

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



REPUBLIC OF CAPE VERDE

COMPLETION REPORT

2005- 2007 RESULTS-BASED COUNTRY STRATEGY PAPER

**COUNTRY OPERATIONS DEPARTMENT
WEST REGION 2 (ORWB)
OCTOBER 2008**

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This report has been prepared following a mission to Praia from 23 to 31 July 2008, led by Mr. G. GOHOU, Country Economist, ORWB (Extension 2609), and a Consultant Macro-Economist. Further information may be obtained from Mr. I KOUSSOUBE, Lead Specialist, Economy & OIC, ORWB (Ext. 2158) and Mr. G. GOHOU, Economist (Ext. 2609).

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Currency Equivalentents

August 2008

1 UA = 1.00 DTS
1 UA = 1.0449 Euros
1UA = 1.62378 USD
1 UA = 114.684 ECV

Fiscal Year

1 January to 31December

Acronyms and Abbreviations

AC	Audit court
ADB	African Development Bank
ADF	African Development Fund
ARE	Agence de Régulation Economique
AVBV	Projet d'Aménagement et de Valorisations des Bassins Versant de Picos et d'Enghos
BDEO	Base de Données des Statistiques Officielles
BDMP	Base de Données sur le Management des Politiques
CFAA	Country Financial Accountability Assessment
CGE	Compte Général de l'Etat
CPAR	Country Procurement Assessment Review
CVE	Cap-Verde Escudo
DFI	Direct Foreign Investment
DGP	Direction Générale du Plan
DGT	Direction Générale du Trésor
ECOWAS	Economic Community of West Africa States
ERSP	Economic Reform Support Program
GDP	Gross Domestic Product
HDI	Human Development Indicator
IGA	Income Generating Activities
IGF	Inspection Générale des Finances
IMF	International Monetary Fund
INE	Institut National de Statistique
I-PRSSP	Interim Poverty Reduction Strategy Paper
LDC	Less Developed countries
MDG	Millennium Development Goals
MEAP	Ministère de l'Environnement, Agriculture et Pêche
MEVRH	Ministère de l'Education et de la Valorisation des Ressources Humaines
MIC	Middle Income country
MS	Ministère de la Santé
MTEF	Medium-term Expenditure Framework
NEPAD	New Partnership for Africa's Development
NOSI	Cellule de gestion intégrée de l'information
PANA	Plan d'Action National pour l'Environnement
PPP	Public-private partnership
PRGSP	Poverty Reduction and Growth Strategy Paper
PSGD	Projet Socioéconomique des Groupes Défavorisés
PSI	Policy Support Instrument
SIDS	Small Island Developing State
SIGOF	Système Intégré de Gestion budgétaire et Financière
SME/SMI	Small and Medium scale Enterprise/Industry
SMTEF	Sectoral Medium term Expenditure Framework
STAD	Secrétariat Technique d'Appui au Développement
TACV	Transports Aériens du Cap-Vert
UA	Unit of Account
UNDP	United Nations Development Programme
US	United States
VAT	Value-added Tax
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immuno deficiency syndrome

I. INTRODUCTION

1.1. This completion report has two main aims: (i) to assess the results obtained by the Bank in Cape Verde through the implementation of the 2005-2007 Result-based Country Strategy Paper (RBCSP)¹; and (ii) to draw lessons for the Bank's future strategy for intervention in the Republic of Cape Verde. This report reflects the outcome of discussions conducted with the country's authorities, the development partners and civil society, and is based on information gathered by a Bank mission conducted in Cape Verde from 23 to 31 July 2008.

1.2. In approving the 2005-2007 strategy, the Board encouraged the authorities to pursue structural reforms with a view to raising the public sector performance and the competitiveness of enterprises. During the 2005-07 RBCSP implementation, the Government consolidated the country's macro-economic stability and sped up GDP growth, marking Cape Verde's transition from the status of Least Developed country (LDC) to that of Middle Income Country (MIC) in January 2008. This new status would not however mask the fragile state of the economy and the poverty within the population, which has remained at a high level. Despite its short period of implementation, the RBCSP has been a success in that it has achieved the key objectives defined.

1.3. Following the introduction, this report sets the political and economic context of Cape Verde in section II. Section III reviews the implementation of the Bank strategy, while section IV assesses the performances of the Bank and of the country. Section V highlights the lessons drawn from the RBCSP, and, lastly, the conclusions and recommendations of the report are presented in section VI.

II. COUNTRY CONTEXT

2.1 Political Context

2.1.1. **The political environment in Cape Verde is stable, with a smooth and democratic election process.** Cape Verde's political situation has progressed significantly since 1991, when it became a multiparty state. The former sole party, Partido Africano da Independência de Cabo Verde (PAICV), which ruled from the country's independence, now shares the political arena with six other parties including its main rival, Movimento Para a Democracia (MPD). PAICV took over from MPD in 2001 following elections. PAICV has also held the parliamentary majority since 2001, but recently lost the municipal elections (May 2008) to MPD, bringing about a cabinet reshuffle.

2.1.2. **Substantial progress with regard to Governance.** There is freedom of the press, public affairs are managed in a transparent manner and the country has been commended by the International Community for its respect of the law and responsible governance. The Corruption perceptions index rating places Cape Verde third among African countries, with 4.9 over 10. It comes 14th out of the 179 countries surveyed worldwide.

¹ ADF/BD/WP/2005/158/Rev.1– ADB/BD/WP/2005/144/Rev.1 approved by the Bank Board of Directors in December 2005.

2.2. Economic and Social Context

2.2.1. **Cape Verde's Economic performance has been highly satisfactory between 2005 and 2007.** Chart 1 shows the country's economic performances in terms of GDP growth, inflation and GDP per capita between 1997 and 2007. Real GDP growth averaged 8.6% for 2005-07. This strong growth is primarily due to the escalation of tourism linked with the boom in the construction of tourism and real estate infrastructure. However, the Cape Verde economy, which is primarily based on services including tourism, remains fragile and vulnerable to external shocks. The oil and food crises thus favored inflation, which went from 0.4% in 2005 to 4.4% in 2007, and averaged 3.4% between 2005 and 2007. This inflation is however moderate and consistent with that of the Euro zone. The structural deficit of the trade balance widened in 2007 (-9.1% of GDP compared to -5% in 2006) reflecting the increase in construction sector imports and the rising oil prices. While remaining low, the exchange reserves, for their part, increased in 2007, representing 3.6 months of imports against 2.8 months in 2005.



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2.2.2. **Cape Verde's prudent fiscal policy has made it possible to maintain macro-economic stability and strengthen debt sustainability.** In 2005, despite the substantial revenue and prudent expenditure, the budgetary deficit (grants included) attained 6.3 % of GDP, mainly due to the delayed disbursement of grants. In 2006, the deficit fell to 4.9% of GDP as a result of the excellent performance of the resources on the strength of the income tax and VAT and good expenditure control. The deficit narrowed to 0.7 of GDP in 2007, following a more significant decrease in expenditure. In addition the tax receipts exceeded the government projections owing, not only to the healthy economy, but also to the improved debt management. The net total debt and the central government commitments have decreased considerably since 2005, from 87% of GDP in 2005 to 68.9% in 2007. The domestic debt to GDP ratio target which was 20% for 2007 was attained two years early. It actually dropped from 33.3% in 2005 to 19.7% in 2007.

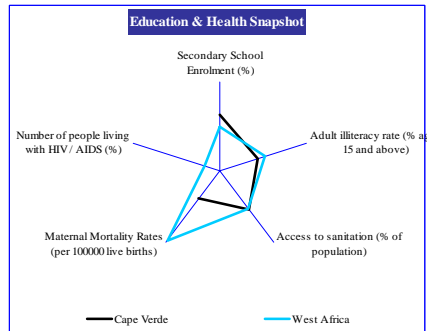
2.2.3. **The Central Bank of Cape Verde applying a prudent monetary policy.** The Cape Verde Central Bank has continued to apply a prudent monetary policy since the national currency was pegged to the Euro,²; by wisely using its reserves, maintaining a favorable interest rate differential in comparison with the European Central Bank rates. The differential rate enables the second tier banks to apply attractive interest rates (averaging 8% in 2007) so as to obtain Direct Foreign Investment (DFI) and especially the remittances of Cape Verde's migrant populations. The money supply (M2) grew by about 13.3% between 2006 and 2007, buoyed by the marked increase in credits to the private sector. This credit increase mainly stems from the real estate boom, while net credits to the Government have stabilized.

2.2.4. **Social indicators rapidly improving.** The strong economic growth and significant investments in human capital have positively impacted the social sector indicators. These have been relatively favorable, auguring well for Cape Verde's attainment of the Millennium Development Goals (MDG) in 2015. Poverty was assessed at 28% in 2006, down 9.4 points from the 2001 level. Unemployment remains a great source of concern for the Government. It

² Cape Verde's currency has been tied to the Euro since January 1999.

recently decreased, but remains significant (between 18% and 24 % in 2007). Agriculture employs some 25% of the work force, while the services sector, including public services, uses 45%. This situation concerns women (28%) more than men (15%), and is particularly widespread among the youth. Chart 2 below compares the key health and education indicators of Cape Verde and those of West Africa. The education indicators are rather high (youth school enrolment rate at 97%). Life expectancy at birth is 73.8 years for women and 67.5 years for men in 2005, among the highest rates in Africa. The Human Development Index attained 0.721 in 2006.

2.2.5. Further progress is required, particularly with regard to chronic malnutrition and low birth weight among children.

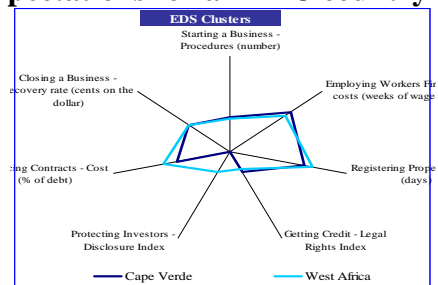


education indicators with those of West Africa as a whole. Overall, the Cape Verde indicators are significantly better than those of the region. The infant and maternal mortality rates have shown a very favorable trend. According to WHO, between 1995 and 2006, these indicators fell by over 60% and 40% respectively. The perinatal mortality rate remains however, high (approximately 30 per thousand). HIV/AIDS prevalence is estimated at 0.8 (1.1 for men and 0.4% for women.). Tuberculosis remains a public health problem with a prevalence of about 60 per

100,000 while malaria shows low endemicity. The key challenges include: capacity building in neonatal and maternal caregiving, formulation of a strategy for elimination of malaria, increasing DOTS coverage and mobilizing resources for the multi-sector HIV/AIDS control plan.

2.2.6. Cape Verde's performances fall short of the expectations for an MIC country as regards improvement of the business climate and development of PPP in the infrastructure and social services.

Chart 3 presents the key indicators of the World Bank "Doing Business" survey concerning Cape Verde and compares them with those of West African countries. Generally speaking, despite the significant difference between Cape Verde's per capita GDP and those of the countries of the West African region (rather low), the Cape Verde indicators are, on the average, at about the same level as those of the countries of the region. For the 2008 "Doing Business" index (which includes 2007), the country is rated 19th out of the 52 African states, after Ethiopia and Ghana. Globally, the country is 132nd out of 175 countries. It attracts capital which is concentrated in tourism and real estate. Efforts have been made to facilitate the establishment of businesses, notably through the «Maison du citoyen» in 2008, which allows for starting a business in one day. In addition, the State has privatized several public firms to strengthen the private sector. The private-public partnership (PPP) forged through privatizations has had mixed results in several sectors, thus delaying the reforms needed. For example, a PPP between the State and a Portuguese firm for the privatization of ELECTRA was interrupted in 2007, and the company returned to State oversight. The main reason this PPP failed was that the company had limited leeway to adjust the electricity costs in the context of soaring prices of oil, an input for electricity production.



2.2.7. The implementation of the central measures of the first Poverty Reduction Strategy Support Programme (PRSSP I) concerning the strengthening of public finance has contributed to improving the fiduciary framework and building the technical and institutional capacities of the administration. The enhanced deployment of SIGOF through the public and parapublic system (autonomous agencies and the municipalities) has made it possible to improve the functioning and management of the public sector and its deconcentrated entities. In that regard, PRSSP I had the effect of strengthening the fundamental aspects of good governance. Moreover, the results of the last Policy Support Instrument (PSI) review in June 2008 were considered satisfactory and all the quantitative indicators were respected at end December 2007.

2.2.8. **Notwithstanding the progress, the Government is required to consolidate the outputs and carry through the remaining reforms**, such as: (i) strengthening of the institutional framework of the PRGSP-II monitoring-evaluation mechanism; (ii) the final adoption of certain laws such as the the basic law on budget control, the bill on budget planning and the bill on decentralization, the basic bill concerning the public service and bill on the restructuring of the audit court. The finalization of the PRGSP II in May 2008 provides development partners an appropriate reference framework for intervention, notably those of the budgetary support group.

III. IMPLEMENTATION OF BANK GROUP STRATEGY AND RESULTS OBTAINED

3.1. Status of Expected CSP Outputs

3.1.1. The status with regard to the results expected from the 2005-2007 strategy has been assessed in light of the objectives set for the strategy pillar (Promotion of competitiveness of the economy and the private sector) and measured using the indicators defined in the RBCSP framework matrix. This evaluation draws on the outcomes of discussions and information obtained from the authorities and statistics agencies in Cape Verde. Despite its short period of implementation (2005-07), the strategy has largely been a success; indeed, most of the objectives set have been achieved.

3.1.2. During the 2005 – 2007 period, the Bank approved two projects for funding under the strategy, on ADF X resources: (i) PRSSP I, approved on 15 December 2006 for an amount of UA 3.39 million; and (ii) the Santiago Island Electricity Production, Transmission and Distribution Project, approved on 27 December 2007 for UA 4.82 million. The outputs for each objective are examined below:

Objective 1: Promotion of good governance to ensure stability of the macro-economic framework and strengthen effectiveness and ensure equity

3.1.3. The strategy recommended by the Bank to contribute to attaining this objective entailed support in three main thrusts: (i) improving State financial management; (ii) setting up an integrated and effective monitoring-evaluation system; and (iii) enhancing decentralization.

(i) Improving State financial management

3.1.4. The CSP aimed to contribute to consolidating reforms, to maintain the viability of the Medium-term Economic Framework (MTEF) and ensure respect of the key macroeconomic objectives of the Poverty Reduction and Growth Strategy Paper, notably to address the structural budget deficit and narrow the current account deficit. In terms of macroeconomic stability, the performance sought for each of the indicators has been achieved. The budget deficit, the current account deficit, the debt and debt sustainability ratios have all exceeded the projections. For example, the GDP recorded annual average growth of 8.6% between 2005 and 2007, compared to the expected 6.5%, and domestic debt to GDP came down to 19.3% in 2007 against 24% targeted. These performances have been recorded thanks to the efficient public expenditure control which lessened the budgetary deficit and contained the debt. The only objective not attained was that of bringing oil bill below 97% of the total cost of production of electrical energy; this is explained by the constant rise of crude oil prices and the financial difficulties encountered by the electricity corporation.

3.1.5. Regarding public expenditure allocation and effectiveness, the objectives have been partially attained. With the formulation of the 2008-10 SMTEF (Sectoral Medium-term Expenditure Framework), an economic framework model has been effective since 2007, however only two of the five ministries identified have successfully formulated their SMTEF. The expenditure allocations have been in line with the PRGSP objectives and the priority ministerial departments have realized the objectives set. The weight of education in the State budget increased from 20% in 2004 to 25.1% (against a target of 23%) in 2007. The health sector's share also increased from 6.3% in 2004 to 7.8% in 2007 (compared to target of 7%). In the legal sector, the budget framework law was adopted by the Council of Ministers as envisaged, and submitted for examination by the National Assembly in 2007. In addition, the period for examination of the General Government Account (CGE) by the Audit court has been shortened to six months.

(ii) Strengthening Decentralization

3.1.6. This aspect required strengthening the function of control of State operations and the regulation capacities, as well as the municipalities' capacity for management and action. Further efforts are required despite the positive results obtained by the government: the process of decentralization is at a fairly advanced stage, the management capacities of the State and the Municipalities have been improved. At the same time $\frac{3}{4}$ of the mayors' offices (*mairies*) have been connected to SIGOF (target of 50%) and their staff and public accountants trained in its application. The municipalities regularly receive grant funds from the State, specifically the *Fonds d'Equilibre Financier* (FEF). The decentralization framework bill has been approved by the Government since 2006, but is yet to be voted into law by Parliament. This delay is caused by procedural issues and disputes between the political parties represented in the National Assembly. Similarly, the regulatory framework for the operation of the *Fond de Financement des municplites*, which was to replace the FEF has not been adopted and the cadaster and development master plans are still being drawn up.

(iii) Putting in place an integral and effective monitoring –evaluation system.

3.1.7. The PRGSP monitoring-evaluation system was to be integrated into the planning, budgeting and statistics system in 2007 and overseen by DGP/STAD, which is the Development Secretariat. DGP/STAD is responsible for preparing and transmitting to ADF the different reports prepared by the national system that indicate the status of

implementation of measures relating to the PRSSP budgetary support component. These reports are available³ and have been handed over to the Development partners. The data bases have been designed and handed over (BDMP and BDEO) to INE. All the technical ministries have been connected to these bases. The MTEF and SMTDF of two out of the four ministries targeted were implemented in 2007. Financial difficulties have slowed progress concerning the implementation of the 2006–2010 National Strategic Plan for Statistics. However the quick household surveys (QUIBB 2006 and 2007 have been completed and their results are available).

Objective 2: Sustainable improvement of competitiveness of private sector economic activities

3.1.8. In line with the Government’s programme which aims to halve the proportion of poor by 2015, mainly by “promoting competitiveness to aid growth and create employment», the attainment of this objective is expected to improve the basic infrastructure and promote private sector growth.

(i) Improve Basic Infrastructure

3.1.9. The objective was to enhance the supply of and ensure access to electricity and water at lower costs. This process has been delayed, since the the Santiago Island Electricity Production, Transmission and Distribution Project, co-financed by ADB and Japan, which involved the construction of a new electricity generation unit was only approved in December 2007. This projet which started in April 2008, will contribute to improving the access to electricity and securing the electrical energy supply on the island. Since the country has shown itself to be relatively efficient, it is likely that these objectives will attained through a single supply and distribution grid, new connections and increasing the production capacity through more effective technology.

3.1.10. In addition, Electra, which manages electricity and water, has returned to state control with a considerable debt burden that has prevented it from rapidly renewing its facilities. The set cost of its services, combined with a substantial increase in the price of oil inputs has continued to greatly constrain this agency’s cash position. As a result, the objective of bringing the oil element in total energy output below 93% in 2007 was not attained, and the electricity coverage rate falls short of the projected 80%. On the other hand, the 50% target for connection of the rural population has been exceeded, since it has attained 60%. The objective of supplying water to 50% of rurral homes has also been exceeded and running water is now available to 45% of the overall population. However the construction of the water and soil retention infrastructure has been delayed and since not all the infrastructure of this type is operational, the objectives set for improvment of agricultural production have not been acheived.

(ii) Private Sector Promotion

³ These are the annual PRGSP implementation reports, the periodical WHO reports, budget implementation reports, finance acts, CFAA and CPAR annual reports, the sector statistic reports, the joint public expenditure reviews, the IMF 2006-2009 PSI reviews reports, and the periodic INE reports concerning household surveys, particularly the results of the 2006 and 2007 QUIBB

3.1.11. Private sector promotion was envisaged through support to small and medium-sized enterprises (SME) and income-generating activities (IGR). Regarding the IGR, the results obtained have been satisfactory; 4666 persons have been trained and received micro credit. It is however not possible to indicate the total number of persons that have found work, in the absence of the relevant national statistics data. Concerning the SME, the CSP indicators (amount of direct financing to SME, number of SME and IGR, number of jobs created in the private sector) are not available, since the SME support project being financed through the Bank's private sector window has not been implemented owing to certain management problems. These problems still exist and the Bank is preparing a plan of action for this very important sector of activity.

3.2. Status of CSP activities

3.2.1. The Bank 2005-2007 activities plan entailed the implementation of three new operations and the continuation of three old operations. Only two new operations were approved by the Board of Directors, namely: (i) the budgetary support project (PRSSP I), approved in December 2006 with an insitutional support component ; and (ii) the Santiago Island Electricity Production, Transmission and Distribution Project, approved in December 2007. Of the three operations that were already active in 2005, two were completed in the 2005 and 2007 period. These were a project for assistance to the disadvantaged and a poverty reduction project. As to the third operation, a project for the development and improvement of catchment basins, its implementation has clearly been successful but it remains two years behind schedule and will probably be extended for an equivalent period, to make it possible to achieve its objectives.

Table 1
ADB Group approvals (2005-2007), (in UA million)

	Amount	Disbursement
Poverty Reduction Support Programme I (PRSSP-I)	3.39	99,8%
Institutional Support	0.75	26%
Electricity Production, Transmission and Distribution Project	4.82	0%

Source: AfDB, 2008

3.2.2. Under the technical assistance provisions, the Bank recruited a Portuguese study firm to conduct the study on the costs of insularity. This study should make it possible to identify and evaluate the additional production costs due to the country's insular position. Unfortunately the Cape Verde Government was not satisfied with the the report. All parties concerned will take the necessary steps to improve the quality and finalize this document which is very important for the Government.

3.3. Other Effects of CSP

3.3.1. The institutional support facilitated the Ministry of Finance capacity building. To attain the desired outcome, the Technical Secretariat for Support to Development (STAD) which is responsible for monitoring/evaluation has been strengthened through the recruitment of a new Economist and a Statistician. Several senior staff of the Ministry will be attending training sessions and the module to train some twenty key ministry staff in monitoring/evaluation will soon be on stream, along with the sessions on result- based management.

3.4. Issues Related To Country Resource Allocations

3.4.1. The initial allocation to Cape Verde under ADF X was UA 9.8 million in loan form (including policy based lending) in 2005. The amount was scaled down during the strategy period to UA 8.9 million in 2007. This reduction corresponds to the country's annual performance evaluation, in line with the resource allocation criteria (CPIA, CPPR, GF). A total of UA 3.39 million has been used in supporting the poverty reduction strategy (PRSSP I) and UA 4.82 million for the Santiago Island Electricity Production, Transmission and Distribution Project.

3.5. Portfolio Management issues

3.5.1. The global evaluation of the 2007 portfolio yielded satisfactory results. The Bank portfolio in Cape Verde contained 3 active projects at end 2007: (i) the Santiago Island Electricity Production, Transmission and Distribution Project (ii) the institutional support component of the 2007 budgetary support; and (iii) the catchment basins rehabilitation project, which has been successfully implemented and had a direct beneficial impact on the local populations. The amount disbursed for ongoing operations is UA 5.6 million, giving a disbursement rate of 50.3 at end January 2008. The Government envisages a second phase of this project to be funded on its own resources.

3.5.2. In 2005, 50% of the active portfolio was made up of at-risk projects, and the 2007 objective was to bring that percentage to 34%. In 2007, only one of three active projects was at risk (PRSSP I institutional support component). The objective of reducing the at-risk project rate has thus been largely attained.

3.6. Aid coordination and Harmonization

3.6.1. **The consultations with Cape Verde's other development partners are fully in line with the Paris Declaration.** The collaboration between development partners is being conducted through the Budget Support Group (BSG), made up of ADB, the European Union, IDA and the development agencies of the Netherlands, Spain and Austria. This framework set up in April 2005 aims at harmonizing the budget support action and indicators through joint reviews of budgetary support and synchronizing budget disbursement, to lower the cost of assistance for the Government. It operates in accordance with the Paris Declaration commitments, aimed at development aid effectiveness. Aside from the budgetary support being organized in a concerted manner, the Bank is cofinancing the Catchment Basin Project with ABEDA and the Santiago electricity Project with Japan.

3.6.2. The measures covered by the CSP are all initiated in conjunction with other donors, and are part of a coordinated assistance strategy. The Dakar Regional Office is active in the dialogue and consultation process and the United Nations representative office in Cape Verde is regularly informed of progress regarding the dialogue between the Bank and Cape Verde. In addition, the BSG has provided an encouraging forum for coordination between its members and the Government. The development partners and the Government have thus institutionalized their efforts to harmonize budgetary support for the implementation of the PRGSP, whose indicators serve as parameters for the current CSP.

3.7. Monitoring/Evaluation of the Bank Group Assistance

3.7.1. The monitoring/evaluation of Bank's assistance for the 2005-2007 period hinges on the relevance of the objectives, the result indicators and the PRGS reference framework. The objectives of the 2005-2007 RBCSP are consistent with the objectives and priorities of the PRGSP, which is the assistance reference framework for the development partners. The results of the 2005-2007 RBCSP do not raise any major difficulties, given the integration of the monitoring/evaluation system into the national document production system. Information for certain indicators was not documented, owing to difficulties encountered by the projects concerned. In addition, the Government side has notified pertinent criticisms concerning the choice of certain indicators, which have proved difficult to measure, given the difficulty in collecting relevant data (number of businesses set up, number of persons that have received microcredit and set up businesses, etc).

3.7.2. The main recommendations for the monitoring of indicators during the next CSP exercise are to select realistic and measurable objectives, to target indicators with results that are directly (and if possible exclusively) influenced by the Bank's assistance, notably with regard to poverty, while ensuring continued coordination of the Bank's indicators with those of the other donors.

3.8. Country Dialogue

3.8.1. The dialogue issues identified in the 2005-2007 RBCSP stemmed from the shortcomings noted in the CPIA, major development issues raised and the portfolio performance. These include: (i) issues relating to the monitoring of Cape Verde's status as an MIC starting from 2008; (ii) improving the business climate and developing PPP in infrastructure and social sectors; (iii) consolidation of governance; (iv) gender issues; (v) regional integration; and, (vi) portfolio performance.

3.8.2. Regarding the monitoring of Cape Verde's transition to MIC status, the Government in May 2006 set up the *Groupe d'Appui à la Transition* (GAT), to strengthen dialogue with its partners so as to ensure the smooth transition from the LDC group. GAT has 12 members, which are countries or institutions that are development partners of Cape Verde and which have the capacity to implement actions to support the transition to MIC status, mainly through budgetary support. It is in this context that ADB granted the 2006-2007 budgetary support. For the GAT intervention, it has been agreed between Cape Verde and international institutions such as the World Bank and ADB, that the country should be assigned «Blend country» status to enable it to continue to receive concessional aid from these institutions. Cape Verde is thus eligible for resources from the World Bank's IDA and the Bank's ADF.

3.8.3. The 2005-07 CSP envisaged the monitoring of Cape Verde's situation to decide its status. Given the country's positive economic and political results and its official accession to MIC status in accordance with the United Nations (UN) classification, the Bank team will recommend to the Bank Board of Directors that the country be reclassified as an MIC Blend country at least up to 2011. This will allow the country access to ADF concessional funds as well as ADB funds. The country would be eligible for ADB funds estimated at an annual average of approximately UA 40 million from 2008 to 2010.

3.8.4. Regarding governance, PRSSP I has consolidated the basis through satisfactory implementation of the CFAA and CPAR plans of action. The fiduciary framework was strengthened with the adoption of the public procurement code and by making up for the delays in the production and transmission of CGE as well as other action. These are strong steps towards greater transparency in the management of public resources, which entail: (i) starting up the process of operationalization of the new public procurement code; (ii) improving the budget preparation process, with gradual integration of the MTEP approach; (iii) regular reporting on the implementation of Government operating accounts; (iv) greater deconcentration of budget implementation; (v) regularly publishing the budget and status of Government accounts on the Government portal; (vi) strengthening internal and external control; (vii) continued computerization of the municipalities and their SIGOF connection; and, (viii) efforts to bring citizens closer to the administration. The Government has further undertaken to conduct the PEFA⁴ exercise before end 2008, with the support of the European Union and the Bank for more effective orientation of the economic governance. In addition, the 2005-2009 Strategic Plan for the Information Society and the Plan of Action for Electronic Governance under implementation are key instruments for strengthening governance. All these outcomes have added to Cape Verde's attractiveness in the context of mobilization of foreign resources.

3.8.5. Great importance is devoted to gender issues in Cape Verde. The situation of women is constantly improving, with the unemployment rate falling from 27.2% in 2005 to 23.9% in 2006. Women occupy various positions of responsibility in the administration. The number of women heading households has been on the increase (47% in 2006) and many more of them now have qualifications. The Bank's strategy has made it possible to assist women as the key beneficiaries of microcredit provided by PGSD, for which women make up 86% of the 4600 recipients. The results of this programme have enabled more women to exit poverty.

3.8.6. Concerning regional integration, the CSP highlighted Cape Verde's insularity. This particular aspect has been analyzed in a study on the costs of insularity with useful lessons drawn for the country's integration into the regional strategies of ECOWAS and NEPAD, to be complemented by a study on the sustainable development of small insular states (SIDS). These two studies seek to define Cape Verde's position in the sub-regional framework.

3.9. Stakeholder Consultations

The preparation of the completion report has involved intensive consultations between the Bank's team and the country's authorities, civil society and the direct beneficiaries of the operations, for example, during the visit to the sites of the Catchment Basin Project. The local populations have also been consulted concerning the impact of this project on their daily lives. In addition, various meetings and consultations were held with the Government during the mission for preparation of this report, aimed at evaluating the outcomes and drawing lessons from them for the next Bank CSP.

⁴ PEFA : Public Expenditures and Financial Accountability

IV. PERFORMANCE OF BANK GROUP AND COUNTRY

4.1. Bank Group Performance

4.1.1. Concerning the implementation, the Bank has partially conducted its 2005-2007 program for Cape Verde. Owing to the limited ADF X allocation, only two of the four operations envisaged have been implemented. The two operations not implemented during the Bank 2005-07 strategy period are: (i) The Project to strengthen the Training-employment system; and (ii) the SME Support Project. Similarly the studies for Cape Verde's country governance profile and sustainable development of SIDS could not be carried out. Coordination problems between the Bank, Portugal, which provided the funding, and the consulting firm are still being resolved with a view to launching the studies very soon. The insularity study, though completed, has not been validated by the Government, and the Santiago Island Electricity Production, Transmission and Distribution Project was only approved in December 2007. As a result, the active portfolio has two new operations (PRSSP I and the Electricity project).

4.1.2. In terms of its formulation, the Bank strategy for Cape Verde is perfectly consistent with the country's challenges and concerns, foremost the competitiveness of its economy and an even more significant reduction of poverty. The results based approach has generally proved feasible, owing to the new institutional capacities provided by the Bank, which allow for production of sound indicators for the RBCSP. There is however need to rethink the RBCSP and underscore the selectivity of projects based on feasibility and identification of sources of financing. The Bank has nevertheless maintained regular dialogue with the Cape verdian authorities to assist them with the ongoing projects and in charting future action.

4.1.3. The Bank performance has been overall satisfactory. Though the programme design raises various questions as to the relevance and number of operations and studies, the activities selected have been very well implemented. Regarding the studies pending, it is noted that the Bank took the necessary steps to have them conducted, however, the consultants recruited for the purpose have provided unsatisfactory reports that neither the Bank nor the Government have validated. The Bank should get directly involved in implementing this sort of study, however that is contrary to the agreements concluded with the trust funds financing these studies .

4.2. Performance of the Country

4.2.1. The Government's performance has been satisfactory in terms of macroeconomic management. The PRSRP 1 has contributed to macroeconomic stability and the improvement of the major economic balances. The greatest challenge to Cape Verde contained in the RBCSP was to support growth and deepen poverty reduction efforts, while carrying through the transition to the post LDC phase. The first part of the MIC transition has been satisfactory, owing to the Government's prudent approach reflected in its management and ambitions. The Government should however improve its performance relating to the monitoring and evaluation of the PRGSP and implement measures to strengthen the legal framework for public management.

4.2.2. The portfolio analysis shows increasingly long delays in loan and grant effectiveness, because of the Government's slow response in meeting the conditions. This is due to a lack of familiarity with Bank rules for goods procurement and disbursement.

4.2.3. The risks identified in the CSP remain valid, particularly that of external shocks. The macroeconomic framework remains viable, however with the possibility of migrant remittances dwindling. With the economy based on tourism, the macroeconomic balances are all the more uncertain. At the same time, energy has become a central issue. Its impact is decisive from the social standpoint as well as those of production or the environment, and it affects the government's future strategies.

4.2.4. Concerning external resource mobilization, as the donor support will decrease over time, Cape Verde might have difficulty borrowing on the market, since its economy is rather narrow with limited diversification. Improvement of the business climate and increased competitiveness are essential to make the country sufficiently appealing to investors.

V. LESSONS FOR FUTURE STRATEGY

5.1. Lessons for the Bank

5.1.1. The lessons drawn from the portfolio analysis for future Bank intervention are the following:

- i) Define realistic and measurable objectives that are directly affected by ADB assistance, making it possible to assess the progress made; (3.7)
- ii) Support diversification of the economy to curb poverty, notably agricultural development; (2.2)
- iii) Conduct appropriate economic and sector studies to determine private sector investment opportunities that can be financed from the Bank's private sector window;(3.2, 3.8)
- iv) Support Cape Verde's economic transformation strategy;
- v) Take the necessary steps to reclassify the country as an Middle Income Country (MIC) with "Blend country" status;

5.2 Lessons for the Government

- i) Strengthen the institutional framework for the PRGSP monitoring/evaluation system; (3.3)
- ii) Adopt bills pending, such as those on: budget containment, decentralization and restructuring of the Audit court; (2.2)

- iii) Adopt the regulatory framework for operation of the *Fonds de Financement des Municipalités* (to replace FEF); the land register and the master plans for development are being prepared. (3.1)
- iv) Reaffirm the water sector's priority status, in view of its relevance to several sectors such as Health and the Environment, and therefore to the attainment of the MDG;(3.1.10)
- v) Reaffirm the importance of infrastructure, particularly for energy production, storage and ports, in support of development;(3.1)
- vi) Speed up improvement of the business climate and competitiveness of enterprises, which are essential, to increase the country's attractiveness for investors (2.2).

VI. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusions

6.1.1. The Bank Group 2005-2007 strategy was adopted in a context of transition from LDC to MIC. The ex-post evaluation of this strategy has confirmed the pertinence of the priorities and the objectives defined through Bank intervention over the period. The strategy areas and sectors of support are consistent with the the PRGSP for the period.

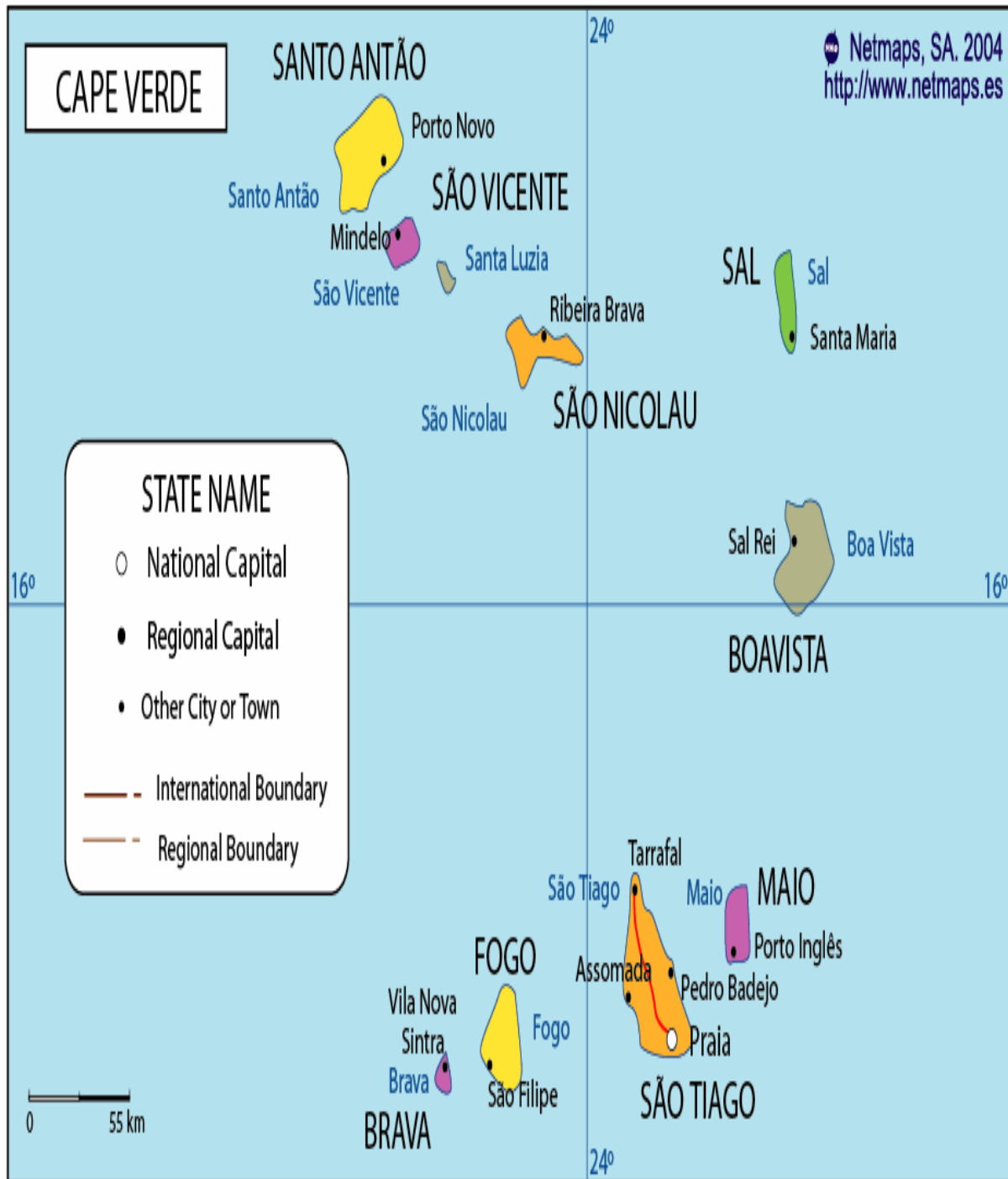
6.1.2. The implementation of this strategy has greatly affected the portfolio since five of the eight studies envisaged have been abandoned, though the country's excellent macroeconomic performances have lessened the negative effects. In accordance with the first objective of the single pillar of the strategy, the strategy has made it possible to ensure and maintain sound macro-economic management, even if weaknesses have been observed with regard to monitoring/evaluation. The second objective has been affected to a greater extent by the significant number of non-active projects, to the point that its second sub-objective has become inapplicable. Nevertheless the achievement of the MDG by 2015 has become more than probable.

6.1.3. The 2005-2007 RBCSP draws lessons in areas where the next RBCSP should lay emphasis, in order to ensure and heighten the impact of Bank intervention in terms of economic performance and achievement of MDG by 2015. The next RBCSP (2008-2011) will be prepared as part of the implementation of PRGSP II and its monitoring/evaluation, as a tool for harmonization and follow up of donor results. The next strategy is expected to pursue the objectives of the previous strategy and enhance the results in terms of diversified economic growth and the Millennium Development Goals (MDG). This Bank strategy could be a joint effort with the World Bank, aimed at strengthening donor coordination. It should also underscore the the strategic roles of energy and the private sector, especially SME, for Cape Verde's development, and target poverty reduction activities such as micro-finance.

6.2. Recommendation

6.2.1. The Boards of Directors are requested to note the conclusions of this completion report and the lessons drawn from it for the 2008-2011 RBCSP.

MAP OF CAPE VERDE



This map has been provided by the African Development Bank exclusively for the use of the readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the Bank and its members any judgment concerning the legal status of a territory nor any approval or acceptance of these borders.

Cape Verde 2006-2007 CSP Matrix

Long-term/ High –level outputs expected by Cape Verde	Results expected from CSP (2005-2007)	Links baton CSP and PRGSP priorities	Outputs	Observations
<p>1. Promotion of good governance to strengthen effectiveness and ensure equity</p> <p>1.1 Improve financial management</p>	<p>Maintain macroeconomic framework stability - Macroeconomic objectives respected in 2005-2007</p> <p>- Debt management is rationalized and entirely integrated in the 2007 fiscal management system</p> <p>-The external debt ratios have been maintained within the sustainability thresholds in 2005-07 ; - The domestic debt has been controlled and decreases from 31.8% in 2004 to about 24% in 2007; - The oil imports required for energy production decrease in 2007.</p>	<p>PRGSP Pillars 1 to 5</p>	<ul style="list-style-type: none"> •Growth averaging 8.6%, exceeding the target of 6.5%; similarly the budget deficit reduction target exceeded (0.9% average) however inflation beyond the target (3.4% compared to 25). •The process of integration of the funds of independent agencies in the State Treasury management is at an advanced stage, •The external debt level falls to 47% of GDP in 2007 • The domestic debt is below 24% (1.93% en 2007) •Distribution becoming more efficient, gas oil production units being replaced by some using less costly fuel. 	<p>The FSA accounts can only be entirely integrated following implementation of the Treasury Bankarization Project being steered by DGT ;</p> <p>Barrel rates have increased significantly and increase the bill » ;</p>
	<p>Improve public expenditure allocation and effectiveness</p> <p>- the revised budget containment law and the manual of procedures for preparation and implementation of the budget adopted in 2006;</p> <p>- The macroeconomic framework model completed and effectively applied by 2007; - 2008-10 MTEF and SMTDF of 5 priority ministries done (MEAP, MEVRH, MS, MTS et MIT)</p> <p>- Budget allocations respect the PRGSP priorities in 2005 -2007;</p>	<p>PRGSP Pillars 1 and 3</p>	<ul style="list-style-type: none"> •New budget containment law not yet voted •There is a macroeconomic model at the Budget Department •2 Sector MTEF conducted: MTS, MEVRH. Those of Agriculture (MEAP) and MS are under implementation. •Implementation of 2006 and 2007 finance Act, in accordance with PRGSP budget allocations. •Education sector attains the targeted percentage of State 	

	<p>-The share of education in the budget goes from 20% in 2004 to 23% in 2007;</p> <p>- Share of health in budget from 6.3% in 2004 to 7% in 2007.</p>		<p>budget: 20.9% in 2005, 24.4% in 2006 and 25.1% in 2007.</p> <ul style="list-style-type: none"> • Health Sector reaches targeted percentage of 7.7% of budget in 2005 and 2006 and 7.8% in 2007. 	
	<p>Strengthen function of Control of State Operations and regulatory capacity</p> <p>- the new basic laws on the audit court adopted in 2006 and decrees and applications formulated and disseminated in 2007;</p> <p>- Period for examination of the general government account (CGE) by the audit court shortened in 2007;</p> <p>- IGF capacity building and number of inspection missions for technical ministries, autonomous agencies and Municipalities goes from 32 in 2004 to over 40 in 2007;</p> <p>- ARE capacity building and electricity and water rate models effectively applied in 2007</p>	<p>PRGSP Pillar 1</p>	<ul style="list-style-type: none"> • Audit Court Organic law adopted by Government in 2007. Broadly discussed and approved in principle in March 2008 by Parliament. No text adopted yet. • Consideration period shortened to 6 months. • 54 IGF missions conducted in 2007 • ARE improve price adjustment periods. 	
<p>1.2 Strengthen decentralization</p>	<p>Build Municipal financial management capacities</p> <p>- Bills for framework law on decentralization and decentralized cooperation adopted in 2006;</p> <p>- regulatory framework for finance act in place and Fonds de financement des municipalités (FFM) effective in 2006-2007 ;</p> <p>- Cadasters and master plans for territorial development prepared in 2007 ;</p> <p>- Plan for regulation of crossed debts between State and municipalities applied in 2006-2007;</p> <p>- at least half of mayors offices computerized in 2007;</p> <p>- Number of Mayors' staff and State officials trained increases in 2007 (at least 10).</p>	<p>PRGSP Pillars 1 and 3 P</p>	<ul style="list-style-type: none"> • Bill for framework law on decentralization adopted by the Council of Ministers. Law not yet approved by parliament for implementation. • No text adopted. • The plan for clearance of crossed debt formulated end 2005 and put into application from early 2006; satisfactorily implemented. • 15 municipalities out of 22 connected to SIGOF. • All administrative, technical and financial staff of 15 municipalities connected to SIGOF trained in 2007 as well as public accountants (150 staff). 	
<p>1.3 Set up an integral and effective monitoring /evaluation system</p>	<p>Improve the monitoring-evaluation system</p> <p>The monitoring evaluation system is integrated into the planning, budget and statistics systems in 2007;</p> <p>- the official statistics data base (BDEO) for statistics and management of priority investment projects and programmes (BDMP) functional in 2007;</p> <p>- Statistics for employment and other PRGSP indicators produced, analyzed regularly disseminated;</p>	<p>PRGSP Pillars 1 to 3</p>	<ul style="list-style-type: none"> • All the sector ministries connected to BDMP + 1 fisheries institute (INDP) pilot basis • BDMP designed (IT architecture) –BDEO officially launched in February 2008. • Underway with INE 	

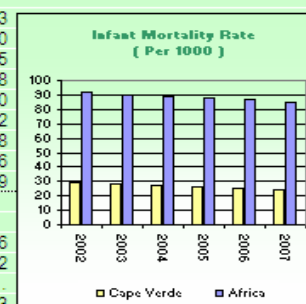
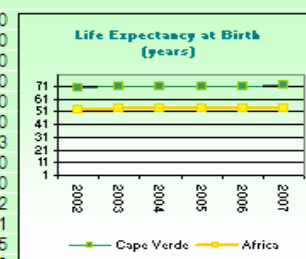
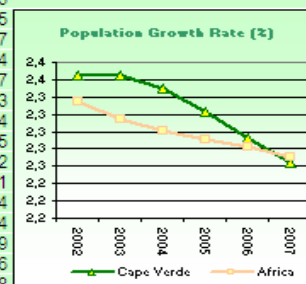
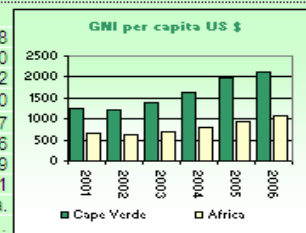
	<ul style="list-style-type: none"> - Price indicators harmonized with extended and more reliable coverage in 2007; - Annual PRGSP progress reports available in 2006-2007 		<ul style="list-style-type: none"> • Idem • 2005, 2006 final report being finalized 	
<p>2. Halve the proportion of poor by 2015, notably through promotion of competitiveness to support growth and create jobs:</p> <p>2.1 Improve basic infrastructure - electricity coverage rate increased to at least 80% ; - more than 25% of the population with home water connections</p> <p>2.2 Promote private sector</p>	<p>Improve quality of supply and less costly access to water and electricity – Petroleum intensity in total energy consumption falling below 93% in 2007; - Rural electricity coverage increasing to over 50% on Santiago Island in 2007; - The number of socio-economic activities connected to electricity grid (schools, health centers, SME, IGR etc.) increasing on Santiago in 2007; - The conditions for supply of drinking water on Santiago improved in 2007.</p>	PRGSP Pillars 2 and 4	<ul style="list-style-type: none"> • No, the alternative energy is only at project stage • Reached 61% in 2006. • Yes these entities will finance their interconnection on their own. • The population with access to drinking water increasing from 25% to 45% in 2007. 	
	<p>Promote SME and IGR</p> <ul style="list-style-type: none"> - Amount of direct SME financing increased in 2007 ; - Increase in number of SME established increases in 2007; - Financial system and chambers of commerce capacity to support SME increased in 2007; - Number of IGR established including for women increase in 2007; -The number of jobs created in private sector, including those of SME increased in 2007. 	PRGSP Pillar 2	<p>4666 persons trained in micro credit, including 86% women</p> <p>SME Support project from private Bank sector window not implemented</p>	

* Notes: Pillar 1: promotion of good governance; Pillar 2: Promotion of competitiveness to support growth and create jobs; Pillar 3: Development and improvement of human capital; Pillar 4; Improvement of basic infrastructure, regional development, territorial development, protection of environment; and Pillar 5: Improving effectiveness and sustainability of social welfare system.

Cape Verde

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Cape Verde	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		4	30 307	80 976	54 658
Total Population (millions)	2007	0,5	963,7	5 448,2	1 223,0
Urban Population (% of Total)	2007	59,0	39,8	43,5	74,2
Population Density (per Km ²)	2007	131,5	31,8	65,7	23,0
GNI per Capita (US \$)	2006	2 130	1 071	2 000	36 487
Labor Force Participation - Total (%)	2005	39,9	42,3	45,6	54,6
Labor Force Participation - Female (%)	2005	38,1	41,1	39,7	44,9
Gender -Related Development Index Value	2005	0,723	0,486	0,694	0,911
Human Develop. Index (Rank among 174 countries)	2005	102	n.a.	n.a.	n.a.
Popul. Living Below \$ 1 a Day (% of Population)	2004	1,6	34,3		
Demographic Indicators					
Population Growth Rate - Total (%)	2007	2,3	2,3	1,4	0,3
Population Growth Rate - Urban (%)	2007	3,6	3,5	2,6	0,5
Population < 15 years (%)	2007	38,5	41,0	30,2	16,7
Population >= 65 years (%)	2007	3,5	3,5	5,6	16,4
Dependency Ratio (%)	2007	74,5	80,1	58,0	47,7
Sex Ratio (per 100 female)	2007	92,7	99,3	103,2	94,3
Female Population 15-49 years (% of total populati	2007	26,5	24,2	24,5	31,4
Life Expectancy at Birth - Total (years)	2007	71,7	54,2	65,4	76,5
Life Expectancy at Birth - Female (years)	2007	74,5	55,3	67,2	80,2
Crude Birth Rate (per 1,000)	2007	28,9	36,1	22,4	11,1
Crude Death Rate (per 1,000)	2007	4,7	13,2	8,3	10,4
Infant Mortality Rate (per 1,000)	2007	24,6	85,3	57,3	7,4
Child Mortality Rate (per 1,000)	2007	29,2	130,2	80,8	8,9
Total Fertility Rate (per woman)	2007	3,4	4,7	2,8	1,6
Maternal Mortality Rate (per 100,000)	2006	36,2	724	450	8
Women Using Contraception (%)	2006	30,8	26,6	61,0	75,0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2006	41,8	39,6	78,0	287,0
Nurses (per 100,000 people)	2006	90,8	120,4	98,0	782,0
Births attended by Trained Health Personnel (%)	2006	65,1	50,4	59,0	99,0
Access to Safe Water (% of Population)	2004	80,0	62,3	80,0	100,0
Access to Health Services (% of Population)	2000	81,7	61,7	80,0	100,0
Access to Sanitation (% of Population)	2004	43,0	45,8	50,0	100,0
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2006	0,9	4,7	1,3	0,3
Incidence of Tuberculosis (per 100,000)	2005	174,4	300,7	275,0	18,0
Child Immunization Against Tuberculosis (%)	2006	70,0	83,7	85,0	93,0
Child Immunization Against Measles (%)	2006	65,0	75,4	78,0	93,2
Underweight Children (% of children under 5 years)	2000	15,0	28,6	27,0	0,1
Daily Calorie Supply per Capita	2004	3 058	2 436	2 675	3 285
Public Expenditure on Health (as % of GDP)	2005	3,9	2,4	1,8	6,3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2006	105,7	96,4	91,0	102,3
Primary School - Female	2006	102,9	92,1	105,0	102,0
Secondary School - Total	2006	80,2	44,5	88,0	99,5
Secondary School - Female	2005	70,0	41,8	45,8	100,8
Primary School Female Teaching Staff (% of Total)	2005	66,1	47,5	51,0	82,0
Adult Illiteracy Rate - Total (%)	2007	20,6	33,3	26,6	1,2
Adult Illiteracy Rate - Male (%)	2007	12,5	25,6	19,0	0,8
Adult Illiteracy Rate - Female (%)	2007	27,4	40,8	34,2	1,6
Percentage of GDP Spent on Education	2005	6,8	4,5	3,9	5,9
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2005-07	9,7	6,0	9,9	11,6
Annual Rate of Deforestation (%)	2000-07	-9,3	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2000-07	...	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2005-07	0,3	1,0	1,9	12,3



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;

last update : juillet 2008

UNAIDS; UNSD; WHO; UNICEF, WRI, UNDP; Country Reports

Note : n.a. : Not Applicable ; ... : Data Not Available;

Cape Verde Development Indicators

Cape Verde - Development Indicators				
Social Indicators	Cape Verde		Africa	Developing countries
	1990	2007 *		
Area ('000 Km²)	4		30 323	80 976
Total Population (millions)	0,4	0,5	963,7	5 448,2
Population growth (annual %)	2,3	2,3	2,3	1,4
Life expectancy at birth, total (years)	65	72	54	65
Mortality rate, infant (per 1,000 live births)	47,8	24,6	85,3	54,1
Physicians per 100,000 People	...	41,8	39,6	78,0
Births attended by skilled health staff (% of total)	48,8	65,1	50,4	59,0
Immunization, measles (% of children ages 12-23 months)	79,0	65,0	75,4	78,0
School enrollment, primary (% gross)	121,3	105,7	96,4	91,0
Ratio of girls to boys in primary education (%)	96	95	91	84
Illiteracy rate, adult total (% of people ages 15 and above)	36,2	20,6	33,3	26,6
Access to Safe Water (% of Population)	...	80,0	62,3	80,0
Access to Sanitation (% of Population)	...	43,0	45,8	50,0
Human Develop. Index Value (0-1)	0,628	0,736	0,514	0,691
Human Poverty Index (% of Population)	...	...	36,8	...
Economy				
	Cape Verde			
	1990	2000	2006	2007
GNI per capita, Atlas method (current US\$)	940	1 280	2 130	...
GDP (current Million US\$)	308	557	1 130	1 397
GDP growth (annual %)	0,7	7,3	10,8	6,6
Per capita GDP growth (annual %)	-1,5	4,8	8,3	4,3
Gross Domestic Investment (% of GDP)	43,6	30,7	40,1	44,6
Inflation (annual %)	21,1	-2,4	6,0	4,5
Budget surplus/deficit (% of GDP)	-3,3	-7,8	-4,6	-2,3
Private Sector Development & Infrastructure				
	1990	2000	2006	2007
Time required to start a business (days)	...	...	...	52
Investor Protection Index (0-10)	...	...	4	4
Main telephone lines subscribers (per 1000 people)	23	121	...	...
Internet users (per 1,000 people)	...	18	...	...
Roads, paved (% of total roads)	78	...	...	...
Railways, goods transported (million ton-km)	...	...	...	...
Trade, External Debt & Financial Flows				
	1990	2000	2006	2007
Export Growth, volume (%)	4,2	25,8	-10,5	0,8
Import Growth, volume (%)	-10,8	-5,7	19,0	27,3
Terms of Trade (% change from previous year)	-39,9	17,3	-1,8	-0,5
Trade Balance (mn US\$)	-114,3	-187,5	-462,7	-600,3
Trade balance (% of GDP)	-37,1	-34,8	-40,9	-43,9
Current Account (mn US\$)	-18,1	-58,6	-59,9	-157,3
Current Account (% of GDP)	-5,9	-10,9	-5,3	-11,5
Debt Service (% of Exports)	29,3	16,0	11,7	10,7
External Debt (% of GDP)	42,5	64,7	63,0	56,1
Net Total Inflows (mn US\$)	104,4	119,0	194,7	...
Net Total Official Development Assistance (mn US\$)	105,3	93,9	138,3	...
Foreign Direct Investment Inflows (mn US\$)	0,3	33,5	121,7	...
External reserves (in month of imports)	6,2	1,0	3,8	4,4
Source: ADB Statistics Department, based on various national and international sources				
* Most recent year			Last Update: April 2008	

Source: ADB Statistics Department, from national and international sources.

* Most recent year

Table of Bank Group Operations

N°	Div.	Project Title	Project Number	Loan Number	Amount approved (UA Million)	Date of signature	Date of entry into force	Deadline for last disbursement	Disbursement	Undisb.	% Disbursed	Date of last supervis.	Project Rating
1	OSGE (<i>J. Hoettcke</i>)	Poverty Reduction Strategy Support Program (PRSSP I) Plus an Institutional Support component	P-CV-K00-004	2100150013343	3.390	15.12.06	15.10.07	31.12.09	3.3854	0.0046	0.999	10.08.08	1.44
				2100155008366	0.750				0.1975	0.5525	26		
2	OSAN (<i>A.B. Diop</i>)	Catchment Basin Development and Improvement Project	P-CV-AA0-007	2100150006944	5.960	20.12.02	27.04.04	31.12.08	1.456	4.5039	0.24	01.06.08	2.00
3	OINF (<i>Amadou Zakou</i>)	Santiago Electricity Production, Transmission and distribution Project			4.82	19.12.07		05.2010	0	4.82	0	0	
TOTAL: 3 Active Projects					11.53				5.0389	9.881	43.7		

Implementation of Paris Declaration

	Indicator	Reference 2005	2007	Objective- Target 2010
1	Partners have operational development strategies	C	C	B or A
2a	Reliable national public finance management systems	3.5	4.0	4.0
2b	Reliable national procurement systems	Not available	Not available	Not applicable
3	Aid contributions not aligned with the national priorities	85%	90%	93%
4	Capacity building through concerted support	93%	39%	50%
5a	Utilization of national public finance management systems	64%	23%	76%
5b	Utilization of national procurement systems	53%	22%	Not applicable
6	Avoid parallel implementation systems	10	18	3
7	More predictable aid	92%	96%	96%
8	Non-tied aid	22%	60%	More than 22%
9	Utilization of common procedures or arrangements	37%	31%	66%
10a	Field mission.	11%	50%	40%
10b	Country Analytical work	34%	64%	66%
11	Results-based Framework	D	C	B or A
12	Mutual responsibility	No	No	Yes

Source: OCDE 2008

Progress toward the Millennium Development Goals

Annex 7: Progress toward the Millennium Development Goals, 1990-2007				
	1990	1995	2000	2007
Goal 1: Eradicate extreme poverty and hunger	2015 target = halve 1990 US\$1 a day poverty and malnutrition rates			
Employment to population ratio, 15+, total (%)	..	54	51	49
Employment to population ratio, ages 15-24, total (%)	..	48	42	37
Income share held by lowest 20%	..	..	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Prevalence of undernourishment (% of population)	..	..	..	..
Vulnerable employment, total (% of total employment)	..	..	..	..
Goal 2: Achieve universal primary education	2015 target = net enrollment to 100			
Literacy rate, youth female (% of females ages 15-24)	86	..	..	..
Literacy rate, youth male (% of males ages 15-24)	90	..	..	..
Persistence to last grade of primary, total (% of cohort)	..	..	..	89
Primary completion rate, total (% of relevant age group)	51	64	102	92
Total enrollment, primary (% net)	..	..	98	91
Goal 3: Promote gender equality and empower women	2015 target = education ratio to 100			
Proportion of seats held by women in national parliament (%)	12	..	11	15
Ratio of female to male enrollments in tertiary education	..	..	100	109
Ratio of female to male primary enrollment	..	..	97	95
Ratio of female to male secondary enrollment	..	..	..	115
Ratio of young literate females to males (% ages 15-24)	96	..	..	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	38.9	..
Goal 4: Reduce child mortality	2015 target = reduce 1990 under 5 mortality by two-thirds			
Immunization, measles (% of children ages 12-23 months)	79	66	80	65
Mortality rate, infant (per 1,000 live births)	45	37	31	25
Mortality rate, under-5 (per 1,000)	60	50	42	34
Goal 5: Improve maternal health	2015 target = reduce 1990 maternal mortality by three-fourths			
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	..	97	85
Births attended by skilled health staff (% of total)	..	54	89	..
Contraceptive prevalence (% of women ages 15-49)	..	..	53	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	210
Pregnant women receiving prenatal care (%)	..	..	99	..
Unmet need for contraception (% of married women ages 15-49)	..	..	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases	2015 target = halt, and begin to reverse, AIDS and other major diseases			
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	162	164	166	168
Prevalence of HIV, female (% ages 15-24)	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..
Tuberculosis cases detected under DOTS (%)	..	..	..	33
Goal 7: Ensure environmental sustainability	2015 target = various			
Annual freshwater withdrawals, total (% of internal resources)	..	..	..	..
CO2 emissions (kg per PPP \$ of GDP)	0.2	0.2	0.2	..
CO2 emissions (metric tons per capita)	0.2	0.3	0.4	..
Forest area (% of land area)	14	..	20	21
Improved sanitation facilities (% of population with access)	..	40	41	..
Improved water source (% of population with access)	..	79	80	..
Marine protected areas, (% of surface area)	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..
Goal 8: Develop a global partnership for development	2015 target = various			
Aid per capita (current US\$)	296	289	208	267
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	9	10	10	6
Internet users (per 100 people)	0	..	2	7
Mobile phone subscribers (per 100 people)	0	0	4	28
Telephone mainlines (per 100 people)	2	5	12	14
Memorandum items				
Fertility rate, total (births per woman)	5.4	4.5	3.9	3.4
GNI per capita, Atlas method (current US\$)	940	1150	1280	2430
GNI, Atlas method (current US\$) (billions)	0.3	0.5	0.6	1.3
Gross capital formation (% of GDP)	22.9	42.4	19.7	40.6
Life expectancy at birth, total (years)	65	67	69	71
Literacy rate, adult total (% of people ages 15 and above)	63	..	..	..
Population, total (millions)	0.4	0.4	0.5	0.5
Trade (% of GDP)	56.4	78.3	88.9	75

Source: World Development Indicators database