NATIONAL INDICATIVE PROGRAMME OF THE REPUBLIC OF CAPE VERDE

Summary

Cape Verde is praised as an example among African countries for its democratic stability, solidity and integrity of state institutions, good governance, wide respect of human rights and developmental growth. Despite the lack of natural resources and all its vulnerabilities as a small-island, the country is a middle income country since December 2007 and it is in the medium human development category of the United Nations human development index. However, it still faces many challenges mainly due to its economic dependence on tourism (27% of GDP), external trade and diaspora revenues (remittances equivalent to around 10.4% of GDP) and is suffering from the impact of the economic and financial situation in Europe.

Cape Verde is a multiparty parliamentary democracy in which constitutional powers are shared between the elected head of state, President Jorge Carlos Fonseca (from the major opposition party) and Prime Minister José Maria Neves (PAICV, ruling party). As regards security, Cape Verde faces the challenges of illegal migration and trafficking (drugs, arms, human beings). Controlling its extensive maritime economic exclusive zone (nearly 800.000 km2) is a major challenge**.**

Poverty in Cape Verde is a structural problem primarily caused by poor natural resources - serious water shortages, reduced arable land (barely 10%) and limited mineral resources - and the underdeveloped, narrow economic base. The country's main challenge is promoting economic growth, as well as reducing public deficit and debt. Other issues still need to be addressed: strengthening human development, addressing structural and social challenges from competitiveness and enhancing social cohesion.

The Government's Poverty reduction and Growth strategy paper (GPRSP III) represents a first step in developing a new growth model based on improved productivity and human capital enhancement rather than physical capital accumulation. It is designed to mitigate effects of current challenges by strengthening the country's macroeconomic foundations, supporting greater economic diversification and promoting structural reforms to increase competitiveness and build resilience to economic shocks. The GPRSP III includes five pillars of the strategy agenda for the 2012—2016 period (infrastructure, human capital, good governance, private sector and global nation).

In this context and as a continuation of the general budget support operations over the last years and the on-going good governance and development contract, the new programme for Cape Verde identifies one focal sector « **Good Governance and Development Contract** » (GGDC). The first axe will be focused on **macroeconomic issues, public finance management and poverty-related indicators**. It will support the implementation of the Government's Poverty reduction and Growth strategy paper (GPRSP III).

The second axe of the GGDC will focus on **fostering the implementation of the Special Partnership between the EU and Cape Verde** (main focus on security/stability and technical and normative convergence, but also supporting other pillars of the Partnership).

The programme will support Cape Verde's efforts in eradicating poverty as well as promoting sustainable and inclusive growth, will foster domestic accountability, will strengthen national control mechanisms, will improve basic services delivery, and will contribute to competiveness and private sector development.

A Technical Cooperation Facility which aims to support or accompany the programming, preparation or implementation of actions and a support to the National Authorizing Officer is also foreseen.

Financial overview (EUR 55 million indicative global amount)

Focal sector 1: Good Governance and Development Contract (GGDC) - first window: Support to poverty reduction and growth	EUR 30 million	54.55%
Focal sector 1: Good Governance and Development Contract (GGDC) - second window: Strengthen the Special Partnership between the EU and CV	EUR 20 million	36.36%
Support measures:		
Cross cutting: Technical Cooperation Facility	EUR 04 million	7.27%
Support to the NAO	EUR 01 million	1.82%
TOTAL	EUR 55 million	100%

The national indicative programme was based on the GPRSP III. Complementarity will be sought with other funding such as the regional programme, thematic lines and the European Regional Development Fund.

Republic of Cape Verde - European Union

National Indicative Programme

for the period 2014 - 2020

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List of Abbreviations

MPD – Movement for Democracy

PAICV – African Party for the Independency of Cape Verde

GGDC – Good Governance and Development Contract

GPRSP/DSCRP – Government's Poverty Reduction and Growth Strategy Paper

PFM – Public Finance Management

MDGs – Millennium Development Goals

TCF – Technical Cooperation Facility

ERDF- European Regional Development Fund

ORs – Outermost Regions

EDF – European Development Fund

RIP – Regional Indicative Programme

NIP – National Indicative Programme

SFPA – Sustainable Fisheries Partnership Agreement

MS – Member States

LDC – Least-Developed Country

MIC – Middle-Income Country

UNCLOS – United Nations Convention on the Law of the Sea

UNFSA – United Nations Fish Stocks Agreement

RFMO – Regional Fisheries Management Organisation

BSG – Budget Support Group

NATIONAL INDICATIVE PROGRAMME CAPE VERDE

1. The overall lines for the European Union (EU) response

Cape Verde is often praised as an example among African countries for its political stability, good governance and developmental growth despite its lack of natural resources. It is a **multiparty parliamentary democracy** in which constitutional powers are shared between the elected head of state, President Jorge Carlos Fonseca (elected with the support of the Movimento para a Democracia, the major opposition party), and Prime Minister José Maria Neves (Partido Africano para a Independência de Cabo Verde - PAICV, ruling party). The **legal system,** based on the constitution adopted in September 1992 and revised a few times, promotes democratic values and guarantees the separation of powers. The state institutions overall are functioning well. The law provides for an **independent judiciary**, and the government generally respects this provision in practice although the judicial system lacks sufficient staffing and efficiency. The country largely respects core international human rights law, including through an adequate legal framework and its enforcement. The constitution and law provide for freedom of speech and of the press, and the government respects these rights. The *pre-condition* of a fundamental values assessment for a Good Governance and Development Contract (GGDC) is fulfilled.

As regards **security**, albeit being less vulnerable, Cape Verde faces the challenges of trafficking (drugs, arms, human beings…). These illicit activities affect the economy and development of the country. Controlling its extensive maritime economic exclusive zone (nearly 800.000 km2) is a major challenge**. Illegal migration, piracy, drug trafficking, organized crime and eventually terrorism** (possibly associated with Islamic fundamentalism) are, to varying extent, the challenges that Cape Verde has to face stemming from its proximity to the Sahel region. As far as **peace** is concerned, however, Cape Verde's challenges are practically insignificant. The main concerns regard violence against women and children, juvenile crime and trafficking of human beings. Cape Verde remains a country with a good record on human rights and fundamental freedoms.

Cape Verde also faces a series of developmental challenges that have been adequately summarized in the Government's Poverty reduction and Growth strategy paper (GPRSP III). Cape Verde faces a set of intrinsic challenges as a **small island economy**: high **vulnerability** to global macroeconomic fluctuations owing to its considerable degree of openness and global integration; reliance on an **undiversified** set of **economic drivers**; a small domestic labour pool and consumer market that limits the potential for economies of scale; high unit **costs** of core **infrastructure** (deficient in production of water and energy) and public goods arising from indivisibilities and under developed interisland transport resulting in a **fragmentation** of the internal market; and significant exposure to natural hazards and **environmental** degradation.

The on-going European sovereign debt crisis has exacerbated Cape Verde's macroeconomic **vulnerability**. The sharp **decline** in **Foreign Direct Investment** (FDI) inflows, the weakening of external demand for tourism services, and the reduction of official aid flows have threatened the country's macroeconomic stability and interrupted the recovery of the economic activity initiated in 2010. The exhaustion of available fiscal space from 2008-11 and the imperative to both ensure **debt sustainability** and maintain sufficient foreign reserves to defend the country's currency peg have forced the government to reverse its previous policy stance and adopt tighter monetary and fiscal policies.

Public finance management is comparatively well developed in Cape Verde and the country is engaged in an ambitious reform programme; however, some serious challenges remain.

The GPRSP III provides an overall adequate response to these challenges for the years 2012-2016 and has the additional advantage of translating this abstract response into specific programmes and projects. It constitutes a strategy whose analytical approach and assessment of the challenges that Cape Verde is facing is **sufficiently sound and comprehensive**. The proposed strategy of the Government addresses the major issues and points a way forward for the years to come (through 2016). It is therefore worthwhile aligning ourselves with it. Its comprehensive character allows the European Union and its Member States to formulate coordinated response strategies.

Both the EU and Member States on the ground agree that a **continued emphasis on poverty reduction** is needed. The EU, however, is also going beyond this and is placing a **stronger emphasis on the need for economic reforms and competitiveness** than in the past in order to attract more investment and enable the country to move beyond aid. This is fully supported by the future implementation of the regional Economic Partnership Agreement, which includes trade and development, should contribute to the achievement of accelerated growth and sustainable development. The above-mentioned objectives of the cooperation between the EU and Cape Verde are also a response to the objectives expressed by the region in the EPA Programme for development (PAPED). Currently, on trade, the country benefits from the EU Generalised Scheme of Preferences plus (GSP+).The proposed strategy for the EU also continues the strong emphasis on using budgetary support as a particularly appropriate instrument in the Cape Verdean context.

As a continuation of the general budget support operations over the last years and the on-going good governance and development contract, the EU will choose as its only focal area (with two windows though) a **good governance and development contract**. The **first window** of this contract will be focused on macroeconomic issues, Public Finance Management and Millennium Development Goals (MDGs) and possibly other poverty-related indicators. It will also address some competitiveness issues and will aim to promote further reforms to improve the business climate in Cape Verde. The first window of the suggested GGDC will be supporting the **implementation of the GPRSP III,** thus fostering poverty reduction and promoting growth through the provision of general budget support including technical assistance and capacity building. The implementation of the GPRSP III will be supported with an indicative amount of **EUR 30 million.**

The **second window** of the EU response will further **strengthen** and broaden the implementation of the **Special Partnership between Cape Verde and the EU** which includes six priority sectors: governance, security, information society, regional integration, normative and technical convergence and fight against poverty. It will aim at deepening the relationship and moving beyond traditional donor-recipient relations. This is also achieved through general budget support in the framework of the GGDC. The support for the implementation of the Special Partnership will be supported with an indicative amount of **EUR 20 million**.

As in previous programming cycles, a Technical Cooperation Facility (TCF) will be set up to provide short term technical assistance, and carry out analytical reports, studies and other short term assignments. The amount foreseen for this TCF will be **EUR 4 million**. Technical assistance to the National Authorizing Officer will be provided with an amount of **EUR 1 million**.

EU cooperation with Cape Verde in the Energy field will be reinforced, in accordance with the Agenda for Change, mainly towards the goals defined by the Sustainable Energy for All programme objectives, supported by other donors and especially by using EU expertise in the renewable energy sector. Cooperation programmes involving Member States and Cape Verde that include the use of the European Regional Development Fund (ERDF) appropriations for outermost regions (ORs) and resources from the European Development Fund (EDF) could be also part of the effort to enhance cooperation in the field of energy.

Regional cooperation with West Africa will be bolstered further by regional programming. The Regional Indicative Programme (RIP) for West Africa of the 11th EDF has allocated an overall budget of EUR 1.15 billion for the period 2014-2020 and will cover the following three focal sectors: (1) Peace and Stability (approximately 20%-25% of the total budget); (2) Regional economic integration (approximately 50%); and (3) Resilience and natural resources (approximately 25%-30%). An allocation could be provided to support national authorizing officers and enable them - according to their value added and the principle of subsidiarity - to implement projects when they contribute significantly to regional cooperation and integration.

Given the increasingly important role of the fisheries sector in Cape Verde, governance aspects, conservation and management of fisheries, as well as control and surveillance may be addressed at the regional level. The intervention in the fisheries sector should be coordinated with other actions of the European Union for the development of this sector, especially in the context of the partnership agreement in the fisheries (SFPA) and the Regional Indicative Programme.

1.1. Strategic objectives of the EU's relationship with the partner country

The strategic objectives are to assist the Government of Cape Verde in:

- eradicating poverty;

- promoting sustainable and inclusive growth;

- improving social cohesion and decreasing unemployment;

- consolidating and improving democratic and economic governance;

- addressing CV's challenges arising from vulnerability;

- fostering bilateral trade and assisting Cape Verde in strengthening its competitiveness;

- increasing domestic and regional security;

- strengthening the Special Partnership with the EU.

Donors, especially the EU and its MS, will continue to work on further promoting aid effectiveness. Renewed focus will be given to better coordination of technical assistance.

1.2. Choice of sectors

Cape Verde has enjoyed more than a decade of strong GDP growth, averaging 6.1 percent from 2000-2010. Growth has been driven by the impressive expansion of the tourism industry and by rapid private and public capital accumulation. These developments were enabled by a positive global scenario, strong FDI inflows and extensive use of external concessional financing. In December 2007 Cape Verde **graduated** from the United Nations (UN) Least-Developed Country (LDC) status, and in 2011 it recorded a GNI per capita of $3,540[1], placing the country firmly in the lower-middle-income category. Rapid economic growth has also translated into improved social conditions: poverty in Cape Verde dropped from 37 percent in 2000 to 25 percent in 2010, and steady progress is being made towards the achievement of its remaining MDGs.

[1] GNI per capita, Atlas method (current US$), World Development Indicators, 2011

The **tourism** sector and related activities has been the engine of the country's economic growth, accounting for around 40 percent of Cape Verde's GDP and an increasing proportion of employment and labor income. Despite the fact that rural population accounts for more than one third of the total population, the contribution of agriculture and fishing to GDP is only 8 percent, and the share of industry is just 7 percent. The tourism boom has been made possible by large-scale public investment in airports and other infrastructure and by foreign investment in hotels and other tourist facilities supported by a generous system of fiscal incentives granted to the sector. **Capital accumulation**, both through public investment and FDI, has been the single most important factor in Cape Verde's growth. Over the past decade, Cape Verde's utilization of **concessional financing enabled** the government to fund sizeable **public investment** projects and alleviate crucial infrastructure bottlenecks, enabled by sustained large-scale FDI inflows. Increases in labor-force participation and improvements in education have also contributed significantly, while total factor productivity increase has been negligible. Levels of **competitiveness** are **low**, especially when it comes to research and development and an enabling economic environment.

Now that the government has built key infrastructure assets and is facing severe budget constraints and an adverse global scenario, it is time for it to shift its focus from accelerated capital accumulation to improvements in the quality and efficiency of its existing public infrastructure and to accelerate its structural reform agenda. Cape Verde needs to move from a country that depends on development aid to a country that attracts investment. However, in order to achieve this, it needs to improve its business environment.

Cape Verde's growth has been made possible mostly by FDI, particularly in tourism (which accounts for circa 20% of GDP). Tourism remains the back bone of CV's economy with the potential to further develop and diversify (to reach other islands beyond Sal and Boavista). However, there is a need to improve both the dialogue with existing investors and the conditions for foreign investment in order to attract more investment into the country.

Prioritization of investments both at central and local level is essential to match the requirements of the investors. Cape Verde seeks to diversify its economy and take advantage of its strategic location, and in this regard, various factors such as political and social stability, good governance and low levels of corruption endow the country with some unique selling points in the region.

Furthermore, one of the key challenges of Cape Verde as an archipelago is to combine profitability of public investment and its geographical distribution. Major reforms in the management of public enterprises are required so as to strengthen their operational and financial performance. Reduced costs and better access to key utilities are essential. Some state-owned enterprises represent a high fiscal risk to the budget because they regularly need to access short-term credit facilities and resort to government guarantees. The government is committed to address these issues and the EU is encouraging the restructuring of state-owned enterprises. Political dialogue has been reinforced with Cape Verde in order to encourage a macroeconomic stabilisation process.

The social situation in Cape Verde can be characterized by a relatively **high** degree of **social coherence despite increasing income differences** (Gini coefficient= 0.45). However, Cape Verde has been able to develop performing social sectors (health and education) and a social protection scheme. Increasing levels of violence and crime and of **un- and under-employment** are additional challenges that the Government is trying to address. There is a marked difference in **poverty** levels between urban and **rural** areas on the one hand and between islands on the other. In addition, poverty in the country affects mainly women.

Despite its considerable progress, Cape Verde currently faces development challenges that are both complex and unprecedented. In order to continue growing, Cape Verde must successfully carry on the transition from the economic conditions and institutional status of a low-income country to those of a lower-middle-income, while continuing to face unique vulnerabilities (geographic, climatic, environmental, dimensional, economic etc.) as a small island state. Cape Verde also faces a set of intrinsic challenges as a small island economy: high vulnerability to global macroeconomic fluctuations owing to its considerable degree of openness and global integration; reliance on an undiversified set of economic drivers; a small domestic labour pool and consumer market that limits from the potential for economies of scale; high unit costs of core infrastructure; deficiencies in production of water and energy and; public goods arising from indivisibilities; and significant exposure to natural hazards and environmental degradation.

Adverse developments in the global economic scenario present an especially critical challenge. Just one year after its graduation from Less Developed Country (LDC) status, Cape Verde was hit hard by the global financial crisis. The government responded swiftly by initiating a countercyclical fiscal impulse that took full advantage of the fiscal space available at the time and the transitional period granted by donors, during which the country could still access external financing on the concessional terms of an LDC. The government cut both individual and corporate tax rates while accelerating its public investment program by contracting as much concessional financing as possible. However, a significant **increase in the debt burden** was inevitable, and the public debt stock increased from 67.9 % of GDP in 2008 to 92 % in 2013.

Cape Verde is in a more vulnerable macroeconomic position as a result of having been affected by the European sovereign debt The sharp **decline in FDI inflows**, the weakening of external demand for tourism services, and the **reduction of official aid flows** (especially from Spain and Portugal), have threatened the country's macroeconomic stability and interrupted the recovery of economic activity initiated in 2010. The exhaustion of available fiscal space from 2008-11 and the imperative to both ensure debt sustainability and maintain sufficient foreign reserves to defend the country's currency peg have forced the government to reverse its previous policy stance and **adopt tighter monetary and fiscal policies** despite the persistent weakness of the external environment. Growth has slowed and the country has increasing difficulty in fighting unemployment while conserving some basic social protection.

Public finance management is well developed, but there are still some weaknesses that Cape Verde is engaged to address through an ambitious reform. The remaining main **weaknesses** of the Cape Verdean PFM system can be summarized as follows: legal basis of the PFM system not fully established yet; unclear mandate of Court of Accounts; limited effectiveness of internal audit; insufficient predictability of external financial aid; absence of an effective tax arrears management system; outdated accounting standards; insufficient roll out of PFM reforms to the municipal level, and weak oversight of fiscal risks of public companies and municipalities.

Recognizing that the development model that enabled Cape Verde to reach Middle income country (MIC) status cannot be expected to sustain high growth rates indefinitely, and that the positive external circumstances that contributed to strong growth in the past have now become significantly less favorable, the GPRSP III represents a first step in **developing a new growth model based on improved productivity and human capital** enhancement rather than physical capital accumulation. Even though these constraints are fundamental and cannot be completely overcome, the GPRSP III is designed to mitigate their effects by strengthening the country's macroeconomic foundations, supporting greater **economic diversification** and promoting **structural reforms** to increase competitiveness and build resilience to economic shocks.

Maintaining environmental safeguards and improved natural-resource management are integral components of the GPRSP III agenda. The GPRSP III focuses on how Cape Verde can realize its transformation agenda and implement the Government Program with the aims of ensuring an internally competitive and self-sustaining high growth economy and reducing poverty during the planned implementation period - 2012 to 2016. The GPRSP III provides a strategic agenda for the 2012—2016 period, including the development and macroeconomic framework, the vision, objectives, strategies and key priorities. The sector objectives, logical frameworks, and all programs according to their classifications investment, recurrent and management – are also presented along the five pillars of the strategy (infrastructure, human capital, good governance, private sector and global nation).

Cape Verde's strategy overall i) is well conceived; ii) is relevant as it aims at combating poverty through the development of a competitive economy, integrated in the international market; iii) the structural weaknesses of Cape Verde are well incorporated into the GPRSP; iv) proper macroeconomic management is continuing to gain relevance in Cape Verde; v) the Government is implementing an ambitious and credible public finance reform agenda in partnership with the major donors including the EU.

Overall there is a positive history of EU general budget support to Cape Verde in the framework of a relatively well functioning budget support group. Consequently the EU will support the implementation of the Government's strategy through the instrument of a Good Governance and Development Contract (GGDC). The **GGDC will be the only sector of intervention** and will include two windows, one focusing on the promotion of poverty reduction and growth and one strengthening the Cape Verde-EU Special Partnership (see more below).

The **first window** of this contract will be focused on macroeconomic issues, PFM and poverty-related indicators. It will no longer be focused on specific subsectors, but will instead address competitiveness issues and promote further reforms conducive to an improved business climate in Cape Verde in view to tackle the country's challenges arising from its vulnerabilities. Support to the creation of a legal environment that is business-friendly will be an important dimension of this first window, which is expected to contribute to the improvement of the countries' competitiveness. The first window of the suggested GGDC will be supporting the implementation of the DERCP III through the provision of general budget support, including technical assistance and capacity building. The implementation of the DERCP III will be supported with an indicative amount of 30 million EUR.

The **second window** of the good governance and development contract will focus on fostering the implementation of the Special Partnership between the EU and Cape Verde. While the EU support will focus mainly on **two pillars, namely security/stability and convergence of norms/standards where it has been most active in the past, it will keep supporting the other four**. Security/stability challenges are a threat to Cape Verde in general and donors and support to Cape Verde in this area need to be strengthened as the assurance of security is a necessary condition for development in Cape Verde. Besides the EU, Portugal will also be active in this sector. The sector is of strategic interest to the EU in a highly volatile region. The convergence of norms and standards is strategic as it will help strengthening the institutional governance of the economic sector as well as facilitate exports to Europe and other regions for Cape Verdean goods and services, hereby promoting trade with the EU. It should also benefit European business investors wanting to do business in and with Cape Verde. If possible, support to the business community should be envisaged and should become an essential component of the regional programming in West Africa. Cape Verde is compliant with International obligations as Flag, Coastal, Port and Market State as defined by international law and agreements ratified by Cape Verde (including UNCLOS, UNFSA) as well as by Regional Fisheries Management Organisation (RFMOs) resolutions and recommendations. This can be measured by an analysis of Cape Verde's ability to efficiently monitor and control its fleet, its fishing areas and data concerning fisheries in its waters, as well as

how it enforces national fisheries legislation that is effective enough to prevent, deter and eliminate IUU in its waters.
The support to the implementation of the Special Partnership will be provided with an indicative amount of EUR 20 million.

The effective implementation of the bilateral cooperation between Cape Verde and the EU will rely on a well-functioning National Authorizing Officer. Technical assistance to the National Authorizing Officer will be provided with an amount of EUR 1 million.

Like in previous programming cycles, a Technical Cooperation Facility (TCF) will be set up to enable carrying out studies, provide short term technical assistance, produce analytical reports and carry out other short term assignments. The amount foreseen for this TCF will be EUR 4 million. The implementation regulation of the 11^{th} EDF states in preamble 15: : '…this Regulation should as far as possible contribute to the objective of addressing at least 20% of the overall EU funding to climate action objectives while respecting the principle of partnership with ACP countries enshrined in the Cotonou Agreement'. Therefore this comment will be taken into consideration during the implementation phase if relevant.

Lessons learnt will be taken into account during the implementation phase and in particular during the identification and formulation phases so as to inform the choices for implementation.

The EU response is consistent with **EU development policy** as **good governance** is soundly integrated in the GPRSP III. Human rights, promotion of democracy and rule of law are other areas in which Cape Verde is already performing well and is committed to further improvement. **Inclusive growth and sustainable development** are indeed underlying objectives of the strategy and the economic and social dimensions are well elaborated. The policy dialogue especially in the framework of the SP will also address some of these issues.

In the same context, recognising the importance of the Information and Communication Technologies (ICT) and their applications as proven drivers of inclusive and sustainable growth, innovation and entrepreneurship attention will be paid to the deployment of ICTs and the full exploitation of their potential in providing or facilitating viable solutions will be taken into account during the implementation phase where relevant.

Furthermore, the GGDC will contribute to accompany Cape Verde and the West Africa region in the implementation of the Economic Partnership Agreement with the European Union and the EPADP.

The EU response and National Indicative Programme may be complemented by operations financed by the EIB from the Cotonou Investment Facility and/or its Own Resources.

DAC Codes will be systematically included for all actions during the identification and formulation phase when there is sufficient detail to allow the appropriate choice of the DAC Code.

2. Financial overview (EUR 55 million indicative global amount)

Focal sector 1: Good Governance and Development Contract (GGDC) - first window: Support to poverty reduction and growth	**EUR 30 million**	**54.55%**
Focal sector 1: Good Governance and Development Contract (GGDC) - second window: Strengthen the Special Partnership between the EU and CV	**EUR 20 million**	**36.36%**
Support measures:		
Cross cutting: Technical Cooperation Facility	**EUR 04 million**	**7.27%**
Support to the NAO	**EUR 01 million**	**1.82%**
TOTAL	**EUR 55 million**	**100%**

3. EU support per sector

This section provides a description of the EU's support for each of the selected sectors, including overall objective, specific objectives, expected results and the main indicators. These main indicators may be further fine-tuned, if deemed necessary. Baselines and possible targets will be established in the identification phase.

3.1 Good Governance and Development Contract (GGDC) window 1 Poverty reduction and growth (indicative amount EUR 30 million)

3.1.1 The overall objective is to support the Government of Cape Verde's efforts in eradicating poverty, promoting sustainable and inclusive growth, addressing Cape Verde's challenges arising from its vulnerabilities and consolidating and improving democratic and economic governance.

The specific objectives are to address the identified constraints on sustained and inclusive growth, foster domestic accountability and strengthen national control mechanisms, improve (basic) service(s) delivery, support Cape Verde's competiveness and its private sector through the improvement of the business environment.

3.1.2. For each of the specific objectives the main expected **results** are:

- The maintenance of macroeconomic stability and resilience to shocks, notably through reduction in the levels of external and domestic debt and/or improvements in tax administration and financial sector stability;

- Further progress in poverty reduction, social cohesion and decreasing unemployment;

- Improvements in the quality of public financial management, improving the credibility of the budget, strengthening of Policy based budgeting, developing the transparency and efficiency of the revenue systems, enhancing predictability in the control of budget execution, improving Government accountability for fiscal and expenditure policies and implementation;

- Improvements in key indicators of (basic) service(s) delivery;

- A more enabling business environment, through rationalization of fiscal incentives, improvement of relevant legal framework as well as investment protection, insolvency resolution, among others;

- Improvements on bilateral trade and the competitiveness of Cape Verde's economy;

- Improvements on addressing the countries vulnerabilities.

3.1.3. The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Attachment 3. Baseline and Targets of these indicators will be drawn mostly from the DSCRP III (2012-2016).

3.1.4. **Donor coordination** and **policy dialogue**

The policy dialogue works through the Budget Support Group that undertakes bi–annual joint reviews with the Government and holds additional ad hoc meetings throughout the year. The objective is to assess progress on macroeconomic policies, public finance management and the implementation of the growth and poverty reduction strategy as well as of sector policies. EU Member States that are not members of the BSG, other donors and United Nations agencies may participate in some meetings. When appropriate, associated stakeholders and the Cape Verdean Parliament will also be informed.

The mechanisms for monitoring, reviewing and evaluating progress follow the rules and procedures established in the Memorandum of Understanding between the Government and the BSG.

Coordination is also implemented through the Development Partner Group, headed by the United Nations, and through various technical working groups.

3.1.5. The Government's **financial and policy commitments** are:

The Government of Cape Verde, especially the concerned ministries and INE (National Institute for Statistics) have to ensure the quality, regularity and reliability of overall/sector statistical data and their timely availability as well as its financial sustainability. The Government commits to provide all necessary information regarding public finances for the Budget Support disbursements.

A financial commitment of the Government cannot be foreseen at this stage.

3.1.6. The overall **risk assessment** of the sector intervention:

Macroeconomic risks are particularly strong. There are risks related to external shocks (negative impacts from European debt crisis, decline in FDI inflows, weakening of external demand for tourism, reduction of official transfers) but also risks related to domestic fiscal policy (exhaustion of available fiscal space, overoptimistic revenue projections, high level of public debt and fiscal deficit). Considerable risks lie also in capacity related issues, in lack of inter-and intra-ministerial coordination (as well as coordination with the private sector). This could affect the implementation of the EU assistance and measures that could mitigate them. Some of these risks will be addressed by the programme through institutional strengthening measures. Enhanced monitoring in partnership with the World Bank and policy dialogue in the framework of the BSG should enable the EU to maintain pressure on the Government to continue to reform and recognize possible slippages at an early stage.

3.2 Good governance and development contract (GGDC) window 2: Special Partnership with the EU (indicative amount EUR 20 million)

3.2.1 The overall objective is to reinforce the Special Partnership with the EU, and strengthen bilateral links.

The specific objectives are to enhance technical and normative convergence with the EU, and to improve national and border security in Cape Verde. The support to these two sectors will ensure the continuity of the former 10th EDF budget support programme. Meanwhile, other pillars of the Special Partnership should also be strengthened, such as good governance, regional integration, and information and communication technology. The pillar concerning the fight against poverty will be addressed in the DSCRP framework.

3.2.2. For each of the specific objectives the main expected **results** are:

- Increase of technical and normative convergence with the EU in various fields, namely in food security, pharmaceutical products, quality and energy.

- Improvements in key security indicators

- Improvement in indicators of the other pillars of the Special Partnership.

3.2.3. The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Attachment 3. Baseline and Targets of these indicators will be drawn from the DSCRP III (2012-2016) and from the Special Partnership work plans.

3.2.4. **Donor coordination** and **policy dialogue**:

Policy dialogue with the Government and coordination with the Member States works mainly through three different fora: i) annual ministerial meetings between Cape Verde and the EU, ii) technical monitoring groups in Brussels; and iii) local monitoring groups in Cape Verde. The monitoring groups take place every few months. However, this pattern may change in the future. A more inclusive group dialogue involving civil society and the Cape Verdean parliament may also be set up. The objective of the policy dialogue is to assess progress on the various pillars of the Special Partnership, on mobility and migration issues, and on political/economic issues of mutual concern. In addition, policy dialogue takes place through the Budget Support Group (see 3.1.4).

3.2.5. The Government's **financial and policy commitments** are:

The Government of Cape Verde, especially the Ministry of External Relations and other concerned ministries must ensure some access for the EU to sensitive data and information. They must also commit themselves to institutional reforms in matters concerning the SP, especially in the field of normative convergence and in the security/stability sector. Finally, the Government must continue to show willingness to discuss all kinds of political issues without restrictions.

A financial commitment of the Government cannot be foreseen at this stage.

3.2.6. When needed, the appropriate type of **environmental assessment** (Strategic Environmental Assessment or Environmental Impact Assessment) will be carried out: N.A in principle, except for certain individual actions.

3.2.7. The overall **risk assessment** of the sector intervention:

Besides macroeconomic risks (see 3.1.7), there is risk both a risk of institutional inertia and of poor coordination between ministries and agencies involved.

4. Measures in favour of civil society

The involvement of civil society in policy dialogue as well as in monitoring the management of public funds and budget support in particular is foreseen. Although a specific fund for civil society was not included in the PIN, an effective monitoring mechanism should be created for this purpose.

5. B-allocation

None foreseen

6. Support measures

6.1. Measures to support or accompany the programming, preparation or implementation of actions

A Technical Cooperation Facility (TCF) which aims to support or accompany the programming, preparation or implementation of actions is foreseen through a specific allocation of 4 million EUR. The specific objectives are the identification and execution of actions foreseen in the framework of the NIP, the RIP and other EDF envelopes, the improvement of knowledge for development leaders and agents in Cape Verde in matters such as development policies, economic and trade integration, as well as enabling exchanges related to EU policies in those fields.

Efforts aiming at reinforcing the value of good quality statistics to policy making at national level will continue taking into account the findings of the recent UN 'High Level Report' which called for a 'data revolution'. Project or programme components will be developed that strengthen the National Statistical Offices linked to programme priorities.

6.2. Support to the National Authorising Officer

An indicative amount of maximum EUR 1 million is foreseen for support for the National Authorising Officer.

Attachments

1. Country at a glance (i.e. macroeconomic indicators and indicators derived from the MDGs, as well as any other indicators relevant for the country, including risk indicators for disaster prone countries)

2. Sector intervention framework and performance indicators

3. Indicative timetable for commitment of funds

4. Donor matrix showing the indicative allocations per sector

Attachment 1: Country at a glance

Country Rank:	LMC (Lower Middle Income Country)
Human development index :	133/187
GNI per Capita 2010 :	133/215
Worldwide Governance Indicators:	0.52
Red Flags for Food Security :	No
Fragility according to OECD list of fragile states :	No
Member of the G7+ initiative for fragility :	No
New Deal pilot country or assimilate:	No
CO_2 emissions (metric tons per capita):	0.6 (2011)
Rural population with access to water:	86 % (2011)
Life expectancy at birth:	74 (2011)

Annual indicators

	2008[a]	2009[a]	2010[a]	2011[a]	2012[a]
GDP at market prices CVEsc bn	117.6	127.1	138.1	150.8	164.5[b]
GDP US$ m	1,561.7	1,600.8	1,659.0	1,901.1	1,916.9[b]
Real GDP growth (%)	6.2	3.7	5.2	5.1	4.6[b]
Consumer price inflation (av; %)	6.8	1.0	2.1	4.5	2.5
Population ('000)	487	492	496	501	505[b]
Exports of goods fob (US$ m)	102.8	80.4	122.8	196.6	173.1
Imports of goods fob (US$ m)	816.4	756.7	805.9	1,039.6	878.7
Current-account balance (US$ m)	-205.5	-246.8	-222.9	-303.8	-209.9
Foreign-exchange reserves excl gold (US$ m)	361.0	398.0	382.0	339.0	376.0
Exchange rate (av) CVEsc:US$	75.28	79.38	83.26	79.32	85.82 ?€

[a] Actual. [b] Economist Intelligence Unit estimates.

Quarterly indicators

	2011			2012				2013
	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Prices								
Consumer prices (av; 2005=100)	126.8	127.9	127.4	127.1	128.8	130.8	132.3	131.4
Consumer prices (% change, year on year)	5.3	4.7	4.1	2.5	1.5	2.3	3.9	3.4
Financial indicators								
Exchange rate CVEsc:US$ (av)	76.6	78.2	81.8	84.1	86.0	88.2	85.0	83.5
Exchange rate CVEsc:US$ (end-period)	76.3	81.7	85.2	82.6	87.6	85.3	83.6	86.1
Deposit rate (av; %)	3.5	3.4	3.3	3.4	3.7	3.8	4.3	4.2
Lending rate (av; %)	9.0	9.5	10.1	9.8	9.6	10.0	10.2	10.1
M1 (end-period; CVEsc bn)	40.6	39.0	76.2	77.5	79.1	80.4	41.0	40.9
M1 (% change, year on year)	1.5	-3.9	77.9	86.6	94.6	105.9	-46.2	-47.2
M2 (end-period; CVEsc bn)	109.9	112.6	115.6	116.5	118.2	118.4	122.1	122.4
M2 (% change, year on year)	3.3	3.1	4.8	4.0	7.6	5.2	5.6	5.1
Foreign reserves (US$ m)								
Reserves excl gold (end-period)	317	309	339	344	358	377	376	400

Public debt: 92% in 2013
Fiscal deficit: 11% in 2013

Attachment 2. Sector intervention framework and performance indicators

Sector 1: Good governance development contract window 1 (support to poverty reduction and growth)

Specific objective 1: To address the constraints on sustained and inclusive growth

Expected Results	Indicators	Means of verification
a) Maintenance of macroeconomic stability and resilience to shocks	Key macroeconomic stability indicators including: **a1)** overall fiscal balance after grants (% of GDP), Baseline: - 9.862% in 2012 (source: IMF WEO) **a2)** external current account balance, Baseline: - 11.49% in 2012 (source: IMF WEO) **a3)** debt-to-GDP ratio Baseline: 85.92% in 2012 (source: IMFWEO) Possible targets will be established in the action documents	GPRSP III progress reports, Budget support group aide memoires, IMF reports, Banco de Cabo Verde reports, INE reports, Reports from public enterprises

Specific objective 2: To foster domestic accountability and strengthen national control mechanisms

Expected Results	Indicators	Means of verification
b) Improvements in the quality of public financial management	PEFA indicators including: **b1)** credibility of the budget, **b2)** multi-year perspective in fiscal planning, expenditure policy and budgeting, **b3)** predictability in the control of budget execution (controls in procurement, effectiveness of internal audit), **b4)** Government accountability for fiscal and expenditure policies (external audit, legislative scrutiny of budget	Government PFM progress reports, Budget support group aide memoires, IMF reports, Court of Auditors reports, PEFA/PEMFAR reports

	law and audit reports) Baselines and possible targets will be established in the action documents	
Specific objective 3: to improve (basic) service(s) delivery		
c) Improvements in key indicators of (basic) service(s) delivery	**c1)** improvements in basic service delivery for MDG 2, 4, 5 and 7 indicators. Baselines and possible targets will be established in the action documents	DERCP progress reports, Budget support group aide memoires, Progress reports from Ministry of Health and Ministry of Environment, INE surveys
Specific objective 4: To support the private sector		
d) Improvement in the business environment	**d1)** Score and ranking in key private sector indicators (e.g. Overall Doing business score, International Labour Organisation indicator KILM2 or employment to population ratio ILO estimates) Baseline: Doing business 2014 rank 121 (out of 189 economies), KILM 2 ILO estimates 2010 labour force participation rate 66.4% (male/female, age 15 years old and over 15 years old). Possible targets will be established in the action documents	GPRSP III progress reports, domestic legislation, Budget support group aide memoires, world competitiveness report, WEF annual reports
Sector 2 **Good governance development contract window 2 (<u>Special Partnership with the EU</u>)**		
Specific objective 1: To enhance technical and normative convergence with the EU		
<u>Expected Results</u>	**<u>Indicators</u>**	**<u>Means of verification</u>**

a) Development of technical and normative convergence with the EU in various economic sectors	**a1)** Increase in share of norms with European standards of all standards in food security, pharmaceutical products, quality and energy. **a2)** Percentage of fisheries activity of national fleet and of all fleets in national waters monitored by VMS; Number of surveillance operations (aerial and sea patrols); Number of follow-ups on established infringements and imposed dissuasive sanctions. Baselines and possible targets will be established in the action documents	Government Special Partnership progress reports, Budget support group aide memoires, Inspection reports
Specific objective 2: To improve national and border security in Cape Verde		
Expected Results	**Indicators**	**Means of verification**
a) Improvements in key security indicators	**a1) O**fficial crime rates Baselines and possible targets will be established in the action documents	Government Special Partnership progress reports, Police Statistics, Financial Intelligence Unit progress reports. Budget support group aide memoires
Specific objective 3: To strengthen other pillars of the Special Partnership.		
Expected Results	**Indicators**	**Means of verification**
Improvement in indicators of the other pillars of the Special Partnership	**a1)** governance indicators (Mo Ibrahim, Transparency international, UNDP Human Development Index etc.) Baseline: Mo Ibrahim rank 3^{rd}/52, Transparency international corruption	Government Special Partnership progress reports, Budget support group, aide memoires, international

	perception index (2013) score 58/100, UNDP Human Development Index (2013) rank 132/187 Possible targets will be established in the action documents	governance and ITC reports, PALOP public administration progress reports

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

Attachment . Template for Indicative timetable for commitment of funds (The amounts mentioned in this table are indicative)

	Indicative allocation	2014	2015	2016	2017	2018	2019	2020
SECTOR – Good governance and development contract (GGDC) first window : Support to Poverty reduction and growth amount	**30 m EUR**			**15**			**15**	
SECTOR – Good governance and development contract (GGDC) second window : Strengthen the Special Partnership between the EU and CV	**20 m EUR**			**10**			**10**	
SECTOR – <name>	**m EUR**							
For ACP:								
Other measures (support to civil society)	**m EUR**							
B- allocation	**m EUR**							
Support measures	**5 m EUR**							
• **Measures to support or accompany the programming, preparation or implementation of actions**	**4 m EUR**			**2**			**2**	
• **Support to the National Authorizing Officer**	**1 m EUR**			**0.5**			**0.5**	
Total Commitments	**55 m EUR**			**27.5**			**27.5**	

Attachment 4. **Donor Matrix**

	Donors/Partners	Economic Development - Budget Support	Social Development	Interventions in the productive sectors	Transversal themes	Estimated disbursements for 2013-2020
UE	Community aid (EU)	- Budget Support (2013-2020) - Growth and Poverty Reduction and Special Partnership; - PFM (Public Financial Management) reform.	- Reinforcement of Civil Society; Special programs for youth, women and vulnerable groups, social protection Migration	**Agriculture -** Support to the Agricultural Research National Institute, Institutional Support the Agriculture Ministry, re-launching of the production of Banana (1.5M€); **Education** (with UN) - Education Program; **Fisheries -** Institutional Support, Reinforcement of inspection capacities, quality of products (1.6M€), socio-economic development of fisheries communities; Sector support included in the financial contribution of the Fisheries Partnership Agreement (0.22M€). **SMEs/ Private Sector Environment -** supporting Business environment and services for private sector development, Reinforcement of Institutional and local capacities in leadership	- Institutional support in the framework of the 1st 10th EDF Budget Support (Growth, Poverty Reduction and Special Partnership to Court of Auditors, National Planning Directorate, Finances General Inspection, Energy, Water and sanitation PEMFARS, SEPE, IAM, DM to be completed by the end of 2013. Contractualisation of the 2013-2015 new institutional support of 4M€ to National Institute for Quality, INE, Health , Water Sanitation Sector, National Commission Coordination of the fight against Drugs and Crimes (CCCD) Security, EU-CV technical and normative convergence currently under preparation.	- 31M € including 4M € for institutional support and technical assistance to cover the years 2013-2015 - Indicative Financial envelope for 2014-2020: 30M € Good Governance and Development Contract - Growth and Poverty Reduction (30M€) Special Partnership (20M€) Technical Assistance (4M€) + Support to the National Authorising Officer (1M€)

				and entrepreneurship, Social protection program (0.17m€); **Water and Sanitation -** Water supply and sanitation program in cities Mindelo, Praia and Calheta Cities (19.4M€) Solid waste program (5.1M€); Reinforcement of local authorities in improvement of sanitation Conditions; **Energy -** Energy Supply program in Tarrafal and Monte Trigo Santo Antão **(1.1M€) ;**		
	Austria			**Health -** Regional hospitals in Fogo e Brava (6M€)		

	Spain	Budget Support discontinued in 2012	- Education, professional training, scholarships - Promoting primary school program, protection of vulnerable children, e-learning (0.3M€);	**Agriculture -** Hydroponic school and agriculture development (0.7M€); **Fisheries -** Operational plan for artisanal fisheries development (0.8M€); **Transport**s **-** Construction of cold storage infrastructures in Porto Grande, Implementation of Vessel Traffic System(18.8 m EUR); **Water and Sanitation** - Institutional Support, capacity building and improvement access to water and sanitation (3.1M EUR);	Previous interventions included support to the PFM agenda, PEMFAR exercise and Environmental Sector - Continued support to INE foreseen through actions in cooperation with the INE of Spain External Relations - Diaspora Competences mobilization (0.05 m EUR)	€3M disbursed on 2012. Disbursements not foreseen for 2013 and 2014 due to budget constraints in Spain. Possibility of using other instruments to maintain budget support – namely concessional credits – under examination.
	Canary Islands Region		- Education, professional training, scholarships.		Territorial management, environment, fight against drug trafficking	
	France			**Water and Sanitation -** Water and sanitation system in S.Catarina, desalinization of sea water (32 m EUR);		

	Luxembourg	- Budget support linked to TVET sector	**Education - TVET (Technical Vocational Education and Training)** - Tourism Business School; **Food security**, school meals, school health; Construction of school, support to canteen programme, National program of employment, professional training (6.94 **m EUR**);**Health** - north of Santiago project, specialized health training (10.9M€).	**Water and Sanitation - S**upport to the Aguabrava company (5M €); PAGIRE - integrated management of water resources, **TVET Infrastructure and Capacity Building Initiatives** (12.5 m EUR) **;**	- Assistance in TVET, Food Security; - Fund for research, studies and technical assistance	- Indicative Cooperation Program (ICPIII) 2011 - 2015 (60M€). Focus on TVET (of which 2.5M€ through budget support), Water and sanitation, Health, Food security, and research, studies and technical assistance. Expected BS tranche for 2013 0.5M€
	U.K.			**Transports -** road construction (0.2 m EUR)		
	Netherlands		**Education - Professional training** and employment promotion, construction of schools, secondary schooling - curricula Revision (2 m EUR);	**Agriculture -** National forest inventory, cattle and agriculture production (4.8 m EUR);		

	Portugal	Budget support focused on Public Finance sector	**Education** - Vocational and professional training, construction of schools (0.6M€); regulation of higher education system, Improve the judicial system, criminal, money laundering and terrorism investigation, correctional services and social reintegration; Scholarship opportunities for military personnel; **Health -** Fight against dengue (0.04 m EUR;	**Transports (186M€) -** Construction and improvement of roads, Expansion and modernization of Praia port ; expansion of Vale dos Cavaleiros, Furna and Porto Novo Ports, construction of Mindelo port north access; **ICT - (8,6M€)** Equipment to Data Centre, National System of Civil Authentication; **Water and Sanitation - (33M€)** Construction of 6 dams, construction of 29 dykes in Maio and Boavista, improvement of water distribution system.	- Technical Assistance including specialized training for Judges and Prosecutors, capacity building in investigation, laboratory and prosecution, combating money laundering and terrorism financing	- Indicative Cooperation Program (PIC), 2012-2015; Financial envelope allocated to Budget Support = 4.2M€ ; 1st Budget Support disbursements done in December 2012 (1.2€). Disbursement foreseen for 2013 =1M€
	China			**Education -** Construction of schools (0.25 m EUR);		
	United States			**Agriculture -** Water mobilization for agriculture, natural resources conservation(2.1M€); **Transports -** road construction, Praia Port(27.6M€); **Water and Sanitation -** National Institution and regulatory reform, legal reform, Master Plan for		

			the sector, establishment and operation of commercially-oriented water utilities(41 M USD);		
Japan			**Agriculture** - Support to the modernization of agriculture techniques(2.5M€); **Energy** - Increase production capacity in Santiago Island (53.5M€); **Fisheries** - Quality and valorisation of products (0.2M€); **Water and Sanitation** - System of water production and distribution in Santiago(159M USD);		
Kuwait			**Education -** Construction of Secondary Schools (10M USD); **Health -** Health program (14M USD);		

	Saudi Fund			**Education -** Construction of Secondary Schools (10M USD); **Transports -** Construction and Improvement of roads(10M USD)		
	Morocco			**Transports -** road construction (0.2M€)		
	United Nations			**Water and Sanitation -** Building adaptive capacity and resilience to **climate change** in the water sector, Implementing integrated water resource and waste water Management in Atlantic and Indian Ocean SIDS (3.9M€) **Education** program (0.3M€)		

INSTITUITIONS FINANCIERES	World Bank	- Budget Support New program for 2013-2015 focusing in Public Finance Management (debt management, national investment system, energy and transport and environment sectors)		**Fisheries -** Regional fisheries Program (loans-5.5M USD) ; **SMEs/Private Sector Environment -** SME capacity building and governance project (4.5M USD); **Transports -** Support to the road sector, Reform of the transport system (29M USD)	- Technical support for the update of the Medium Term Debt Strategy; Technical Assistance to the government for the design and implementation of improvements of the state-owned enterprises management namely ELECTRA and TACV;	12 M - 7th Poverty Reduction Support Credit, disbursed in August 2012; - New program of three annual operations foreseen for 2013-2015. 1st Budget Support Tranche disbursement for an amount of 10M USD foreseen for 2013.

	BAD (African Development Bank)	- Budget Support structured around 2 components for 2013: 1) Improving State-Owned Enterprises governance as a response to the macroeconomic issue of debt sustainability and fiscal space; 2) - Promoting investment in the private sector in response to the structural issue of private sector development to stimulate growth	- Promoting investment in the private sector to stimulate growth, create jobs, reduce poverty	**Energy** - Reinforcement of transport and distribution of electricity; development of an electricity transport and distribution system in six islands (11,2M€), (Cape Verde Wind Farm Project - Cabeolica (Private Sector) (10.6 M€); **SMEs/Private Sector Environment** - Capacity Building for MSME Development through Business Incubators (0.7M€); **Transports** - Expansion of Praia Airport (21.5M€) - **ICT -** Technological Park project & Feasibility study of Data Centre (31,5M€); **Water and Sanitation** - Mobilization of Water Resources (1M€)	- Institutional reforms supported through the AfDB Middle Income Countries Technical Assistant Fund (MICTAF) : MICTAF on Capacity Building Grant for Micro, Small and Medium-Sized Enterprises Development in implementation phase (0.77M €); Others foreseen - MIC TAF on "Efficient Tax and revenue Administration", on Private sector development and support to PPPs (public-private partnerships); - MIC Trust Funds on Strengthening the National Statistics System related to the GPRS-III, Technical Assistance for promoting green business; Studies are foreseen in main areas such as Micro-finance, Economic cooperation and integration, Diaspora transfers	- a 15 M € Budget Support disbursements for 2013 and another for 2014 financial exercises are foreseen. MIC TAF Project 0.7M€ currently being implemented ;

	BADEA (Arab Bank for Economic Development in Africa)			**Agriculture -** Construction of dams and dykes, agriculture development (25M USD); **Transports -** construction and improvement of roads (8M USD); **Water and Sanitation -** Sanitation system in Espargos (5 M USD), **Poverty reduction -** Fight Against Poverty in the rural areas Program (2M USD);		
	CEDEAO (Communauté économique des États de l'Afrique de l'Ouest)			**Agriculture -** National program of agriculture Investment (0.07 M€);		
	BIDC (Basic International Development Corporation, NY)			**Energy -** Reinforcement of distribution of electricity and improvement of the transmission system (10.6M€).		

	IBRD (International Bank for Reconstruction and Development)			**Energy -** reform of the Energy Sector in Cape Verde (40.2M€)		
	OFID (OPEC Fund for International Development)			**Energy -** Reinforcement of distribution of electricity and improvement of the transmission system (8.5M€); **Transports -** Construction and improvement of roads (8M€); **Water and Sanitation -** Improvement of population's access to the water distribution system (3M€)		
	GEF (Global Environment Fund)			**Fisheries -** Regional program for fisheries (0.13M€)		

	OMS (Organisation Mondiale de la Santé)			**Health -** Essential drugs and policy program, promotion of health (0.27M€)		
	IFAD (International Fund for Agricultural Development)			**Poverty Reduction -** Fight Against Poverty in the rural areas Program, Promotion of Socioeconomic opportunities in Rural areas (20.5M USD)		