



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 17-May-2021 | Report No: PIDC31682



**BASIC INFORMATION**

**A. Basic Project Data**

Country Cabo Verde	Project ID P175828	Parent Project ID (if any)	Project Name Cabo Verde Human Capital Project (P175828)
Region AFRICA WEST	Estimated Appraisal Date Feb 28, 2022	Estimated Board Date Mar 31, 2022	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Fund to Promote Employment and Training, Ministry of Social Inclusion and Family, National Labor Market Observatory, Ministry of Education	

**Proposed Development Objective(s)**

To improve employability and access to labor market relevant training opportunities for Cabo Verdean youth and women.

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

**SUMMARY**

<b>Total Project Cost</b>	20.00
<b>Total Financing</b>	20.00
<b>of which IBRD/IDA</b>	20.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	20.00
IDA Credit	20.00



Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track II-The review did authorize the preparation to continue

## B. Introduction and Context

### Country Context

- 1. Located more than 500 km 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 549,935 people (2019 estimate<sup>1</sup>) is scattered across nine islands, with around 90 percent living on four main islands. Estimates suggest that over 750,000 people of Cabo 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 from rural areas 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 freshwater (second lowest in Africa on per capita basis), the country and its highly concentrated coastal population are vulnerable to climate change.
- 2. The combination of high debt, strong state presence in the economy, and small population spread over the archipelago, create a challenging environment for private sector development and economic growth.** The World Bank's Doing Business Survey for 2020 ranks Cabo Verde 137 out of 190 countries. While its score for setting up a business is 85 out of 100, the country scores much lower in terms of getting access to credit and protecting investors. To foster job creation and growth and reduce debt, the government has been supporting reforms to transform many state-owned enterprise (SOE) into public private partnership and support policies that will encourage greater private sector investment.
- 3. Prior to 2020, Cabo Verde had generally maintained strong economic growth since the 1990s.** The country achieved lower middle-income country (MIC) status in 2007, after almost 20 years of sustained growth. The economy grew around seven percent, on average, between 1990 and 2008, driven by strong public investment in infrastructure, foreign direct investment (FDI) in tourism, strong support from official development assistance (ODA), and high levels of remittances. Progress slowed with the onset of the global financial crisis in 2008 due to sharp decreases in tourism revenue and FDI from Europe. In 2016, growth regained its momentum, reaching a peak of 5.7 percent in 2019 with tourism accounting for nearly 45 percent of GDP in 2019. However, given the country's strong reliance on revenue from tourism, the impact of the Coronavirus disease (COVID-19) pandemic has been significant and brought the strong economic recovery to a sudden halt.
- 4. The ongoing COVID-19 pandemic crisis raises unprecedented challenges.** The economy contracted by an estimated 11 percent in 2020, the largest contraction in the country's history and the third largest in Sub-Saharan Africa (behind Seychelles and Mauritius) according to the Global Economic Prospects report released in January 2021. The contraction is mainly due to the near complete cessation of discretionary travel, and multiple lockdowns in Europe, the largest source of Cabo Verde's tourists. Tourism arrivals dropped by 70 percent in 2020, unemployment reached nearly 20 percent, and its poverty rate more than doubled from 20 percent to 45 percent in the short-term.<sup>2</sup> According to a

<sup>1</sup> World Development Indicators, 2019, as reported at <https://data.worldbank.org/>.

<sup>2</sup> World Bank, 2021.



Socioeconomic Impact Assessment carried out for Cabo Verde, the pandemic is having particularly adverse effects on the most vulnerable groups, including the elderly, children and women.<sup>3</sup>

5. **Cabo Verde performs relatively well across a range of human development indicators, although more needs to be done to improve women’s economic empowerment.** The country was among the 30 best-performing countries in achievement of the Millennium Development Goals (MDGs). Due to continued improvements in rates for maternal and infant mortality, adult literacy, school enrollments, etc., Cabo Verde’s ranking on the UN Human Development Index rose from 132 out of 187 countries in 2013 to 126 of 189 countries in 2020. A recent gender diagnostic indicates that Cabo Verde also performs relatively well across a range of gender indicators related to human development. On the Global Gender Gap Index for 2018, Cabo Verde ranks among the world’s best in the “health and survival” and “school enrollment” dimensions. However, on the dimension for “economic participation and opportunity for women”, Cabo Verde ranks surprisingly low at only 115<sup>th</sup> out of 149 countries.<sup>4</sup> Evidence shows that the country needs to do more to overcome traditional social norms and translate progress in human development into women’s economic empowerment.

6. **Cabo Verde’s demographic transition is taking place faster than elsewhere in Africa, providing opportunities but also increasing pressure on the labor market.** The share of the population that is of working age (between 15 and 64 years old) has been rising since 2000. The contribution of growth in the share of the population between 15 and 64 rose from 7.6 percent in 1990–2000 to 41.4 percent in 2001–2013. At the same time, there has seen a sharp decrease in total fertility rate (births per woman) - from 3.5 in 2000 to 2.3 in 2018. As a result, the share of the population that is of working age is expected to peak by around 2030. This demographic dividend in the country offers a unique opportunity to translate the human capital accumulation of young cohorts into a more productive labor force. It’s critical that Cabo Verde takes action now to address the growing youth unemployment rate (25 percent in 2019) and to reap the maximum benefits of its demographic dividend.

7. **To promote economic growth and reap the demographic dividend, the Government recently developed a new National Strategy for Sustainable Development (2021-2030).** This strategy, referred to as “*Ambição 2030*,” provides a comprehensive picture of the country’s current state of development, discusses sector-specific plans to diversify its economy, and identifies strengthening human capital as the key element to the country’s development over the next 10 years. The country aims to accelerate economic growth by strengthening its human capital and increasing opportunities for employment in five potential accelerator sectors – (i) the blue economy; (ii) the digital economy; (iii) renewable energy; (iv) tourism and industry; and (v) agriculture. The goal is indeed ambitious – the target is to ensure 100,000 opportunities for employment by 2030.

#### Sectoral and Institutional Context

8. **The 2018 Systematic Country Diagnostic (SCD) for Cabo Verde identified inadequate human capital as one of the country’s most significant binding constraints to achieving the World Bank’s twin goals of reducing extreme poverty and boosting shared prosperity.** Addressing this will require a whole-of-government approach across several sectors. Evidence shows that in Cabo Verde: (i) the investments in education are failing to provide children and youth with strong foundational skills needed in the workplace and for further learning; (ii) enrollments in technical and vocational training programs are relatively low and often poorly aligned with the needs of the labor market; and (iii) greater attention needs to be given to equity concerns—ensuring vulnerable populations and particularly women—also have opportunities to

<sup>3</sup> Government of Cabo Verde and United Nations (UN) Cabo Verde, September 2020, Socio Economic Impact Assessment.

<sup>4</sup> <https://www.unwomen.org/en/digital-library/publications/2018/1/country-gender-profile-cabo-verde>



benefit from high quality training programs and opportunities for employment.

9. **The high unemployment rate, especially among youth, women, and in Praia (the capital and largest city) potentially undermines social cohesion and leads to behavioral problems among youth.** Women are slightly more likely to be unemployed than men. In 2019, the unemployment rate for men stood at 10.7 percent compared to 12.0 percent among women. Youth employment remains high, especially in urban areas. Based on government estimates for 2019, the unemployed mostly reside in urban areas (72 percent) and are between the ages of 15 to 34 years old (68 percent). Women’s opportunities to participate in the labor market are restricted by existing gender norms, which grant them almost exclusive responsibility for domestic chores, children’s education, and family care. Women, especially single mothers, are highly vulnerable because of the barriers they face in accessing available jobs and in participating in income generating activities. Nearly 43 percent of the extremely poor people live in households where a single mother is the only breadwinner, compared to 29 percent for Cabo Verde as a whole.<sup>5</sup> According to the recent Country Gender Profile report for Cabo Verde, some of the key issues that contribute to the low ranking on “economic participation and opportunity for women” include, *inter alia*: (i) the primary burden of household chores and lack of childcare; (ii) lack of access to financing; and (iii) lack of knowledge on income-producing activities, networking structures, and how to access markets.

## Education

10. **Cabo Verde has achieved nearly universal access to primary education and access to secondary education has increased significantly in recent years.** Cabo Verde has among the highest education indicators in Sub-Saharan Africa: targets of the MDGs on primary education access have been achieved since 2012; the school-life expectancy is, on average, 12.7 years and higher for girls; and 98.7 percent of the population ages 15–24 is literate<sup>6</sup>. In 2018, the net enrollment rate (NER) for primary education was 93.4 percent and in secondary education 70.4 percent. Transition rates to secondary school in Cabo Verde is also high (94.4 percent in 2018).

11. **Dropout and repetition rates have been declining at the primary level, while remaining a significant issue at the secondary level.** Repetition rates in primary school fell from as high as 15 percent in 2005 to 7.7 percent in 2018 and dropout rates are 2 percent or less. However, at the secondary level, repetition rates have persisted at around 20 percent over the last decade, being especially higher at Grade 7 (27 percent) and dropouts remain as high as 8 percent at Grade 9. The high dropout rate at the secondary level is believed to be due to: (i) poor learning outcomes in primary school; (ii) a disconnect between the curricula/subjects taught and needs of the labor market; (iii) low teacher qualifications (most secondary teachers have gaps in content knowledge and/or pedagogical skills); and (iv) school fees introduced at Grade 7. To address these issues, the Government started an expansive basic education reform in 2017 directly supported by the World Bank Education and Skills Development Enhancement Project (P164294). This reform includes: (i) extending free basic education until Grade 8; (ii) reforming the school curriculum used for Grades 1-8; and (iii) developing a new strategy for training teachers. These efforts have already contributed to a significant decrease in dropout rates in Grade 7 from 6.7 percent in 2018 to 2.9 in 2020 (surpassing the target of 4 percent by 2023). However, some of this progress may potentially be erased by the impact of the COVID-19 crisis and the disruption created in the education sector.

12. **Cabo Verde devotes adequate resources to the education sector, but would benefit from reallocating resources from wages to underfunded sub-sectors and focusing on inputs to improve education quality.** The sector’s financing is within the international best practice range of 4–6 percent of GDP but is mostly geared towards salaries. Public spending on the education sector reached more than 20 percent of the budget in 2016. However, over 80 percent of this spending was consumed only by wages while critical education inputs to improve education quality such as continuous professional

<sup>5</sup> WBG, CPF for the Republic of Cabo Verde for the period FY20-25, Report No. 127164-CV.

<sup>6</sup> UNESCO data accessed February 2021. <http://uis.unesco.org/country/cv>.



development programs for teachers remain underfunded. A World Bank Public Expenditure Review in 2019 recommended that the Government: (i) allocate more resources to the last cycle of basic education and Technical and Vocational Education and Training (TVET); (ii) increase budgets of schools to enhance the quality of education services and school learning environment; and (iii) improve efficiency through enhancing decentralized management and allocation of resources.

**13. Learning outcomes at the primary level remain low and education quality needs to be given greater attention.**

Both the 2010 and 2019 *Aferidas*, national large-scale assessments for Grade 2 and 6 students, revealed lower-than-expected overall learning outcomes. In 2010, the average grade was 8.7/20 in mathematics and 7.8/20 in Portuguese with only 27 percent of students demonstrated satisfactory learning outcomes in both subjects.<sup>7</sup> A different scale was used for the 2019 *Aferida*, nonetheless results continue to show alarmingly low learning outcomes in several areas (see Table 1). In Mathematics, in both Grades 2 and 6, nearly all students were unable to answer any of the questions without difficulty. In Portuguese, students in both Grades 2 and 6 showed deficiencies in the mastery of Language Knowledge. Cabo Verde has yet to participate in any international learning assessment, so it is not possible to benchmark learning outcomes against other countries; plans are now in place to implement an international assessment during the 2021/22 academic year in Grade 3. Despite missing comparable data, national learning assessment results clearly show that students in Cabo Verde are not mastering the basics and education quality needs serious attention.

**14. Poor education quality is linked to several contributing factors, with inadequately trained teachers playing a key role.**

Analysis of sector data and learning outcomes shows low learning outcomes linked to: (i) lack of sufficient in-service teacher training; (ii) Portuguese being used as the official language of instruction, while it is the second language of many students (Creole being the first); and (iii) lack of focus and resources on pedagogical aspects (as compared to social programs).<sup>8</sup> In addition, the 2017 System Approach for Better Education Results Student Assessment (SABER-SA)<sup>9</sup> diagnostic found significant gaps between what is actually being taught and assessed in the classroom and the official curriculum, showing that in reality, students are not taught what they are supposed to be learning. The SABER-SA diagnosis also highlighted the critical need to establish a regular system to monitor education quality aligned with best practices to help improve learning outcomes.

**15. Cabo Verde's ability to use technology in the education sector to improve quality has been limited.**

When the COVID-19 pandemic began, a survey demonstrated that the education system was not yet ready to handle online learning due to issues with connectivity, teacher knowledge/ability to use technology, and lack of distance learning platforms. Hence, the distance learning platform used in the short-term to address school closures relied on lessons broadcasted over the television and radio. However, as part of the Government's strategy for digital development and as part of the World Bank financed Digital Cabo Verde Project (P171099) priority is being given to connect all of the schools in the country to the internet.

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<sup>7</sup> *Éléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.

<sup>8</sup> For example, pedagogical expenditures represented only 1.2 percent of total spending at the primary level, while social expenditures, including school canteen accounted for 14.8 percent of total expenditures in 2014. *Éléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.

<sup>9</sup> World Bank 2017: <http://saber.worldbank.org/index.cfm?indx=2&ctrn=CV>



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**Table 1. Aferida 2019 Results in Grades 2 and 6**

Subject Areas/Domains		Performance Categories					
		C	CM	RD	NC	NR	
Grade 2	Portuguese	Reading	30.6	31.2	14.9	21.3	1.9
		Language Knowledge	1.9	7.2	21.3	64.8	4.9
		Writing	28.8	16.4	12.9	37.4	4.6
	Mathematics	Numbers and Operations	3.4	16.1	46.7	33.2	0.6
		Organization/ Treatment of Data	11.5	18.2	23.9	45	1.3
		Geometry and Measures	0.5	12.1	33	53.1	1.3
Grade 6	Portuguese	Reading Comprehension	34.1	36.3	24.6	4.4	0.1
		Language Knowledge	8.9	25.4	42.3	23.3	0.1
		Expression and Writing	30.2	50.3	13.9	5	0.7
	Mathematics	Numbers and Operations	0.1	1.3	13	85.5	0
		Proportionality	0.1	5.5	53.9	40.3	0.1
		Statistics	0.1	1.9	54	43.7	0.3
	Geometry	0	2.4	39	58.4	0.2	

**Key:** C = student responded as expected; CM = student responded as expected but can improve; RD = student showed difficulties in response; NC = student did not respond as expected; NR = no response.

16. **While technology is not a silver bullet, evidence shows that when used effectively, it can have a significant impact on improving learning outcomes and the effectiveness of teachers.** In Brazil, Skype-based coaching to pedagogical coordinators helped them to support teachers effectively, resulting in increased student learning. In South Africa, instructional coaching to teachers via phone calls, instant messages, and WhatsApp groups was just as effective as face-to-face instructional coaching after one year. Technology can also assist by providing teachers with clear examples of well-taught classes and allowing mentors to encourage teachers and answer their questions effectively.<sup>10</sup> Such approaches may be particularly useful in Cabo Verde since teachers are spread out across different islands, and it may not always be possible to facilitate face-to-face training and mentoring. Technology-enabled training activities can be complemented by in-school mentoring arrangements for greater effect. Using innovative approaches and online learning to train teachers is a key element under the recently adopted National Teacher Development Strategy. However, the University of Cabo Verde, who carries the responsibility for both pre-service and in-service teacher training, will need further support to reinforce their capacity to design and deliver these types of training programs and incorporate international best practices in this area.

17. **On-going, tailored, focused and practical in-service training that leads to better teacher-student interactions is critical to improve teaching quality in Cabo Verde.** Evidence shows that one-off training events, which has been common practice in Cabo Verde, rarely result in any sustained impact. A recent evaluation of 33 different programs in low- and middle-income countries concluded that programs shown to improve student learning must be subject specific and linked to some sort of professional incentives (e.g. opportunity for promotion), include practice with other teachers and follow-

<sup>10</sup> World Bank (2019). "Successful Teachers, Successful Students: Recruiting and Supporting Society's Most Crucial Profession." Washington, DC: World Bank.



up visits in teachers' classrooms, and tend to include a face-to-face component.<sup>11</sup> Although these programs may be more expensive, they are more likely to deliver value for money.<sup>12</sup>

18. **The Ministry of Education is currently developing a new Education Strategic Plan for 2022–2025.** The government's draft strategy aims to build on existing initiatives to boost access (including to reduce further dropout rates and expand free education), strengthen the quality of education, and build a stronger nexus between education and employment opportunities. With fertility rates declining, there are now more resources to invest in education quality and children's cognitive and socioemotional development. Specific focus under the new strategy include: (i) expanding the ongoing education reform to secondary education focusing on alignment of the curriculum (both general and TVET tracks) with the skills students need to enter the labor market; (ii) promoting the development of digital skills and the use of ICT as a tool for teaching/learning; (iii) strengthening school management practices including pedagogical supervision and support for teachers; (iv) revamping and establishing a national system for teacher pre-service training and continuous professional development; (v) further developing the system to regularly assess and measure learning outcomes; and (vi) improving access to a quality preschool education.

### **Skills Development/Technical and Vocational Education and Training (TVET)**

19. **Compared to many of its neighbors, Cabo Verde performs very well on many human development indicators.** However, one area where Cabo Verde stands out is the lack of human capital with the skills aligned with the needs of the labor market. According to enterprise studies from several countries in West Africa, firms which rated the lack of trained human capital as a major constraint to growth and development was highest in Cabo Verde. A comparison across several other countries in Africa also shows rates of enrollment in secondary level TVET as significantly lower on average—at less than 5 percent of students.

20. **Relevant skills development opportunities are limited and often do not meet the needs of the economy.** The high percentage of students leaving secondary education before graduation results in a large amount of young people without sufficient qualifications and competencies, who thus face difficulties in the job market. The current TVET system is characterized by a supply-driven and dispersed offering that is not well-articulated to meet job market demands. There are also few initiatives to promote partnerships with industries and employers.

21. **Youth unemployment is in part caused by a mismatch between available skills and the demands of a competitive services sector.** A good example of this can be found in the tourism sector, which accounts for approximately one-fourth of available jobs. Cabo Verde's hotel and tourism school is unable to address all the needs of the tourism industry, including basic hotel services such as waiting tables, housekeeping, and small repairs. These skill gaps are corroborated by Cabo Verde's low score (82 out of 141) in 'Human Resources and Labor Market' of the Travel and Tourism Competitiveness Index. In general, weak links between education and work and the absence of apprenticeships prevent students from acquiring adequate skill sets. Higher education also has limited relevance for the labor market with the distribution of students per subject area unaligned with access to employment: 70 percent of university students enroll in Humanities and Social Sciences. As a result, unemployment among higher education graduates is high, while firms say they have difficulty finding qualified workers with the right skills.

22. **Professional training and TVET programs in Cabo Verde are generally led by the Directorate of Employment, Vocational Training, and Professional Internships but the system continues to be fragmented.** Technical education,

<sup>11</sup> Popova, Anna, David K. Evans, Mary E. Breeding, and Violeta Arancibia (2019). "Teacher Professional Development around the World: The Gap between Evidence and Practice." World Bank Policy Research Working Paper 8572.

<sup>12</sup> World Bank (2020). "Realizing the Future of Learning." Washington, DC: World Bank.





which is under the Ministry of Education remains marginal with limited enrollment and outdated content. Vocational/professional training had been transferred to multiple ministries in the past (now under the Ministry of Finance [MoF]), and there is an overall lack of coordination and coherence between the general, technical/vocational, and higher education streams. The country has more than 20 different general public training centers disbursed across the islands which operate as part of the Institute of Employment and Professional Training (IEFP) and then two specialty schools – the Cabo Verde School of Hospitality and Tourism (EHTCV) and the Center for Renewable Energy and Industrial Maintenance (CERMI).

23. **In early 2020, the Government announced its plan to establish a new National Labor Market Observatory to gather data on the needs of the labor market and to inform both employment and vocational training policies.** During the initial stages, the creation of this new autonomous body is being supported by the International Labour Organization (ILO) and Luxembourg. The Observatory has now completed its first study which includes collecting data across several key growth sectors on current and projected job opportunities over the next several years. With several sources of financing, coupled with an overall fragmented skills development sector, ensuring that all key players have access to data and studies conducted remains a challenge. The skills development sector has benefitted from significant financing from donors like Luxembourg, ILO, UNDP and to a lesser extent the World Bank over the past several years. However, coordination and easy access to information on the performance of the sector is often not readily available. As a result, many decisions made in the sector, continue to not be evidence and results-based. The ultimate goal is to be able to provide detailed labor market and educational information so that actors can more informed and evidence-based decisions.

24. **Stronger systems and better flow of information is at the heart of the reforms needed for Cabo Verde’s skills development sector.** More and better information about training programs, employment opportunities and the labor market, is needed by different actors (i.e., students, families, training providers, policy makers, the private sector, and employers) so they can make informed decisions. It is necessary to improve labor market and TVET information structures for the system as a whole, as well as at the institutional and program levels. In order to adopt more performance-based financing and accountability systems, all decision-makers need regular access to information on labor market needs and employability of TVET graduates. Currently, the National Institute for Statistics (INE) conducts tracer studies for TVET graduates 12 months after graduation. However, often training centers are unaware of the results of these studies and rarely use them to make decisions on course offerings year-to-year.

25. **The country has established a Skills Fund (FPEF - *Fundo de Promoção do Emprego e da Formação*) to provide financing for both students and training centers.** With the support of donor partners, a new law was passed in early 2021 which: (i) ensures regular financing for skills development through government budget and specific tax revenues; and (ii) assigns FPEF with the responsibility for managing these funds. The ongoing Education and Skills Development Enhancement Project (P164294) has been supporting two new programs at FPEF to provide incentives to improve the employability of TVET graduates and alignment of training programs with the needs of the labor market: (i) a scholarship program for students; and (ii) grants for training providers. The design of the grants program promotes public private partnerships and stronger collaboration with the private sector in curriculum design, training delivery, and on-the-job training. There have also been efforts to encourage stronger collaboration between the Ministry of Family and Social Inclusion (*Ministério da Família e da Inclusão Social*, MFIS) and use of the *Cadastro Social Único* (CSU) by FPEF to target at least a portion of the available scholarship funds to those with the greatest need and part of the two lowest income quintiles. However, the synergies between ongoing social protection interventions such as the productive inclusion program and financing for skills development activities would benefit from further strengthening.

26. **Similar to many other countries in Africa, when given the choice many youth in Cabo Verde pursue training in**



areas with limited opportunities for employment (i.e., humanities, communications, social sciences) and there continues to be a shortage of skilled labor in critical STEM subjects like science, ICT, engineering, and mathematics. Targeted scholarship programs in key sectors needed for future growth can be effective in helping to attract more students and give greater weight to fields of study with potentially greater externalities for growth. The current scholarship program is still being piloted – if successful in promoting more results-based financing and increasing employability of TVET graduates, the Government plans to expand both the scholarship and grants programs to rapidly expand enrollment in training programs aligned with the catalytic growth sectors identified in the *Ambição 2030* and Human Capital Program.

27. **Although Cabo Verde has a well-established National Qualifications System, focusing more on results-based reforms and financing may have more impact.** Evidence shows that many countries overinvest in overly complex National Qualification Frameworks (NQF). Although it can help, simply having a NQF still does not guarantee training quality nor employability of training graduates. In fact some of the most successful skills training programs in recent years, like the Generation Project led by McKinsey and Company, focus nearly all of their attention on ensuring a strong engagement with employers from the very start. The actual training is often short and intensive “boot camps” covering relevant technical, behavioral, and mind-set skills accompanied by a strong mentoring program. NQFs in Cabo Verde have been a good tool for recognizing skills and learning and involving the private sector but the process to create these is often lengthy, expensive and overly bureaucratic.

28. **The private sector in Cabo Verde remains relatively small in comparison to many countries.** Regardless, finding ways to formalize its role and influence in shaping and implementing TVET and skills development programs in the country including identifying skill needs, specifying standards, designing curricula, and placing students in internships for on-the-job learning is critical. Currently when the private sector is present, this is only as *ad hoc* participants in general discussions, often without any decision-making authority or role. Improving the quality of TVET will require a more active participation of the private sector. The newly established grants program enables a stronger role of the private sector, as both a provider and a partner with public institutions though shaping program content and course delivery, and should be expanded.

### **Social Protection**

29. **Compared to other African countries, Cabo Verde has an advanced Social Protection (SP) system, including a social registry to target and coordinate SP interventions.** The three pillars of SP (social assistance, insurance and labor market policies) are all well-developed and have been improving continuously through reforms in the past three decades. Cabo Verde has a robust legal framework for SP and a relatively large number of programs trying to tackle the country’s vulnerability, although the coverage of SP programs remains low in comparison to the extent of need in the country. The MFIS coordinates all social assistance interventions and relies on different institutions such as the National Social Benefits Center and the municipal councils for program implementation. The MFIS recently established the social registry –CSU– containing socio-economic data from over 200,000 individuals (around 36 percent of the population) across the country, ranking them according to their estimate welfare status (using a proxy-means test). The social registry is now being used to target the safety net program - Social Income for Inclusion Program (*Rendimento Social de Inclusão*, RSI) - as well as other services (for example, electricity subsidies and scholarships for professional training) and serves as the backbone to the ability of the social safety net to build resilience and respond to shocks like COVID-19 or climate shocks.

30. **The SP delivery systems need improvement, to ensure effective linkages with the education and professional training sectors and ensure adequate targeting and coordination of activities.** There are a number of existing interventions that are already using the social registry for its targeting, but there is a lack of adequate feedback loops of information and there is a need to strengthen the collaboration across institutions. There is also a need to ensure



adequate communication around the CSU, as well as upgrades and system improvements to ensure a strong CSU in the medium-and long term.

31. **Besides cash transfers, productive inclusion programs are critical to achieve a sustainable graduation out of poverty.** Municipalities in Cabo Verde already provide, to various extents, some support to poor families to facilitate their productive inclusion. Civil society is also very active in this sector. Support usually includes access to professional training programs, small business management trainings, support to self-employment, and access to existing economic opportunities in the municipalities where they live. While the budget is mainly managed by the municipalities, there are a number of key players in the productive inclusion program including IEFP, FPEF, the Cabo Verde Institute for Gender Equality and Equity (ICIEG), and Non-Governmental Organizations (NGOs) such as MORABI (*Associação de Apoio à Auto-Promoção da Mulher no Desenvolvimento*), OMCV (*Organização das Mulheres de Cabo Verde- OMCV*), Citi Habitat, etc. Efforts are needed to harmonize productive inclusion programs and broader efforts to make the skills development sector more results-based and focused on employability of training graduates.

32. **The ongoing World Bank Social Inclusion Project (P165267) is developing a referral system for safety net beneficiaries to access to productive inclusion activities.** This includes improving access to: (i) professional training programs with adequate monitoring and coaching; and (ii) technical assistance to enhance income generating activities for eligible households. This referral system is expected to liaise households registered in the social registry or enrolled in social programs with municipalities implementing productive inclusion programs. The pilot of this program is under preparation and is expected to be piloted before the end of 2021. Under the existing project, it is expected that the productive inclusion intervention will reach a total of nine out of 22 municipalities in the country. This pilot phase will provide an important opportunity to learn lessons to inform a further expansion under the Human Capital Project.

33. **Access to quality and affordable childcare is also critical to improving women's access to training programs and employment opportunities.** Childcare is important in the context of efforts to improve women's employment opportunities and productivity in both the formal and informal sectors. Lack of affordable childcare often keeps women from being able to participate in professional training programs and out of the workforce. It also limits the quality of employment and income earning opportunities that women can pursue. This can have a wide range of negative impacts, including on family economic security, gender equality and empowerment, and business and economic growth. When women earn and control their own incomes, more resources tend to be channeled to support their children's health, education, and overall family welfare. When women exit the workforce, firms lose valuable employees, resulting in increased costs related to attrition and reduced business productivity, as well as missing out on the benefits of a more diverse workforce.<sup>13</sup> There is scope to improve the coverage and quality of childcare services in Cabo Verde, as well as to support families in accessing such facilities. Childcare is currently largely left to the private sector. Municipalities have childcare services, and preschool education is free and managed by the municipalities, even though coverage and quality of services need to improve.

#### Relationship to CPF

34. **Cabo Verde's Country Partnership Framework (CPF) 2020-2025 identifies two results areas.** The proposed operation aligns directly with the first results area which is to accelerate human capital for inclusive, services-led growth by: (i) supporting enhanced basic education and skills for present and future jobs; and (ii) supporting social protection and productive inclusion. The second results area is to strengthen the environment for a more diversified economy, including attracting private investments. It is expected that by addressing the need for more trained human capital in key areas,

<sup>13</sup> Devercelli, A. and Beaton-Day, F. 2020. *Better Jobs and Brighter Futures: Investing in Childcare to Build Human Capital*. Washington DC. World Bank.



the operation will also contribute to improving the attractiveness of Cabo Verde for private sector investments.

35. **The proposed operation also aligns with the CPF's gender focus to improve women's economic empowerment.** As outlined in the CPF, this includes: (i) reforms to the education curriculum to address social norms; (ii) use social safety net programs such as childcare to encourage women's participation in productive activities; and (iii) use cash transfers to make it possible for poor women, especially those who are heads of households, to pursue work, education and training.

### C. Proposed Development Objective(s)

36. The proposed project development objective To improve employability and access to labor market relevant training opportunities for Cabo Verdean youth and women.

Key Results (From PCN)

37. **The proposed project is expected to improve economic opportunities for Cabo Verdean youth and women by:** (i) strengthening foundational skills of youth in order to increase future employment opportunities; (ii) strengthening governance and aligning professional training programs with the needs of the labor market; and (iii) increasing access for vulnerable populations, and women in particular, to professional training programs and employment opportunities. The Project's direct beneficiaries include present and future students enrolled in both primary and secondary education who will benefit from a better quality education focused on equipping them with the skills in high-demand in the labor market and a strong foundation for future learning. The Project will also benefit teachers by professionalizing and investing in their continuous professional development. Through the professional training system and productive inclusion activities, the Project will benefit out-of-school, unemployed youth and women to increase their chances of acquiring gainful employment. And lastly, the private sector, key growth sectors, and economy as a whole will also benefit from the Project by the increased supply of better educated workers with skills relevant to the needs of the labor market.

### D. Concept Description

38. **The goal of Cabo Verde's Human Capital Program is to accelerate economic growth in Cabo Verde by strengthening its human capital, increasing opportunities for employment and improving the productivity of its citizens.** Under this larger program, the activities identified for World Bank support were chosen given their potential impact to transform the current system and in areas where the World Bank is already engaged and has a comparative advantage. Areas of support fall across three main sectors: (i) education; (ii) professional training; and (iii) social protection.

### Component 1 – Strengthening foundational skills of Cabo Verdean youth to increase future employment opportunities

#### Subcomponent 1.1 – Transforming Teacher Training and Using Technology to Improve Quality

39. *Subcomponent 1.1* would focus on transforming teacher training and using technology to improve teaching quality and learning outcomes. This subcomponent would operationalize the recently developed National Teacher Development Strategy incorporating the use of distance learning platforms, complemented by a school-level mentoring program. A key element of the teacher training program would involve coaching teachers in the use of online learning platforms and in the effective use of technology in the classroom. This training will form part of a school-level mentoring program to ensure that teachers receive ongoing in-school support aimed at improving teaching quality.



### Subcomponent 1.2 – Reforming the Curriculum to Align with the Needs of the Labor Market

40. *Subcomponent 1.2* would support the continuation and expansion of the ongoing curriculum reform to include secondary education (Grades 9-12) with a special focus on STEM subjects, entrepreneurial skills, socioemotional skills, and foreign languages based on strong ties these areas have with the needs of the existing and future labor market. The Project would support the development of new learning materials and innovative programs to teach these subjects in particular. A number of modules and pilot programs financed by various donors in key areas like socioemotional and entrepreneurial skills already exist. There is a need now to fully integrate these into the formal curriculum. Attention also needs to be paid to ensure materials used encourage greater female participation and are gender sensitive. Additionally, based on the poor learning outcomes in Mathematics in basic education, specific programs to reinforce basic numeracy skills and knowledge of Mathematics would be supported. An initiative in this area is under development by the University of Cabo Verde – the proposed Project would support TA to bring in international best practices and identify potential online adaptive learning programs which can be used to teach students at various levels of performance until they can demonstrate mastery of at least the basics.

### Subcomponent 1.3 – Strengthening the Student Assessment System and Monitoring of Learning Outcomes

41. *Subcomponent 1.3* would finance activities to carry out future national and international learning assessments, particularly in basic education. Although Cabo Verde is a Lusophone country, global efforts are underway to expand the current PASEC (a regional assessment of student learning administered in Francophone countries). The Project would support efforts to enable Cabo Verde to fully participate in the next round of PASEC and capacity building for Ministry of Education officials. Focus would also be given on dissemination of assessment results and the implementation of evidence-based policy reforms based on learning outcomes and levels of student performance. With the support of the current World Bank project, a new assessment unit within the Ministry of Education was established in 2019. The proposed Project would focus on further strengthening the staff's capacity to carry out high-quality learning assessments on a regular basis and use these results to improve learning outcomes.

## **Component 2 – Strengthening the governance and labor market relevance of the professional training sector**

### Subcomponent 2.1 – Improving Governance of the Professional Training Sector

42. *Subcomponent 2.1* would focus on improving the overall governance of the professional training system. There are several other donors active with large investments in this sector although the allocation of resources is often inefficient, and efforts would benefit from greater harmonization. The Project would support improving coordination and the flow of information by providing TA to develop a shared, widely accessible dashboard with key data on the needs of the labor market, job opportunities, employment rates of graduates, available training programs, etc. Where needed, the Project would strengthen the capacity of institutions responsible for professional training and the National Labor Market Observatory to collect data on labor market needs and link these with professional training. The dashboard would be housed at FPEF to ensure more evidence-based decision making and results-based financing when allocating resources for professional development. It is expected that the Government will create a monitoring and evaluation system designed to track the achievement of various targets established as part of the Human Capital Program. The Project would support this overall system as needed, together with the support of ongoing initiatives like Clear LAB<sup>14</sup>, and ensure the

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<sup>14</sup> Centers for Learning on Evaluation and Results (Clear) based at the University of São Paulo Department of Economics is working with Cabo Verde's Government with the support from the World Bank's Independent Evaluation Group to strengthen their overall monitoring and evaluation system.



alignment of the dashboard within this broader monitoring and evaluation framework.

#### Subcomponent 2.2 – Strengthening the Role of the Private Sector in Professional Training

43. *Subcomponent 2.2* focuses on the improving the supply of labor market relevant professional training opportunities. The Project would enable the government to scale-up the recently established grants program which would finance training based on private sector demand and employment opportunities. Lessons learned from the ongoing pilot will be incorporated into the project design during preparation. One critical shift introduced with the new grants program has been using available financing to encourage public private partnerships and actively include the private sector in training design and provision. The Project would look at ways to strengthen and formalize the role of the private sector even further. Additionally, the current National Qualification System draws upon the private sector on an ad-hoc basis when developing training programs in new areas. The Project would support efforts to revamp this current system to further strengthen involvement of private sector in both curriculum development and certification processes, reduce costs and overall bureaucracy.

### **Component 3 – Increasing access to professional training and employment opportunities**

#### Subcomponent 3.1– Supporting Access to Labor Market Relevant Professional Training and Employment Opportunities for Youth and Women

44. *Subcomponent 3.1* would focus on increasing access to labor market relevant professional training and employment opportunities. The Project would focus primarily on harmonizing and scaling-up further two related ongoing interventions: (i) the recently established scholarship program to incentivize youth to be trained in key growth sectors (regardless of socioeconomic status); and (ii) the productive inclusion pilot under the ongoing Social Inclusion Project (for those from poorer households). The Project would help to harmonize further these two interventions giving FPEF a key role in allocating financing and paying any formal training fees for both programs. The selection criteria for formal trainings for both programs would incorporate use of the dashboard developed under subcomponent 2.1 to make decisions based on evidence on employment opportunities and the needs of the labor market. In addition to formal professional training opportunities, the productive inclusion program would include the expansion and scale-up of additional activities administered by the municipalities and NGOs. These activities include: (i) grants to RSI households to initiate income generating activities; (ii) coaching and life skills training; and (iii) micro-entrepreneurship training and ongoing support in areas such as accounting, management principles, market research, planning, saving, etc.

#### Subcomponent 3.2 – Strengthening Childcare Services to Support Women’s Access to Employment and Training Opportunities

45. *Subcomponent 3.2* would support improved access to childcare services for poor and vulnerable families, especially those headed by women, in order to increase their participation in either professional training activities and/or obtain gainful employment. On the supply side, this would include incentivizing the private sector to expand provisions, especially in areas where most of the RSI families live. Specific support would include establishing minimum quality standards for existing and future childcare centers. Centers that meet these standards could receive support for training potential and existing staff, equipment, and operating costs. On the demand side, this would include financial support for families through vouchers (that reduce or eliminate fees and boost parental choice) for sending their children to the aforementioned centers.

#### Subcomponent 3.3 – Strengthening Social Protection Delivery Systems



46. Subcomponent 3.3 would focus on improving the CSU to enable the Government to identify vulnerable populations and target resources to equitable access to professional training and employment opportunities. The Project would strengthen the CSU by ensuring key upgrades and improvements per recommendations from an ongoing review and by improving coordination with education and professional training institutions, including strengthening feedback loops and coordinated targeting using the CSU. This subcomponent would also strengthen the efficiency of other delivery systems, in order to deliver assistance in a timely manner to the right people, such as the payment and reconciliation system, the M&E system, the communication system and the Grievance Redress Mechanism (GRM).

**Component 4 – Contingent Emergency Response Component (CERC)**

47. Component 4 would be a Contingent Emergency Response Component (CERC) to enable a speedy response to future crises if needed. This component will have an initial zero budget allocation, but would allow for rapid reallocation of project funds in the event of a natural or man-made disaster or crisis that has caused or is likely to imminently cause major adverse economic and/or social impacts. To trigger this component, the Government would declare an emergency or provide a statement of fact justifying the request for the activation of the use of emergency funding. This component could also be used to channel additional funds should they become available because of an emergency. A specific Emergency Response Operations Manual would be prepared for this component, detailing FM, procurement, safeguards, and any other necessary implementation arrangements.

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

Summary of Screening of Environmental and Social Risks and Impacts

48. **The project is expected to cause minimal or negligible risks to and impacts on human populations and the environment.** However, the project will have windows for the opportunities in relation to the enhancement of ESF related social aspects, such as gender inclusion, and improvement of equitable access to project benefits to vulnerable groups (youth and women). A first screening of the SEA/SH risks has been conducted and resulted in Moderate risks. All relevant expected environmental and social risks and impacts of the project will be addressed in the project's Environmental and Social Commitment Plan (ESCP), Labor-Management Procedures (under ESS2), Stakeholder Engagement Plan, and GBV/SEA/SH Action Plan to be finalized, consulted upon and disclosed by appraisal.

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