X-rays), and the acquisition of vehicles for emergency operations including for transportation medicines, supplies, biological surveillance samples and blood products.



25. **Sub-component 1.3: Strengthen national system for public health preparedness and response (US\$2.6 million).** Assistance would be provided to improve Cabo Verde’s health system preparedness capacity to provide emergency medical care, while maintain essential community services and to minimize risks for patients and health personnel. This subcomponent would also equip selected primary health care facilities, regional and national hospitals for the delivery of critical medical services and to cope with increased demand of services posed by the outbreak. This would include provision of durable medical equipment, surgical instruments, life-support equipment, and PPE for healthcare facilities.

26. **Component 2: Project Management and Monitoring and Evaluation (M&E) (US\$0.15 million).** The component would support the coordination and management of project activities, including procurement of goods and their distribution across health facilities within Cabo Verde. The existing project implementation unit (PIU) will be responsible for overall administration, procurement, and financial management and M&E of project activities.

Table 2: Estimated project costs

Components & Sub-Components	Cost ECV	Cost USD
Component 1: Emergency COVID-19 Preparedness, Prevention and Response	509,250,000.00	4,850,000.00
<i>Sub-component 1.1: Prevention of new COVID-19 cases and propagation</i>	92,400,000.00	880,000.00
<i>Sub-component 1.2: Strengthen national and sub-national COVID-19 case detection</i>	140,700,000.00	1,340,000.00
<i>Sub-component 1.3: Strengthen national system for public health preparedness and response</i>	276,150,000.00	2,630,000.00
Component 2: Project Management and M&E	15,750,000.00	150,000.00
Total Project Cost	525,000,000.00	5,000,000.00

C. Project Beneficiaries

27. **The expected project beneficiaries will be the entire population of Cabo Verde (546,000 people).** Among them, given the nature of the COVID-19, those at higher risk, such as the elderly, which account for approximately seven per cent of the total population, and those with chronic conditions, at least 35 percent of the adult population has hypertension. Undernourished persons and those with depressed immunity due to underlying conditions (such as HIV/AIDS, cancer treatment, organ transplant or those with auto-immune conditions) may also be at increased risk for worse outcomes. Other population groups directly benefited are medical and emergency personnel, those working at medical and testing facilities, and public health agencies engaged in the COVID-19 response in Cabo Verde. Furthermore, prevention, early detection and treatment of cases would contribute to halting the spread of COVID-19 in countries that have close ties to Cabo Verde, be it through tourism or commerce.



III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

28. **The proposed project would be implemented over 12 months.** 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. Procurement packages are being prepared and will be implemented immediately after project approval, allowing for delivery of goods to take place during the following weeks and months.

29. **The proposed project supports the Government of Cabo Verde COVID-19 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). Therefore, the Project will be implemented within the existing health sector laws and regulations and its institutional and implementation arrangements will follow the current Government administrative structure.

30. **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).

31. **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.

B. Results Monitoring and Evaluation Arrangements

32. Monitoring and evaluation (M&E) activities will be the responsibility of the National Health Directorate.

C. Sustainability

33. The approach of the project to provide immediate COVID-19 support while strengthening the national surveillance system with capacity building and systems strengthening will ensure the project builds mechanisms for longer-term support and the sustainability of the project. The sustainability of the project would largely depend on the capacity of the implementing agencies and the specific activities. The focus of some of the project activities on training and capacity building will further enhance the sustainability of the project.



IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis (if applicable)

34. **There is a strong economic case for investing in integrated disease surveillance and response systems.** Preventing and controlling zoonotic disease outbreaks yields large economic benefits by reducing the threats of epidemics and pandemics. Such benefits of disease surveillance go well beyond the health benefits of reducing the number of infections, reducing mortality and morbidity, and health care costs. Disease outbreaks affect economic activity by decreasing demand (as personal income, investment, and exports fall) and supply (as agriculture production falls and businesses in many sectors close), and reduces labor, capital. The estimated forgone output due to the latest Ebola epidemics in Guinea, Liberia and Sierra Leone was over 12 percent of the countries' combined output. The regional loss of output due to slower growth rate was US\$7.35 billion in 2014.

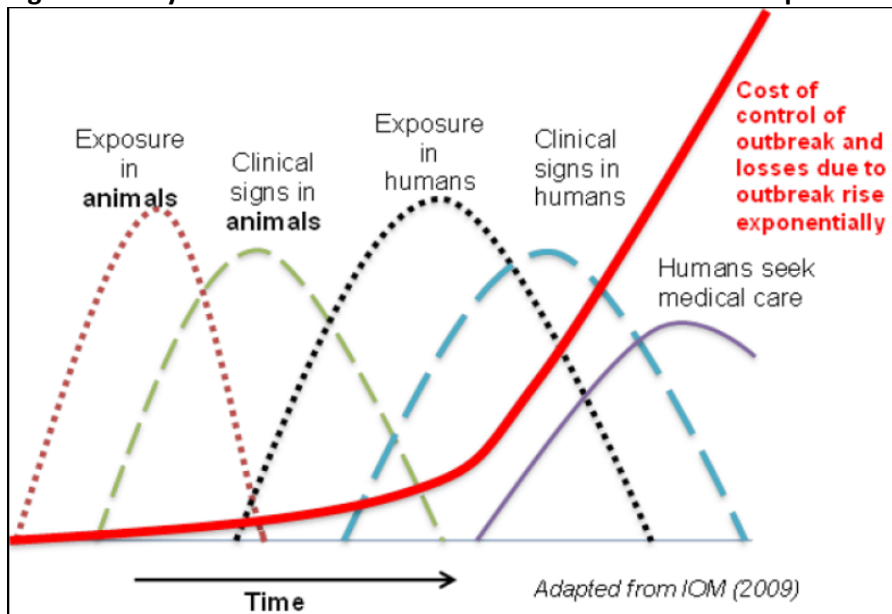
35. **Although there are very significant gaps in knowledge of the scope and features of the COVID-19 pandemic, it is apparent that economic effects will derive from increased sickness and death among humans and the impact this will have on the potential output of the global economy.** In the Spanish Influenza pandemic (1918-19) 50 million people died – about 2.5 percent of the then global population of 1.8 billion. The most direct impact would be through the impact of increased illness and mortality on the size and productivity of the world labor force. The loss of productivity as a result of illness which, even in normal influenza episodes is estimated to be ten times as large as all other costs combined will be quite significant.

36. **Another significant set of economic impacts will result from the uncoordinated efforts of private individuals to avoid becoming infected or to survive the results of infection.** The SARS outbreak of 2003 provides a good example. The number of deaths due to SARS was estimated at “only” 800 deaths and it resulted in economic losses of about 0.5 percent of annual GDP for the entire East Asia region, concentrated in the second quarter. The measures that people took resulted in a severe demand shock for services sectors such as tourism, which is one of the leading economic areas for Cabo Verde, retail sales, and increased business costs due to workplace absenteeism, disruption of production processes and shifts to more costly procedures. Prompt and transparent public information policy can reduce economic losses.

37. **Delays between the onset of the epidemic and the implementation of control measures are costly.** Too often detection, diagnosis, and control of disease outbreaks are attempted only with delay and after many humans are infected. When contagion grows exponentially, the cost of controlling the epidemic outbreaks rise in tandem. Whereas the recent EVD outbreak could have been controlled for less than US\$200 million in April 2014, according to UN estimates, by Fall 2014, this cost had already risen to US\$4 billion. When public veterinary authorities are not prepared and equipped to control outbreaks, or to detect them in the first place, delays in control and eradication are likely. Furthermore, when outbreak control fails, prevention of an epidemic becomes more challenging and more costly as contagion spreads, and eventually becomes impossible. Mitigation of the epidemic then remains the only policy option. Delays in detection and control are ultimately very costly because contagion and mitigation costs grow exponentially (Figure 2 below).



Figure 2: Early Control of zoonotic diseases is cost-effective and prevents human diseases



SOURCE: World Bank, 2013; p.5.

B. Fiduciary

(i) Financial Management

38. **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 unaudited 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.

39. **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.

40. **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.

(ii) Procurement

41. **Procurement for the project will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 (revised in November 2017 and August 2018).** The Project will be subject to the World Bank's Anticorruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 1, 2016. The Project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions and clearance processes.

42. **Major procurement activities were identified as:** i) Medical equipment, including diagnostic, electronic, and life support equipment; ii) Surgical instruments; iii) Personal protective equipment; iv) Durable medical equipment, including hospital beds and operating tables; v) Laboratory supplies, including test kits and consumables; and vi) Vehicles (2) for transportation of medicines, medical equipment and supplies. Given the emergency nature of the requirements, it was agreed that the Borrower will develop a streamlined Project Procurement Strategy for Development (PPSD) during project preparation and will finalize it during the implementation. An initial procurement plan for the first three months has been agreed with the Borrower and will be updated during implementation to include all activities, procurement methods, thresholds, and other relevant information. The UGPE will use of the latest operations manual approved by the Bank and will include additional information on additional options and flexibility that can help expedite procurement for the emergency response.

43. **The proposed procurement approach prioritizes fast track emergency procurement for the required emergency goods, particularly for the prevention and response phases.** In this regards, key measures to fast track procurement include the following:

- Direct Contracting and/or Limited Competition and RFQs with identified manufacturers, suppliers and providers for most of the items;
- UN agencies and NGOs and any other fit for purpose methods agreed with the Accredited Procurement Specialist (APS) will be approved through the procurement plan;
- Other measures like shorter bidding time, no bid security, advance payments, direct payments, will be applied on a case by case basis with guidance from the APS;
- Retroactive financing i.e. procurement before effectiveness before effectiveness of the project financing;
- Post review of procurement processes.

44. **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.



45. **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.

46. **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 which would result in poor results. The overall procurement risk without mitigation measures has been assessed to be **Substantial**.

47. **The following risks were identified:** limited national and international market for epidemic-response medical materials including PPE; limited knowledge of flexible arrangements that are part of the new procurement framework; lack of technical expertise; lack of planification of several activities; lack of collaboration between UGPE and technical stakeholders from the identification of project needs to plan contract award and contract management. The substantial risk will be mitigated through the hands-on support, including arranging practical trainings on Bank NPF for UGPE staff, hands-on support throughout procurement processes, and other supporting other needs as they arise.

48. **Major risks to procurement and proposed mitigation measures are summarized below.**

Risks	Mitigation Measures
Increased workload and overloaded activities to conduct emergency procurement.	<ul style="list-style-type: none"> • The UGPE will reorganize staff workload • Staff will need capacity building on the flexibility of the NPF in such case to allow staff to respond quickly on the COVID-19 response. • The Bank could provide hands-on support to UGPE • Archiving documents in STEP as processes advance
Failed procurement due to lack of enough global supply of essential medical consumables and equipment needed to address the health emergency as there is significant disruption in the supply chain, especially for PPE	<ul style="list-style-type: none"> • the Bank can provide BFP leveraging its comparative advantage as convener with the objective of facilitating borrowers’ access to available supplies at competitive prices
BFP in identifying suppliers and facilitating contracting between them and borrowers may bring a perception that the Bank is acting beyond its role as a financier with greater reputational and potentially litigation risks	<ul style="list-style-type: none"> • The Bank and the Borrower will clearly delineate the roles and responsibilities of the Bank and the Borrowers for whom the Bank facilitates access to available supplies.
Lack of technical expertise at UGPE to prepare technical parts of procurement document	<ul style="list-style-type: none"> • Close collaboration with the technical stakeholders to ensure that technical inputs are reflected in relevant procurement documents and processes



Risks	Mitigation Measures
The existing PIM does not account for the flexibility of the NPF in an emergency response	<ul style="list-style-type: none"> • Include all flexibility and options to expedite procurement for an emergency response as part of the revised PIM
Capacity of the market and supply chain to meet the demand	<ul style="list-style-type: none"> • Work closely with the global COVID-19 response teams to identify solutions for small states, including the potential for pooled purchases, direct purchasing by the World Bank, and regional coordination • Identify qualified providers at national and international level for direct selection • Proposed mobilization of existing service providers consisting in the possibility to proceed with contracts extension for additional activities through contract amendment are expected to address the emergency medical service requirements. • Measures for supplier preferences such as direct payments by Bank, advance payments, etc. will be applied on need basis. • Interact with UNOPS to handle emergency procurement

B. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

49. **Environmental Risk Rating is Substantial.** The main environmental risks include: (i) production and management of medical healthcare wastes; (ii) environmental and community health related risks from inadequate storage, transportation and disposal of infected medical waste; (iii) occupational health and safety (OHS) issues related to the testing of sick individuals and handling of potentially contaminated materials. The OHS issues are also related to the availability and supply of personal protective equipment (PPE) for healthcare workers and the logistical challenges in transporting PPE across the country in a timely manner; and (iv) community health and safety risks given close social contact and limited sanitary and hygiene services (clean water, soap, disinfectants) and isolation capabilities at health facilities across the country.

50. **Social Risk Rating is Substantial.** The project is anticipated to have positive social impacts both at the individual and community levels as it addresses the health sector responses to the COVID-19 emergency. Nonetheless, social risks related to the challenges of the COVID-19 epidemic are anticipated and these include: i) difficulties in accessing health facilities and services for the overall population, and specifically for the most marginalized and vulnerable groups, due to



a potentially overwhelmed health system; ii) issues resulting from people being kept in self-isolation and quarantine, including stigma, loneliness and lack of basic services provision; iii) risks of GBV/SEA/SH to project workers and beneficiaries. A preliminary SEA/SH assessment has been conducted resulting in moderate SEA/SH risks; iv) social conflicts and unrest resulting from the crisis challenges, including resource scarcity over daily essential goods, which might pose community health and safety-related concerns (especially on the spread of the disease). The access restrictions to the island can also lead to resource scarcity over daily essential goods, which may result in social unrest; and v) inappropriate behavior resulting from false rumors and misinformation that can hinder the project's objectives. These risks are classified as mostly temporary, predictable and/or reversible, although they could become widespread. There is also an institutional contextual risk, given the Borrower's first exposure to a World Bank-financed health project and the unique set of challenges in terms of preventive, responses and control measures related to the epidemic. Given this context, the project's social risk is deemed substantial.

51. **To mitigate both environmental and social risks and impacts for sites and activities yet to be specified, the project will develop an Environmental and Social Management Framework (ESMF).** The ESMF will be finalized, consulted upon and disclosed within one month of project effectiveness. The ESMF will serve as a mechanism/tool to prepare specific Environmental and Social Management Plans (ESMP) when sites and activities are known. The ESMF/ESMPs will identify project impacts and prescribe adequate mitigation measures and appropriate good practice protocols. The relevant parts of COVID-19 Quarantine Guideline and WHO COVID-19 biosafety guidelines will be incorporated into the ESMF. In particular, to manage healthcare waste, the ESMF will include a medical waste management plan that builds on best international practice and WHO protocols for its collection, storage, transportation and final disposal. The ESMF will integrate a list of the most vulnerable groups detailing measures to specifically address their needs and challenges. 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 Environmental and Social (E&S) risks. The UGPE will appoint an E&S Specialist to provide technical assistance to the project's overall E&S aspects.

52. **A draft Stakeholder Engagement Plan (SEP) was developed during project preparation.** Given the emergency context, to date the project consulted some of the institutional counterparts, further consultations will be conducted among the main identified stakeholders and vulnerable groups. Nonetheless, the SEP already identifies main stakeholders, including those directly and indirectly affected by the virus, health care professionals and institutions, local authorities and businesses. Specific vulnerable groups have been identified and this include elderly people; chronically ill and immune depressed persons; pregnant girls and women; population with previous health problems; persons with disabilities and their caregivers; homeless, including street children; female-headed households or single mothers with underage children; the unemployed; illiterate people; and population living in remote and isolated area. Outreach and engagement measures will be constantly adjusted to accommodate government precautionary requirements. The Bank will also continue advising the client on various approaches to engage stakeholders without raising medical risks. The SEP will be finalized one month after to effectiveness and updated periodically. The finalized SEP will include the Risk communication and community engagement (RCCE) strategy in line with WHO provisions "Risk communication and community engagement (RCCE) readiness and responses to COVID-19."

53. **An Environmental and Social Commitment Plan (ESCP) has been prepared. This sets out material measures and actions, any specific documents or plans, as well as the timing for each of these.** The implementation of the material measures and actions set out in this ESCP will be monitored and reported to the WBG.



54. **The Project will implement a project-wide grievance redress mechanism (GRM), which will take all complains during the project life cycle.** The GRM will integrate GBV-sensitive measures, including multiple channels to initiate a complaint and specific procedures for SEA/SH, such as confidential reporting with safe and ethical documenting of SEA/SH cases. This GRM will also integrate GBV/ SEA for the women and children.

V. GRIEVANCE REDRESS SERVICES

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. KEY RISKS

INHERENT RISK	Assessment of Mitigation measures
<p>Technical design</p> <ul style="list-style-type: none"> Lack of enough quantity of drugs and other medical inputs needed to address the health needs of the general population during a pandemic; Lack of adequate national M&E to track progress and emerging issues. 	<ul style="list-style-type: none"> Extent of government capacity and commitment to coordinate project activities with efforts undertaken by other international organizations such as WHO, to facilitate access to laboratory and medical care supplies; Support of national and/or project-specific M&E to flag emerging issues and to strengthen and learn from the crisis response.
<p>Fiduciary</p> <ul style="list-style-type: none"> Increased workload and overloaded activities to conduct emergency procurement; Lack of technical expertise at UGPE to prepare technical parts of procurement document. 	<ul style="list-style-type: none"> Strengthen the UGPE capacity to reorganize staff workload; Staff will need capacity building on the flexibility of the NPF in such case to allow staff to respond quickly on the COVID-19 response; Finalize the recruitment of the additional Procurement assistant to strengthen the procurement team.
<p>Environment and Social</p> <ul style="list-style-type: none"> Substantial environment due to expected increase in medical waste (from laboratories, 	<ul style="list-style-type: none"> The project will take specific measures to address environmental issues, including supporting



hospitals and primary health care centers).	established COVID-19 infection prevention and control guidelines and guidelines for medical waste management.
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VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Cabo Verde

Cabo Verde: COVID-19 Emergency Response Project

Project Development Objective(s)

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

Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
COVID-19 Response				
Percentage of suspected cases of COVID-19 tested per approved protocol (Percentage)		0.00	60.00	80.00
Percentage of diagnosed cases treated per approved protocol (Percentage)		0.00		50.00
COVID-19 Preparedness				
National virology laboratory equipped with COVID-19 diagnostic equipment, test kits, and reagents per Ministry of Health guidelines (Yes/No)		No		Yes



Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Emergency COVID-19 Prevention, Preparedness and Response			
Percentage of health districts with pandemic preparedness and response plans per Ministry of Health Guidelines (Percentage)		18.00	100.00
Percentages of health facilities with personal protective equipment and infection control products and supplies, without stock-outs in preceding two weeks (Percentage)		32.00	100.00
Country has prepared a referral system to care for COVID-19 patients (Yes/No)		No	Yes
Number of additional ICU beds equipped and operational (Number)		0.00	20.00
Project Management and Monitoring and Evaluation			
Percentage of claims registered in the Project's grievance redress mechanism (GRM) resolved in a timely manner (Percentage)		0.00	40.00

Monitoring & Evaluation Plan: PDO Indicators

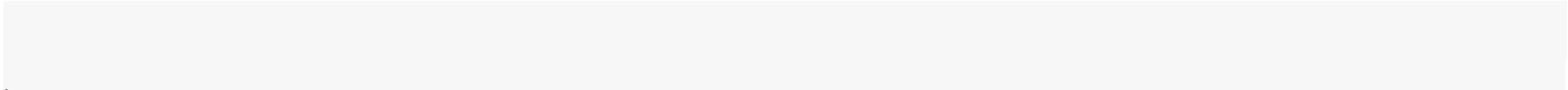
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of suspected cases of COVID-19 tested per approved protocol	The numerator is number of suspected cases COVID-19 cases that are reported and investigated per approved protocol and the denominator is number of				



	suspected COVID-19 cases.				
Percentage of diagnosed cases treated per approved protocol					
National virology laboratory equipped with COVID-19 diagnostic equipment, test kits, and reagents per Ministry of Health guidelines					

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
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 ICU beds equipped and operational					
Percentage of claims registered in the Project's grievance redress mechanism (GRM) resolved in a timely manner					





Annex 1 – Financial Management Arrangements

Budgeting: A work plan for the entire life of the project will be elaborated and validated by the project Steering Committee before submission to the World Bank’s non-objection before adoption and implementation.

Accounting: The UGPE will use the cash basis to maintain the project’s accounts. The Project financial statements will be prepared by the UGPE using the National Accounting Standards and Financial Reporting (SNCRF). The Project accounting will be managed through the existing accounting software TOMPRO which has multi-project and multi-donor features, it will be customized to accommodate the new project. All accounting procedures are documented in the UGPE manual of procedures.

Internal Control Systems: The daily operations of the project will be the UGPE Manual of accounting and financial procedures, which incorporates World Bank financial management procedures. The manual will be updated throughout the life of the project as needed to reflect the current procedures.

Internal audit: An internal auditor will be hired by the UGPE to cover all World Bank financed projects. The internal auditor will elaborate a risk mapping of all projects and an audit program for the entire portfolio and submit each quarter its report to the Bank. The internal auditor will carry out quarterly ex-post transactions review.

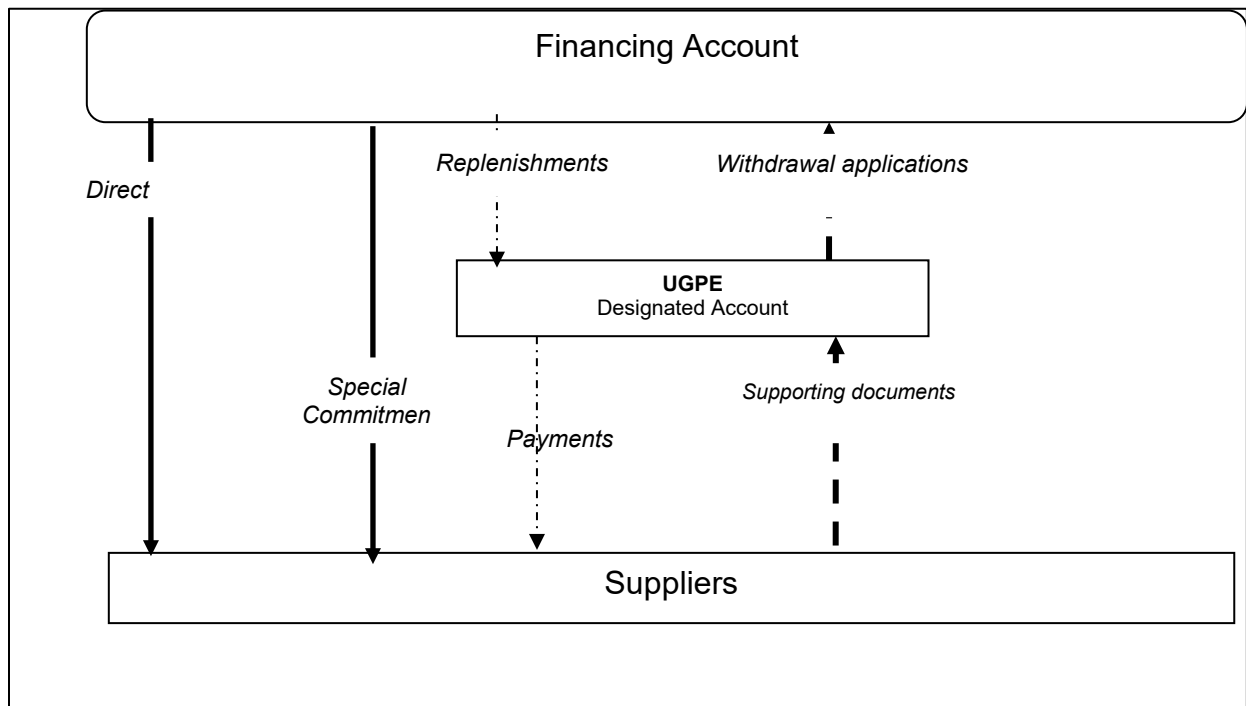
Funds Flow and Disbursement Arrangements

Disbursement methods: The following disbursement methods may be used under the project: reimbursement, advance, direct payment and special commitment as specified in the Disbursement and Financial Information Letter (DFIL) and in accordance with the Disbursement Guidelines for Investment Project Financing, dated February 2017. Disbursements would be transactions based whereby withdrawal applications will be supported with Statement of Expenditures (SOE). The DFIL will provide details of the disbursement methods, required documentation, DAs ceiling and minimum application size. These will also be discussed and agreed during negotiations of the Financing Agreement.

Designated Account: A designated account will be opened at the Central bank. For the project implementation the DA will be replenished through the submission of withdrawal applications. Requests for reimbursement and reporting on the use of advances will be accompanied by a Statement of Expenditure (SOE) providing information on payments for eligible expenditures and records required by the Bank. All supporting documentation will be retained at UGPE and must be made available for periodic review by the World Bank’s missions.



The funds flow diagram



Financial Reporting Arrangements

UGPE will produce on a quarterly basis unaudited Interim Financial Reports (IFRs) during project implementation encompassing activities for all components. The IFRs are to be produced on a quarterly basis and submitted to the Bank within 45 days after the end of the quarter. UGPE will prepare and agree with the Bank on the format of the IFRs.

UGPE will also produce the projects Financial Statements and these statements will comply with the Cabo Verde generally accepted accounting principles and World Bank requirements. These Financial Statements will be comprised of:

- A Statement of Sources and Uses of Funds which includes all cash receipts, cash payments and cash balances;
- A Statement of expenses
- Accounting Policies Adopted and Explanatory Notes
- A Management Assertion that project funds have been expended for the intended purposes as specified in the relevant financing agreements.

Auditing Arrangements

The financing agreement will require the submission of Audited Financial Statements for the project to IDA within six months after the project closing date. An external auditor with qualification and experience satisfactory to the World Bank will be appointed to conduct a single audit of the project's financial statements. A single opinion on



the Audited Project Financial Statements in compliance with International Federation of Accountant (IFAC) will be required. The external auditors will also prepare a Management Letter giving observations and comments, and providing recommendations for improvements in accounting records, systems, controls and compliance with financial covenants stipulated in the FA.

In accordance with World Bank Policy on Access to Information, the borrower is required to make its audited financial statements publicly available in a manner acceptable to the Association; following the World Bank’s formal receipt of these statements from the borrower, the World Bank also makes them available to the public.

The following actions need to be taken to enhance the financial management arrangements for the Project:

FM Action Plan

No	Action	Due Date	Responsible
1	Recruitment of a project coordinator that will be responsible for the implementation of the project and coordinate activities between the MSSS and UGPE	No later than one month after effectiveness	UGPE
2	The customization of the existing accounting software to include the bookkeeping of the project	No later than one month after effectiveness	UGPE
3	Recruit an internal auditor for bank financed projects	No later than one month after effectiveness	UGPE
4	Recruitment of an external auditor	No later than six months after effectiveness	UGPE

Financial Covenants

Financial covenants are the standard FM requirements are covered under Section 5.09 of the IDA General Conditions and the Disbursement and Financial Information Letter (DFIL). Additional covenants will be added to the Legal Agreements to reflect actions set out as legal covenants in the FM action plan.

Implementation Support Plan

Based on the outcome of the FM risk assessment, the following implementation support plan is proposed. The objective of the implementation support plan is to ensure the project maintains a satisfactory financial management system throughout the project’s life.



FM Activity	Frequency
Desk reviews	
Interim financial reports review	Quarterly
Audit report review of the project	End of project
Review of other relevant information such as interim internal control systems reports.	Continuous as they become available
On site visits	
Review of overall operation of the FM system	Annually (Implementation Support Mission)
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit and other reports	As needed
Transaction reviews (if needed)	As needed
Capacity building support	
FM training sessions	As and when needed.

Conclusion of the assessment

The conclusion of the assessment is that the financial management arrangements are adequate to meet the World Bank's minimum requirements under Bank Policy and Directive on Investment Project Financing (IPF) effective in 2017 and the overall project risk is rated as Moderate.