

1. CAS Data	
Country: Cape Verde	
CAS Year: FY 2005	CAS Period: FY 2005 – FY 2008
CASCR Review Period: FY 2005 – FY 2008	Date of this review : April 10, 2009
2. Executive Summary	
<p>i. This review evaluates the FY 2005-2008 CASCR and the CAS's implementation for that period. Since 2000, with the support of the IMF and Bank, Cape Verde has made good progress in improving macroeconomic management and implementing structural policy reforms. The Bank's assistance strategy was aligned with Cape Verde's Growth and Poverty Reduction Strategy Paper (GPRSP) of 2004 and provided support to achieve its objectives through three programmatic loans and five investment projects amounting to US\$64 million and substantial complementary analytical and advisory services. The CAS's objectives were expressed in three pillars: (i) maintain macroeconomic stability and sound public finance; (ii) improve the investment climate and economic competitiveness; and (iii) implement social programs to alleviate poverty and inequity.</p> <p>ii. Under Pillar I: Cape Verde's economic growth and macroeconomic performance exceeded targets by a wide margin. Its level of public debt is considered sustainable. The government passed laws, implemented systems and enhanced capacity to strengthen fiscal transparency and empower oversight institutions. A Medium Term Economic Framework (MTEF) was initiated, but the process of decentralization to municipalities did not make progress. Civil service reform was also initiated and the justice system improved through training, disseminating legal information and facilitating alternative dispute resolution mechanisms. The outcome for Pillar I is rated as <i>satisfactory</i>.</p> <p>iii. Under Pillar II: Privatization as a mechanism to improve economic competitiveness and the investment climate was not completed. Although surveys suggest that the investment climate has deteriorated, high non-government investment and increased employment indicate that recent measures are ameliorating the situation. Economic regulatory agencies have recently become functional. The public-private partnership in telecommunication is successful, but in energy and water less so. Limited progress occurred in the transport sector and significant issues remain in infrastructure competitiveness, especially in energy and water. No progress was made in rural sector or environmentally sustainable growth. IEG rates of the outcome of Pillar II as <i>moderately unsatisfactory</i>.</p> <p>iv. Under Pillar III. Education and health services' performance indicators improved appreciably and the social protection system's rationalization process was initiated. Services to vulnerable groups were improved. The poverty level was reduced, exceeding the CAS target. The outcome for this pillar is rated as <i>satisfactory</i>.</p> <p>v. Cape Verde improved its fiscal and macroeconomic management and achieved high economic and employment growth, resulting in a significant reduction in poverty and improvements in social services and protection. But little progress was made in many aspects of improving the investment climate and private sector development. Weighing achievements under each pillar equally, IEG rates the overall outcome as <i>moderately satisfactory</i>. The Bank's contribution to this outcome is rated as <i>satisfactory</i>.</p> <p>vi. The CASCR focuses on outcomes and discusses their attribution to Bank interventions where appropriate. Its coverage of implementation is adequate, but omits some important recent information on employment, poverty, debt sustainability, investment climate and project status.</p>	

CASCR Reviewed by:	Peer Reviewed by:	CASCR Review Coordinator
Ashok Khanna Consultant, IEGCR	Ismail Arslan Sr. Evaluation Officer, IEGCR	James Sackey Lead Economist, IEGCR

vii. The key lesson from this review is that government ownership and commitment and close cooperation with stakeholders and civil society are critical for the successful design and implementation of complex development policy assistance.

3. CASCR Summary

Overview of CAS Relevance:

1. Cape Verde is composed of ten islands off the coast of West Africa with a multi-party democratic polity. It has a population of just less than half a million people with almost twice that number living abroad, mostly in the US and Europe. Their remittances accounted for about 11 percent of GDP in 2006. Real GDP growth during 2005-2008 averaged 7.5 percent per annum mainly because tourism and construction grew rapidly. The country's GDP per capita was about US\$2,927 in 2007, lifting it to a low Middle Income Country status in 2008.

2. The government's strategic goals were stated in its GPRSP of 2004, which was based on the National Development Plan 2002-2005. Its strategy focused on promoting good governance, improving competitiveness and private sector led growth, fostering human capital development, strengthening social security and improving infrastructure.

3. The CAS was developed within the GPRSP framework in close consultation with the government, civil society, local communities and other development partners including the IMF, which had a Poverty Reduction and Growth Facility (with funding) in place. The objectives of the CAS were to: (a) support macroeconomic stability and sound public finance and budget systems; (b) support private sector growth through improving the investment climate and economic competitiveness by facilitating public-private partnerships; and (c) help implement social programs to alleviate poverty and inequity. These objectives were realistic and consistent with Cape Verde's priorities when the CAS was prepared and remain relevant now as they are largely retained in GPRSP II prepared in May 2008.

4. The CAS's lending and advisory programs were also developed through extensive consultation with all stakeholders. They too were realistic and supported the government's development strategy. The programs included a comprehensive results framework aligned with the GPRSP and clear triggers for higher assistance levels. The high-case triggers included measures to ensure good portfolio performance, improved budgeting and advances in public-private partnerships and investment climate.

5. The base-case four-year lending program had commitments of US\$50 million and a GEF grant of US\$5 million. About 60 percent of the proposed lending was to be in the form of programmatic budget support to harmonize donor funds backing the government's GPRSP objectives. The remainder of the proposed lending was to be in investment projects to support private and rural sector and infrastructure development. The program of proposed advisory services and IDF grants was designed to contribute to the lending program and maintain policy dialogue in economic management, public sector management, private sector development and infrastructure.

Overview of CAS Implementation:**Lending:**

6. Bank lending for FY05-08 was US\$64 million compared with a base case of US\$55 million and a high case of US\$79 million. According to the region, the high-case triggers were substantially met, but lending was constrained by IDA resource availability. Over the period there were three programmatic loans, amounting to about 55 percent of total lending, and five investment projects. All prior conditions for the PRSCs were met, but some trigger actions for preparing the succeeding PRSC were delayed. The Fisheries GEF (US\$5 million base case) and the Multi-sector Private Infrastructure Project (US\$5 million base case and another US\$5 million high case) were dropped and PRSC IV (US\$9 million high case) was postponed. Instead, the JSDF LEGAF (US\$1 million), Growth and Competitiveness Supplement (US\$3million), and Road Sector Support Additional (US\$5 million) were added. Also, PRSC II and PRSC III base case received additional allocations of US\$2.5 million each, but that was neutralized by PRSC III not receiving an additional US\$5 million high case allocation.

Portfolio Performance Indicators:

7. IEG rated five projects that exited the portfolio during the CAS period. Their outcome ratings for number of projects was 80 percent satisfactory and 20 percent unsatisfactory; and for amounts of project loans it was 86 percent satisfactory, above the Africa region average of 71 percent and about the same as Bank-wide average of 87 percent. Among the completed projects, QAG rated the quality at entry for PRSC I as highly satisfactory. Among the on-going projects, QAG rated the Quality at Entry for the Road Sector project as satisfactory. The latest ISR ratings for development objectives and implementation progress for the Road Sector and Growth and Competitiveness projects are satisfactory and for the Audit Institutions project is moderately satisfactory. The IDA financed part of the Energy and Water project closed as moderately satisfactory, but the continuing GEF financed part was rated as unsatisfactory in all categories in the latest ISR. Nevertheless, Business Warehouse data show portfolio improvement between 2005-2008 when projects at risk declined from one to none and commitments at risk declined from 38 percent to 9 percent. The disbursement ratio improved from 39 percent in FY05 to 57 percent in FY07. A total amount of US\$84.3 million was disbursed during the CAS period, making IDA easily the largest multilateral donor to Cape Verde.

Non-Lending Services:

8. The program of analytical and advisory services was delivered substantially as planned. A FY07 QAG review of these services rated them as fully satisfactory overall. The review concluded that the AAA program covered all the main CAS themes in a highly satisfactory manner, was fully relevant to its poverty alleviation objectives and underpinned the lending operations, particularly in budget support. Although it rated participation, consultation with stakeholders and other donors as satisfactory, it found dissemination shortchanged and rated it moderately satisfactory. The Human Development Review and Long-term Growth and Competitiveness Study were not pursued and the Rural Development Assessment was delayed. Instead, unplanned studies on Infrastructure Reform, Fisheries and Statistical Master Plan were completed. The annual Public Expenditure reviews provided an important basis for dialogue with the government and coordination with the IMF and other donors. The integrated CFAA/CPAR to assess progress in fiduciary reform helped in designing public finance reforms. The Infrastructure Regulations Report and Investment Climate Assessment contributed to the dialogue for improving the investment climate.

Overview of Achievement by Objective:**Pillar I. Ensure Macroeconomic Stability and Sound Public Finance and Budget Systems:**

9. The primary CAS objectives under this pillar were to ensure macroeconomic stability and debt sustainability with a good economic growth performance and improve the public finance and budget systems. Macroeconomic stability and public finance reforms were supported by the three PRSCs and analytical work in the Public Expenditure updates and the Integrated CFAA/CPAR study. The Investment Climate Assessment assisted in simplifying government procedures. The judicial reforms were supported by JSDF, IDF and PRSP Trust Fund grants and the Growth and Competitiveness project.

a. Ensure macroeconomic stability and public debt sustainability:

10. Cape Verde continued to pursue sound policies during the CAS period and met the IMF Policy Support Instrument's (PSI) (without funding) fourth review benchmarks for prudent macroeconomic management with wide margins. Real GDP growth for 2005-2008 is estimated to average 7.5 percent per annum, higher than the Sub-Saharan Africa region and most small island economies. The resulting real per capita growth of 5 percent per annum comfortably outperformed the CAS target of 2 percent. The unemployment rate fell by more than 10 percent between 2001-2006, but still remains high at just under 20 percent. The fiscal deficit averaged 4 percent of GDP between 2005-2007, but came down to 1.2 percent in 2008. Inflation rose from 0.4 percent in 2005 to 6.5 percent in 2008 mainly because of rising fuel and food import prices, which were moderated by the appreciation of the Escudo against the US dollar. Total public debt (domestic and external) was reduced by 10 percent in 2007 and net domestic debt was pushed down to the PSI benchmark of 20 percent two years ahead of schedule and is likely to reach 14 percent of GDP by the end of 2008. A joint World Bank-IMF debt sustainability analysis completed in November 2008 concluded that the country's external debt levels are sustainable.

b. Improve budget Systems:

11. An MTEF for 2005-2007 was prepared with sector frameworks developed in four pilot ministries. Technical assistance was provided to develop a sectoral and global MTEF. The 2006 Budget Law included measures to strengthen fiscal transparency and the Integrated Financial Management and Information System connects all government ministries, allowing them to monitor accounts in real time. A taxpayer registry and identification number supported by a modern information technology system is in place. Other measures also improved Cape Verde's E-government initiative. Oversight institutions were empowered by two laws and the Independent General Audit Office recruited consultants funded by an IDA grant to enhance its capacity. Overall, public expenditure management has become more transparent.

c. Ensure Adequate Public Expenditure Allocation and Control:

12. As the GPRSP and MTEF for 2004-2007 were initiated concurrently, the annual budgets were not fully aligned, although the government met its GPRSP allocations for the social sectors and increased the number of beneficiaries from the social protection programs (see Annex 9). In the following year's budget process, ceilings based on MTEF priorities were adopted by all ministries. Decentralization to municipalities to clarify their responsibilities did not progress. Draft decentralization law discussions have not reached a consensus. A local finance law helped increase central government transfers to local authorities for recurrent expenditures. A municipal information system is being installed to strengthen management.

d. Maintain an Efficient, Effective and Accountable Public Sector:

13. A ministry was established to oversee public sector reform, which formed a unit to coordinate representatives from all sector ministries. The improved financial and personnel information systems will assist in this effort. A draft law for reforming the civil service was approved by the Council of Ministers in 2008 and the career and salary system is being revised to better husband human resources. The integration of the human resource and payroll data bases is likely to facilitate civil service reform.

e. Improve Knowledge and Access to the Legal and Judicial System:

14. Judges (12) and mediators (23) were trained and sensitized to gender issues and small claims, but the legal education program to provide sustainable training was not launched. The database of the Official Gazette was completed, giving access to all published legislation. Agreements were reached with municipalities to open eleven centers offering free legal services to the poor, but only three were opened and one is functional. Laws to facilitate mediation and arbitration were promulgated to provide alternative dispute resolution mechanisms.

15. Because of superior macroeconomic performance, debt reduction and high economic growth that exceeded targets, contributing to lowering poverty levels (see below), and good progress in public finance management and accountability, **IEG rates the outcome of Pillar I as satisfactory** despite limited progress in civil service and legal reforms. IDA's interventions played an important role in achieving the objectives under this pillar.

Pillar II. Support Private Sector Growth by Improving the Investment Climate and Economic Competitiveness by facilitating Public-Private Partnerships:

16. The primary CAS objectives under this pillar were to support private sector growth and economic competitiveness. Improving the investment climate and the economy's competitiveness were supported by the three PRSCs and the Growth and Competitiveness, Energy and Water and Road Sector projects. The Investment Climate Assessment, Infrastructure Regulation and Competitiveness Report, Rural Development Assessment (incomplete) and Fisheries Strategy provided the analytical foundations for reforms under Pillar II.

a. Reduce Over-extended Government:

17. During the CAS period, Cape Verde was expected to divest Cape Verde Airlines, ENAPOR (Port Authority) and EMPROFAC (Pharmaceutical Company), but none of these transactions was completed. A management contract for the airline was agreed in December 2006, but it did not lead to privatization. Advisors were hired using IDA funds to sell ENAPOR, but did not complete the assignment. A new advisor was hired in March 2007, but the enterprise has not been privatized. EMPROFAC's privatization effort was preceded by establishing a food and pharmaceutical regulatory agency, which is now operational. Recently, several expressions of interest in buying the company have been received. The expected privatization outcomes were not achieved.

b. Improve the Investment Climate:

18. The rating of Cape Verde fell from 125 out of 175 countries in 2007 to 137 out of 181 countries in 2008 to 143 out of 181 countries in the 2009 Doing Business Report ranking. This decline has occurred despite a recent reduction in administrative barriers and transaction costs made by advances in information technology applications to government administration and private transactions such as electronic banking and credit card use. For example, businesses can be created in one day and taxes paid on-line. Indeed, in the second half of 2008, 300 businesses were created through the "Business in One Day" facility. Offices have also been opened in Praia and two embassies offering a full set of services to establish businesses. The new labor code (see below), however, reduced flexibility in some aspects of hiring such as time limits on temporary contracts and extended protections

such as for maternity leave . Cape Verde also does not fare well in 2008 investment climate indicator comparisons with other tourist or small island economies, scoring worse on seven of nine categories. Nevertheless, IMF data show that non-government investment was averaged 37.5 percent of GDP and 86 percent of total investment between 2006 and 2008, and employment also increased, suggesting that the investment climate was less restrictive than the surveys indicate. A draft Land Cadastre Law was sent to the Council of Ministers in 2007 for approval prior to submission to Parliament and a project was started in 2008 to establish land registries. After many years of negotiations, Cape Verde joined WTO in 2008 following a series of reforms supported by the Growth and Competitiveness project.

c. Adequate Economic Regulation Capacity:

19. The government established the Economic Regulatory Agency (ERA) to regulate electricity, water, telecommunication and transport in 2004. It became functional in late 2005, but did not become fully effective until recently. It now receives regular contributions from sector operators to fund its operating costs. The Bank provided a capacity building grant in 2008 to improve its performance.

d. Improving Labor Markets:

20. After extensive consultation, the government passed a new labor code in April 2008 that incorporated some favorable measures such as eliminating wage indexation to inflation and introducing flexibility in changing employment contract terms and protections for workers. But, it also included the rigidities mentioned above. Although the unemployment rate has fallen, it has not done so commensurately with the high growth rates and still remains high. In addition to the rigidities mentioned above, there is a mismatch of skills, difficulties in inter-island mobility resulting in a segmented labor market and a high reservation wage due to remittance flows.

e. Enhance Infrastructure Competitiveness:

21. Measures were implemented to improve public-private partnerships in energy, telecommunications and transportation. Cape Verde's reform of its utilities was supported by the Energy and Water project. Electra, the utility enterprise, was privatized in 1999 with a sale of 51 percent of its shares to a strategic partner. In 2006, however, the government regained its position as the majority shareholder after protracted and unsuccessful negotiations on many issues including delayed investments, tariffs and financial and technical concerns that had resulted in significant losses. Despite the central government clearing its arrears, the company has cash flow problems and losses. Nevertheless, access to electricity, water and sanitation improved substantially in Praia and Mindelo (see Annex 9).

22. Telecommunications privatization (in 1996), regulatory reforms (in 2003-2007) and the introduction of competition (in 2007) has increased access, improved services and reduced the cost of calls. Land line penetration increased somewhat, but mobile phones increased dramatically. The first company had 134,000 subscribers in September 2007 and a second operator launched services in December 2007. Average international call rates are below the target of \$0.75 per minute.

23. Competitiveness in infrastructure is a mixed outcome. Telecommunication costs are now more competitive, but power supplies are unreliable and expensive. The private sector reports that outages account for losses amounting to 11 percent of sales and the rates charged are twice as much as in Portugal. As Cape Verde has very low underground water resources, it relies on desalination plants, which account for 75 percent of its water supply. These plants are expensive as they use substantial amounts of energy. The cost of maritime and air transport is also high, but the introduction of competition is expected to reduce them in the future.

f. Strengthen Transport Sector:

24. Because of Cape Verde's location and need to integrate nine islands, the government considers the sector to be strategic and continues to play a dominant role. A transport sector strategy to increase private sector participation was submitted to the Bank in 2008, but the government has not taken any conclusive action on it except the management contract for Cape Verde Airlines. It established a road maintenance fund with a fuel levy to finance it.

g. Improve Rural Sector Growth:

25. Bank interventions to achieve this objective such as the Rural Development Assessment, Fisheries project and the Multi-sector Private Infrastructure project were not initiated or completed. A Fisheries Sector Strategy was prepared for future implementation.

h. Encourage Environmentally Sustainable Growth:

26. The CASCR is silent on progress in implementing the Environment Action Plan.

27. In conclusion, privatization was not completed but the airline is under private management and there is interest in buying the pharmaceutical company. Although surveys suggest that the investment climate has deteriorated, high non-government investment and increased employment indicate that recent measures are ameliorating the situation. Economic regulatory agencies recently became functional. The public-private partnership in telecommunications was successful, especially after competition was introduced in 2007, but in energy and water less so. Limited progress occurred in the transport sector and significant issues remain in infrastructure competitiveness, especially in energy and water. No progress was made in rural sector or environmentally sustainable growth. **IEG rates of the outcome of Pillar II as moderately unsatisfactory** because several important measures were either not completed such as privatization, public-private partnerships in water and transportation, competitiveness in infrastructure or implemented late in period such as easing business registration and the effective functioning of the regulatory agencies.

Pillar III. Implement Social Programs to Alleviate Poverty and Inequity:

28. The primary CAS objectives under this pillar were to implement social programs in education, health and social protection aimed at alleviating poverty and inequity. The implementation of social programs was supported mainly by the three PRSCs and the Social Sector Development and HIV/AIDS projects. The Poverty Assessment provided the main analytical underpinning for social programs, but some additional work was also done under the Growth and Competitiveness project (pension study) and the public expenditure reviews.

a. Expand Access to Education and Improve its Quality:

29. Adequately trained teachers increased from 75 percent in 2003 to 83 percent in 2006, resulting in increased early childhood development centers and expanding the coverage of those services from 57 percent to 62 percent during the same period. The primary school repetition rate was reduced from 13 percent in 2003 to 8 percent in 2006 and the completion rate also increased by 2 percent. Children completing 8 years of school increased by ten percent. Enrollment in secondary education reached nearly 60 percent in 2005/06 and the overall literacy rate was nearly 80 percent. A construction plan was launched to complete nine secondary schools by the end of 2007 and an additional 3,000 poor secondary school students received scholarships. The vocational education and training strategic plan will be implemented during the next CAS period, but no information is provided on progress in restructuring the universities.

b. Develop a Sustainable Health Financing Framework and Improve Access to Services:

30. The CASCR is silent on developing a sustainable health financing framework, but access to and the quality of health services improved. Budget allocations ensured sufficient financing to combat HIV/AIDS, TB, malaria, an expanded program of immunization and the integrated management of childhood infection. Health facilities in need of refurbishing and equipment were identified together with locations for new facilities. Access to health facilities increased from 35 percent of the population in 2003 to 80 percent in 2007, a significant achievement. A public expenditure review in 2007 concluded that regional disparities in doctors per inhabitant had been reduced. Moreover, immunization for children under the age of one year increased to 90 percent and condom use increased by 67 percent for women and 40 percent for men, suggesting a better informed public. Finally, 14,000 civil servants now have health insurance coverage.

c. Reduce Vulnerability and Social Exclusion:

31. As about one-third of Cape Verde's population live below the poverty line and one-fifth are extremely poor, creating a sustainable social protection system is a priority. The temporary employment creation scheme was restructured to efficiently execute public works.

32. Two social security systems, financed with contributions from the formal sector, covering about 45,000 employees, are in the process of being harmonized and integrated. Other non-contributory schemes exist for the poor, elderly and other vulnerable groups. Two of the main schemes were integrated with a unified information system and digital cards issued that resulted in a 28 percent increase in the number of beneficiaries. The challenge is to establish priorities and improve coverage, targeting and effectiveness by strengthening monitoring of the impact of these programs. To this end, a Social Services Map was completed that identified 609 social service centers as a first step in identifying gaps to better target services.

33. The government strengthened collaboration with NGOs that provide social services to low income and vulnerable groups at local levels through ten new agreements between the NGOs and municipalities. A National Commission for Legal and Institutional Reform for Children and Adolescents was established to overhaul the framework for protecting children. It increased the supervision of NGOs and local associations providing services to at-risk children and youth and expanded child emergency centers. The Ministry of Labor tested a subsidy scheme and provided increased support for secondary and vocational education to 184 students in 2005.

34. A food security survey was conducted in 2005 and the National Council for Food Security was created. These measures have made it possible to identify families and zones at risk and prepare a coordinated approach to providing services in the future.

d. Reduce Poverty by One Percent per Annum:

35. The poverty headcount dropped from 37 percent of the population in 2001 to 27 percent in 2007, exceeding the CAS target. The high level of economic growth, averaging 7.5 percent per annum between 2005-2008, and a 10 percent drop in unemployment between 2001-2006 contributed to this sterling performance. The Bank's three PRSCs supported this achievement (see Pillar I above). Poverty has, however, decreased more rapidly in urban than in rural areas where 72 percent of the country's poor live, but surveys show no indication that inequality has increased.

36. Because of exceeding the poverty reduction target and making good progress in improving education and health services and reducing vulnerability and social exclusion, **IEG rates of the outcome of Pillar III as satisfactory.**

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Pillar I: Macroeconomic Stability and Sound Public Finance	NA	Satisfactory	Superior macroeconomic performance, debt reduction and high economic growth that exceeded targets, contributing to lowering poverty levels (see below), and good progress in public finance management and accountability.
Pillar II: Support Private Sector Growth by Improving the Investment Climate and Economic Competitiveness by facilitating Public-Private Partnerships	NA	Moderately Unsatisfactory	Privatization not completed, but airline under private management. Although surveys show a deteriorating investment climate, high non-government investment indicates recent measures have improved the situation. Economic regulatory agencies recently became functional. The public-private partnership in telecommunications is successful, but in energy and water less so. Limited progress in the transport sector and significant issues remain in infrastructure competitiveness. No progress in rural sector or environmental sustainability.
Pillar III: Implement Social Programs to Alleviate Poverty and Inequity	NA	Satisfactory	Exceeding the poverty reduction target and making good progress in improving education and health services and reducing vulnerability and social exclusion.

Overall Rating: *Moderately Satisfactory*

Comments on Bank Performance:

37. The CAS was relevant because it supported Cape Verde's GPRSP. The Bank delivered the program more or less as planned that achieved many of the most important objectives. With disbursements of over US\$80 million during the CAS period, it was the largest multilateral donor to Cape Verde. The analytical and advisory services were appropriate for achieving the objectives while supporting the projects and facilitating dialogue with the government and donors. The lending instruments were also appropriate for achieving the objectives, but project implementation was not as successful as expected in a prospering country. Slow progress was mainly confined to privatization and public-private partnerships and their impact on infrastructure competitiveness. These measures could have been better designed.

38. The longer duration projects had regular supervision missions, but frequent changes in task managers affected two important infrastructure projects and the IDF and JSDF grants. Also, the country team had difficulty obtaining punctual technical expertise within the Bank that could have contributed to better outcomes. The results-based matrix of actions and outcomes had a large number

of actions (35), but few numerical targets (5). Moreover, the monitoring and evaluation system's implementation was significantly delayed, but progress was tracked in other ways such as the annual public expenditure reviews and GPRSP progress reports. Although IDA is the largest multilateral donor, the UN is responsible for local donor coordination. Harmonization with other donors improved through membership in the joint budget support group that shared a policy reform matrix agreed with the government and based on the GPRSP. No safeguard or fiduciary issues were noted.

4. Overall IEG Assessment

Outcome:	Moderately Satisfactory
Bank Performance:	Satisfactory

Outcome:

39. Macroeconomic performance and fiscal management improved appreciably during the CAS period, meeting the economic growth and debt sustainability targets. But progress on private sector development was slow. The three large public enterprises slated for privatization remain in government ownership, although one is under private management and the transaction for another is in process. The public-private partnership in telecommunications has been successful, but progress in the transport sector has been negligible. Little progress was made in the transport and rural sectors or environmental sustainability. Social programs to improve education, health and social security services have succeeded in improving outcomes and poverty has declined significantly, primarily due to high economic and employment growth.

40. Overall, Cape Verde improved its fiscal and macroeconomic management and achieved high economic and employment growth, resulting in a significant reduction in poverty and improvements in social services and protection. But little progress was made in many aspects of improving the investment climate and private sector development. Weighing achievements under each pillar equally, **IEG rates the outcome as moderately satisfactory.**

Bank Performance:

41. The Bank's assistance strategy was relevant and realistic. Its advisory services were of high quality and provided analytical support for the lending program. The lending program was appropriately aimed at achieving the CAS objectives although the design of the privatization and public-private partnership components could have been improved. Project supervision was diligent and donor coordination improved with increased lending for budget support. Thus, **IEG rates bank performance as satisfactory.**

5. Assessment of CAS Completion Report

42. The CASCR complied with the guidelines. It is consistent with CAS objectives and focuses on outcomes and discusses their attribution to Bank interventions where appropriate. Its coverage of implementation is adequate, but omits some important recent information on employment, poverty, debt sustainability, investment climate and project status. For example, the ratings and comments in the latest ISRs for Energy and Water and Growth and Competitiveness projects are not included. In the same vein, IEG's ratings of completed projects are not mentioned. The CASCR draws relevant findings from the experience of the CAS program.

6. Findings and Lessons

43. IEG agrees with the CASCR's findings, which emphasize the program's strengths and suggest ameliorating its weaknesses. Salient among these are the need to:

- field more frequent supervision missions to improve project design and implementation and strengthen the relationship with the client and donors; and
- establish a monitoring and evaluation framework that focuses on a few critical and measurable outcomes to effectively track performance.

44. Key lessons from the Cape Verde program include:

- Strong government ownership and commitment and close cooperation with stakeholders and civil society are especially important for formulating and implementing successfully complex policy loans such as the PRSCs;
- Privatizations of strategic assets and public-private partnerships in utilities are difficult to craft, especially where a company from a former colonial ruler is involved. Broad political consensus and attention to detail are critical for success, even if more time is required to complete the transaction; and
- A follow through on improving vocational and tertiary education would have alleviated some of the mismatch in skills needed to increase employment immediately and better prepare Cape Verde's youth to capture the limited options for future economic growth.

Annex Table 1: Actual vs. Planned Lending

Annex Table 2: Analytical and Advisory Work: actual vs planned

Annex Table 3: IEG Project Ratings

Annex Table 4: Portfolio Status Indicators by Year

Annex Table 5: IBRD / IDA Net Disbursements and Charges

Annex Table 6: Net Aid Flows (net or gross, ODA or ODA+OOD, as relevant)

Annex Table 7: Economic and Social Indicators

Annex Table 8: Millennium Development Goals

Annex Table 9: Summary of Achievement of CAS objectives

Annex Table 1: Actual vs. Planned Lending

Project ID	Planned Projects	Scenario	Proposed FY	Approved FY	Proposed Amount	Approved Amount
P078860	PRSC I	Low case	2005	2005	15	15
P087004	Road Sector Support Project	Low case	2005	2005	15	15
P090875	PRSC II	Base case	2006	2006	7.5	10
	Fisheries-GEF	Base case	2007		5	Dropped
	MPIP	Base case	2007		5	Dropped
	MPIP	High case	2007		5	Dropped
P100807	PRSC III	Base case	2007	2007	7.5	10
	PRSC III	High case	2007	2007	5	
P101950	HIV/AIDS2	High case	2007	2007	5	5
P106502	PRSC IV (High case)	High case	2008	2009	9	Delayed 09
	Sub Total				79	55
Non Planned Projects						
P090601	IDF Supreme Audit Institution			2005		0
P095557	JSDF LEGAF			2005		1
P103329	Growth & Competitiveness supplemental credit			2008		3
P110773	Road Sector Support Project, Add Fin			2008		5
	Sub Total				0	9
TOTAL					79	64

Source: Business Warehouse 2.a.1, 2.a.4, 2.a.7, 2.a.8 as of Sept 16, 2008; Cape Verde CAS 2005

Annex Table 2: Cape Verde - Non Lending Planned vs. Actual (US\$ thousands), FY 05-08

Project ID	Planned Non-lending	Sector	Planned Completion on FY	Delivered to Client FY	Planned Cost	Actual Cost
P083316	DPR	Economic Policy	Annual	2005	105	147
			Annual	Uncertain	50	
P091725	PER update	ESW	Annual	2007	50	117
P102039		ESW	Annual	2008	50	165
	GPRSP Progress Report		Annual	Uncertain	45	
	Country Portfolio Performance Review		Annual	Uncertain	75	
P097158	CFAA/CPAR (TA)	Financial Management	Annual	2006	60	33
	CAS		2008	Delayed	100	
	Pension Study		2006	Uncertain	15	
P090682	Investment Climate Assessment		2006	2006	25	61
	Human Development Review		2007	Dropped	50	
P095304	Rural Development Assessment		2007	2009	50	165
	Long-term Growth and Competitiveness Study		2008	Dropped	150	
	Poverty Assessment Update		2008	Uncertain	100	
Sub Total					925	688
Non Planned Non-lending						
P099183	Infrastructure Reform, Regulation and Competitiveness	Financial and Private Sector Development		2006		0
P106055	Fisheries Strategy Assessment	Agriculture and Rural Public Sector		2007		35
P094579	Statistical Master Plan (TA)	Governance		2007		38
Sub Total						73
TOTAL					925	761

Source: Business Warehouse "Operations/AAA/ESW/1.4, 4.2.a" and "TA/1.4, 3.2.a"; Operations Portal as of Sept 16, 2008; Cape Verde CAS 2005

Note: According to CAS 2005, CAS table B4 doesn't include trust funds and grants that are expected to support additional AAA in public sector, legal and judicial capacity development, infrastructure reform, and fisheries.

Annex Table 3: Cape Verde - IEG Project Ratings, Exit FY 05-08

Project ID		Exit FY	Approved FY	IEG Outcome	IEG Risk to Do	IEG Sustainability	IEG ID Impact
P000432	CV-Soc Sec Dev (FY99)	2005	1999	MODERATELY SATISFACTORY	#	NON-EVALUABLE	SUBSTANTIAL
P055467	CV- PRIVATIZATION TA	2005	1999	MODERATELY UNSATISFACTORY	#	NON-EVALUABLE	MODEST
P078860	CV- PRSC 1	2005	2005	MODERATELY SATISFACTORY	MODERATE	#	#
P090875	CV- PRSC 2	2007	2006	SATISFACTORY	NEGLIGIBLE TO LOW	#	#
P100807	CV- PRSC 3	2008	2007	SATISFACTORY	NEGLIGIBLE TO LOW	#	#

Country/ Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Deve Impact % Subst (\$)	Inst Dev Impact % Subst (No)
Cape Verde	64.3	5	86.0	80	69.2	50
Sao Tome and Principe	2.6	1	100	100	100	100
Benin	161.3	8	66.9	62.5	83.9	66.7
Haiti	61.2	1	100	100	n/a	n/a
AFR	9,835.6	201	71	68	57	49
Overall Result	58,352.1	878	87	80	65	56

Source: Business Warehouse "Operations/Evaluations/4.a.5, 4.a.6" as of Jan 14, 2008

Annex Table 4: Cape Verde - Portfolio Status Indicators, FY 05-08

Country/Region	Fiscal Year	2005	2006	2007	2008
Cape Verde	# Proj	4	5	4	3
	Net Comm Amt	58	68	55	53
	# Proj At Risk	1	1	0	0
	% At Risk	25	20	0	0
	Comm At Risk	22	22	0	5
	% Commit at Risk	38	33	0	9
Sao Tome and Principe	# Proj	2	2	2	3
	Net Comm Amt	12	12	12	18
	# Proj At Risk	0	1	0	0
	% At Risk	0	50	0	0
	Comm At Risk	0	7	0	0
	% Commit at Risk	0	57	0	0
Comoros	# Proj	1	1	1	1
	Net Comm Amt	13	13	18	18
	# Proj At Risk	0	0	0	0
	% At Risk	0	0	0	0
	Comm At Risk	0	0	0	0
	% Commit at Risk	0	0	0	0
Benin	# Proj	7	8	9	8
	Net Comm Amt	203	233	290	278
	# Proj At Risk	4	0	2	1
	% At Risk	57	0	22	13
	Comm At Risk	93	0	63	31
	% Commit at Risk	46	0	22	11
Haiti	# Proj	3	5	10	12
	Net Comm Amt	75	70	138	167
	# Proj At Risk	1	1	3	4
	% At Risk	33	20	30	33
	Comm At Risk	12	12	20	15
	% Commit at Risk	16	17	14	9
Africa	# Proj	14	20	28	32
	Net Comm Amt	495	1019	1770	2288
	# Proj At Risk	3	1	6	10
	% At Risk	21	5	21	31
	Comm At Risk	73	10	372	636
	% Commit at Risk	15	1	21	28

Source: Business Warehouse "Operations/Supervision/3.a.4" as of Oct 1st, 2008

Number of Projects not include GEFs and IDFs

Annex Table 5: Cape Verde - IBRD/IDA Net Disbursements and Charges (in million US\$), FY 05-08

Fiscal Year	Disb. Amt.	Repay Amt.	Net. Amt.	Interest	Fees	Transfers
2005	29.8	1.3	28.5	1.4	0.1	27.0
2006	10.5	1.4	9.1	1.5	0.1	7.5
2007	24.5	1.7	22.8	1.7	0.0	21.1
2008	19.5	2.2	17.2	0.9	1.1	15.3
Total	84.3	6.6	77.6	5.5	1.3	70.8

Source: WB Loan Kiosk, Net Disbursements and Charges Report as of Sept 22, 2008

**Annex Table 6: Cape Verde - Total Net Disbursements of Official Development Assistance and Official Aid
(in million US\$), Calendar Year 00-06**

Donors	2000	2001	2002	2003	2004	2005	2006	00-06 Total	00-06 Average
All Donors, Total	93.91	77.19	91.75	143.29	143.24	162.14	138.26	849.78	121.40
Bilateral Donors, Total	69.35	48.67	41.82	90.03	91.66	106.65	100.61	548.79	78.40
Bilateral Donors, Top 10	65.77	48.67	40.8	88.93	87.77	100.65	97.16	529.75	75.68
Portugal	22.82	23.03	10.89	40.23	30.77	45.36	47.3	220.4	31.49
Luxembourg	8.3	5.38	7.65	9.64	13.2	16.55	13.82	74.54	10.65
Netherlands	5.98	4.18	1.96	8.11	9.48	11.14	11.83	52.68	7.53
United States	2.9	4.28	5.01	5.65	6.69	12.15	7.09	43.77	6.25
Japan	10.74	3.43	6.31	11.77	3.94	2.83	2.53	41.55	5.94
France	4.32	2.62	3.12	3.85	4.68	4.28	4.43	27.3	3.90
Spain	1.21	1.89	1.85	2.02	9.05	2.71	4.78	23.51	3.36
Austria	4.33	1.8	1.95	2.9	2.01	2.5	3.05	18.54	2.65
Germany	2.15	1.84	1.17	2.16	3	3.11	2.29	15.72	2.25
Switzerland	3.02	0.22	0.89	2.6	4.95	0.02	0.04	11.74	1.68
Multilateral, Total	24.56	28.52	49.93	53.26	51.58	55.49	37.65	300.99	43.00
IDA	10.17	15.73	21.66	18.29	12.69	25.8	20.55	124.89	17.84
EC	1.56	1.71	15.48	22.15	27.85	15.99	9.43	94.17	13.45
AfDF (African Dev.Fund)	6.86	5.96	4.39	5.29	4.06	6.09	0.29	32.94	4.71
UN Agencies	3.25	2.84	3.14	3.12	3.17	3.6	3.43	22.55	3.22
SAF+ESAF+PRGF(IMF)	..	..	3.19	3.44	1.82	3.68	..	12.13	3.03
WFP	0.89	0.76	2.29	0.6	0.34	0.35	0.86	6.09	0.87
Arab Agencies	1.02	1.08	-1.25	-0.16	0.9	-0.12	2.6	4.07	0.58
IFAD	0.53	-0.04	0.75	0.45	0.57	0.16	0.34	2.76	0.39
GEF	0.2	0.12	0.22	..	0.18	..	0.2	0.92	0.18
Nordic Dev. Fund	0.08	0.36	0.06	0.08	..	-0.06	-0.05	0.47	0.08

Source: OECD DCA online database, table DCA 2a as of Sept 22, 2008

07-08 Data not available

Annex Table 7: Cape Verde - Economic and Social Indicators, 1997-2007

Series Name	Cape Verde											Cape Verde	Sao Tome and Principe	Comoros	Benin	Haiti
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007						Average 1997-2007
Growth and Inflation																
GDP growth (annual %)	5.4	7.4	8.6	6.6	3.8	4.6	6.2	-0.7	6.5	10.7	6.9	6.0	7.0	2.1	4.5	1.0
GNI per capita, Atlas method (current US\$)	1240	1240	1290	1280	1240	1210	1400	1630	1920	2190	2430	1552	810	501	402.7	435
GNI per capita, PPP (current international \$)	1680	1790	1920	2030	2130	2200	2320	2320	2450	2730	2940	2228	1500	1037	1108	1209
GDP per capita growth (annual %)	3.0	5.0	6.1	4.1	1.4	2.2	3.7	-3.0	4.1	8.2	4.6	3.6	5.2	0.0	1	-0.7
Inflation, consumer prices (annual %)	8.6	4.4	4.4	-2.5	3.3	1.9	1.2	-1.9	0.4	5.4	4.4	2.7	..	..	3.0	16.1
Composition of GDP (%)																
Agriculture, value added (% of GDP)	12.2	11.6	11.8	12.0	7.8	7.1	6.8	9.7	9.2	8.8	8.6	9.6	20.0	46.9	35.1	25.9
Industry, value added (% of GDP)	17.8	17.0	18.4	17.9	14.7	16.1	19.7	15.2	16.7	16.3	16.5	16.9	18.7	11.9	13.8	24.4
Services, etc., value added (% of GDP)	70.1	71.4	69.8	70.2	77.4	76.9	73.4	75.1	74.1	74.9	74.9	73.5	61.3	41.1	51.1	49.6
External Accounts																
Exports of goods and services (% of GDP)	25.6	20.2	19.3	27.5	30.3	31.5	31.7	14.9	17.0	19.4	19.9	23.4	..	14.2	14.9	12.5
Imports of goods and services (% of GDP)	55.9	55.3	57.8	61.4	63.7	68.1	66.3	53.8	49.7	52.8	55.1	58.2	..	34.4	27.5	35.6
Current account balance (% of GDP)	-5.9	-10.8	-12.7	-10.9	-10.1	-11.6	-11.4	-14.1	-3.4	-3.4	-9.2	-9.4	-36.2	..	-5.9	-1.3
Total debt service (% of exports of goods, services and income)	6.8	10.1	9.5	6.8	5.5	7.6	5.3	5.7	6.5	4.7	..	6.8	26.5	..	8.7	4.5
Fiscal Accounts (% of GDP)																
Total Revenue			27.8	27.0	27.3	31.5	27.4	29.4	31.2	29.4						
of which : tax revenue			17.4	18.5	19.5	20.1	19.3	20.2	21.3	21.6						
Total expenditure			40.8	47.3	31.8	34.1	30.9	30.9	36.3	34.3						
of which: recurrent expenditure			23.5	27.5	22.1	21.0	20.5	20.1	21.0	17.9						
Overall Balance (including grants)			-13.0	-20.4	-4.6	-2.6	-3.5	-1.5	-5.1	-4.9						
Social Indicators																
Health																
External debt, total (% of GNI)	41.3	46.0	56.8	62.8	66.1	68.1	62.0	57.3	56.3	54.7	..	57.1	295.8	98.3	58.7	26.9
Life expectancy at birth, total (years)	68.3	..	..	69.2	..	69.8	..	..	70.7	71.0	..	69.8	64.3	61.8	55.1	58.5
Immunization, DPT (% of children ages 12-23 months)	78.0	80.0	69.0	86.0	78.0	94.0	78.0	75.0	73.0	72.0	..	78.3	87.8	72.5	80.2	47.4
Improved sanitation facilities (% of pop. with access)	..	..	..	41.0	..	..	..	..	..	..	..	41.0	23.0	32.0	27.0	21.5
Improved water source (% of pop. with access)	..	..	..	80.0	..	..	..	..	..	..	..	80.0	84.0	86.5	64.5	57.0
Mortality rate, infant (per 1,000 live births)	..	..	..	31.0	..	..	..	..	26.0	25.0	..	27.3	63.0	55.4	90.6	67.1
Population																
Population, total	420362	430160	440212	450597	461331	472372	483675	495171	506807	518562	530269	473593	145179	564867	7752150.7	8863224
Population growth (annual %)	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.3	1.8	2.1	3.1	1.7
Urban population (% of total)	50.6	51.6	52.5	53.4	54.2	55.0	55.8	56.6	57.4	58.1	58.9	54.9	55.2	28.0	39.0	38.9
Education																
School enrollment, preprimary (% gross)	..	..	..	50.7	51.1	51.1	54.2	53.7	54.5	53.2	..	52.6	28.6	2.5	5.0	..
School enrollment, primary (% gross)	..	..	119.2	118.2	116.7	115.8	113.7	110.6	108.0	105.7	..	113.5	125.3	85.2	89.0	..
School enrollment, secondary (% gross)	..	..	..	..	63.5	65.1	66.1	65.7	67.7	80.2	..	68.0	41.9	29.8	23.9	..
Unemployment, total (% of total labor force)	..	..	..	..	..	..	..	..	..	..	..	..	14.4	..	..	7.2

Source: WB DDP as of Oct 1st, 2008; IMF Article IV consultation 2002, 2004, 2005, 2008

Annex Table 8: Cape Verde - Millennium Development Goals

	1990	1995	2000	2007
Goal 1: Eradicate extreme poverty and hunger				
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				
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				
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				
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				
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				
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				
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				
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
Other				
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

Figures in italics refer to periods other than those specified.

Annex Table 9: Cape Verde - Summary of Achievement of CAS objectives

Pillar 1 : Ensure macroeconomic stability and sound public finance and budget systems			
Objectives	Target outcomes	Actual Results	Comments
a. Ensure macroeconomic stability and public debt sustainability	Macro stability. - Average per capita GDP growth of at least 2 percent. Debt sustainability maintained. - No benchmark.	Per Capita GDP growth averaged 5 % from 2005 to 2007. Total Public debt reduced by 10% in 2007 and net domestic debt benchmark met 2 years ahead of schedule.	Exceeded Targets
	PEM more transparent, and oversight institutions empowered. - No benchmark.	Budget preparation, implementation and monitoring were modernized. Unified budget classification used for 2006/2007 and approval of the Budget Framework Law and the Budget planning law. MTEF for 2005-2007 was prepared and sector MTEF piloted. Tax administration strengthened with a new taxpayer registry and tax identification number, supported by a modern IT system. An Organic Law of IGF approved in 2005, the law of the court of auditors prepared as part of effort to empower oversight institutions. All ministries connected to IT based FMS.	Substantial Progress
b. Improve budget systems	Public expenditures allocated and used according to GPRSP priorities. - Share of budget to key sectors. - No baseline/target data provided in CAS. - Enhanced protection extended to vulnerable groups through an increased share of programs directly benefiting them. - No baseline/target data provided in CAS. - Introduction of cost recovery in social sectors based on ability to pay.	Budget ceilings based on MTEF priorities adopted by sectors. PRSP budget allocations by 2007 for education (23% of budget) and health (7% of budget) were met. The PSM and PSS (income support to the poor) integrated into one system and the number of beneficiaries increased from 14,446 in 2005 to 18,462 in 2008. Government implemented important measures to ensure timely financial contributions to INPS, which went from being indebted (151 m ECV) in 2004 to having surpluses in 2005 (36 m ECV) and 2006 (27 m ECV), enabling it to clear its debt to the central budget.	Substantial Progress
	Municipalities function in clarified framework matched by adapted resources. - No benchmark.	local finances law in 2005 led to increase from 7 to 10 percent in central government transfers to local level for recurrent expenditures. Government is installing a Municipal Information System to strengthen municipal management and communication in 12 municipalities, to be completed by the end of 2008. Draft decentralization law in discussions, but no consensus reached.	Partial Progress
d. Maintain an efficient, effective and accountable public sector	a. Improved ability to manage public sector reform across institutions. - No benchmark.	Ministry established to oversee public sector reform and coordinate sector ministries. Established a human resources database integrated with the payroll.	Good Progress
	b. Framework to manage and train civil servants better adapted to modern administration. - # public managers in place. - No baseline/target data provided in CAS.	Draft basic law on civil service approved by the council of ministers in Jan 2008. No information.	Partial Progress

	- # civil servants trained. - No baseline/target data provided in CAS.	No information.	
e. Improve knowledge and access to legal and judicial system	Improved adherence and knowledge of the law among law communities. - % people surveyed know about the program. - No baseline/target data provided in CAS.	Database of Official Gazette completed, giving access to all published legislation.	Good Progress
	Increased free access to justice system by the poor. - # women assisted through the judicial aid fund. - No baseline/target data provided in CAS.	Justice services program for vulnerable groups partially launched; 3 legal centers opened as of Dec 2007, one of which is functional; No information on # of women assisted.	Partial Progress
	Improved supply of professionals for mediation and arbitration. - # mediators trained. - No baseline/target data provided in CAS. - # disputes resolved. - No baseline/target data provided in CAS.	Laws promulgated for arbitration and mediation. 23 mediators and 12 judges trained, but legal education program not launched. No information.	Good Progress
Instruments for Pillar 1			
	Actual Deliverables	Comments	
Pre- CAS/ On-going Lending	Growth and Competitiveness	Latest PDO rating: Satisfactory	
New Lending/Grants	PRSC I	QAE rating: Highly Satisfactory, IEG rating: Moderately Satisfactory	
	PRSC II	IEG rating: Satisfactory	
	PRSC III	IEG rating: Satisfactory	
	PRSC IV	Postponed FY 09	
	Growth and Competitiveness Supplemental Credit	No rating	
	PRSTF		
	IDF Supreme Audit Institution	Latest PDO rating: Moderately Satisfactory	
Pre-CAS/ On-going Non Lending	PER updates	Delivered in 2007 and 2008	
	Investment Climate Assessment	Delivered in 2006	
New Non Lending	Integrated CFAA/CPAR	Delivered in 2006	
	Statistics Master Plan (TA) - NOT MENTIONED IN CAS/CASCR	Delivered in 2007	
Pillar 2 : Private sector led growth and increased competitiveness			
Objectives	Target outcomes	Actual Results	Comments
a. Reduce over-extended Government	Divestiture program to be completed by end -2005 and increase in public private partnership.	Management contract for Cape Verde Airline. ENAPOR and EMPROFAC not privatized. Food and Pharmaceutical regulatory agency established and interest expressed in buying EMPROFAC.	Limited Progress
b. Improve investment climate	Improved interface between public and private sectors.	Administrative barriers and transaction costs significantly reduced with launch of "citizens houses"	Good Progress

	- Action Plan to reduce administrative barriers is completed.	in Sept 2007. Citizen can register businesses and pay for taxes and other services on line or in person, request birth and death certificates, and financial information.	
	Transaction costs are reduced and contribute to improved supply chains. - No benchmark.	E-banking has expanded significantly since 2004 and clients can now electronically: (i) withdraw funds from their bank accounts; (ii) make transfers between accounts in their bank or other banks; (iii) pay bills for University, telecommunications and energy/water services; and (iv) recharge cell phone accounts. Credit card use has become easier.	Good Progress
	Property rights are strengthened and legal framework facilitates rapid and fair dispute resolution. - No benchmark.	Land Cadastre Law drafted. Establishment of land registries started. Laws promulgated to facilitate mediation and arbitration.	Good Progress
c. Adequate economic regulation capacity	Adequate functioning of Economic Regulation Agency (ERA). - No benchmark.	ERA was staffed and began developing tariff and other regulations by late 2005. Recently, it became fully effective and receives contributions from sector operators.	Good Progress
d. Improving labor markets	Comprehensive labor code in place. - Creation of 2000 formal sector jobs.	Comprehensive labor code published in 2008, but impact ambiguous. No information on job creation.	Partial Progress
e. Enhance infrastructure competitiveness	Increase in public-private partnerships investments to enhance competitiveness and reduce costs. - Improvement in infrastructure competitiveness indices. - No baseline/target data provided in CAS. - 10 percent increase in water and energy connections to customers. - No baseline/target data provided in CAS. - Reduction in the average cost of international telecom to at most \$0.75/min.	Electra (utility enterprise) privatized in 1999 with a sale of 51% of its shares to a strategic partner. However, the government regained its position as the majority stakeholder after protracted and unsuccessful negotiations. Despite the government clearing its arrears, the company has cash flow problems and losses. Access to electricity increased from 69 percent to 90 percent in Praia, and from 92 percent to 98 percent in Mindelo. Access to water improved from 25 percent to 45 percent in Praia, and from 50 percent to 60 percent in Mindelo; and sanitation from 8 percent to 20 percent in Praia and 20 percent to 30 percent in Mindelo. Telecommunications privatization, regulatory reform and the introduction of competition has increased access, improved services and reduced the cost of calls. Landline penetration increased somewhat, but mobile phones increased dramatically. The first company had 134,000 subscribers in Sept 2007 and a second operator launched in Dec 2007. Average international call rates are below the target of \$0.75 per minute.	Partial Progress
f. Strengthen Transport Sector	Implementation of comprehensive sector reform strategy and increased public-private partnership in sector.		Partial Progress

	<ul style="list-style-type: none"> - Institutional and funding mechanism for road maintenance established. - Introduction of private sector participation in ports and the airline. 	<p>A second generation Road Maintenance Fund (RMF) was established in June 2005 and became legally functional in January 2007.</p> <p>A management contract for TACV was initiated on December 5th, 2006 and a privatization advisor recruited for ENAPOR in march 2008. The government continues to play an important role in the transport sector. It has designed a strategy to increase private sector participation, but has not taken any action on it.</p>	
g. Improve rural sector growth	<p>Smallholder production systems are developed.</p> <ul style="list-style-type: none"> - No benchmark. <p>Non-farm activities are developed, including small-scale fishing, cottage industries and tourism.</p> <ul style="list-style-type: none"> - No benchmark. 	<p>Bank interventions to achieve this objective such as the rural development assessment, fisheries project and the multi-sector private infrastructure project were not initiated or completed. A fisheries sector strategy was prepared for future implementation.</p>	Very Limited Progress
h. Encourage environmentally sustainable growth	<p>Adequate implementation of Environmental Action Plan.</p> <ul style="list-style-type: none"> - No benchmark. 	No information.	No Information
Instruments for Pillar 2			
	Deliverables	Comments	
Pre-CAS/ On-going Lending	Growth and Competitiveness	Refer to Pillar 1	
	Social Sector Development	QAE rating: Satisfactory, IEG rating: Moderately Satisfactory	
	Railway Modernization and Restructuring Project		
	Energy/Water	Latest PDO rating: Unsatisfactory	
New Lending	PRSCs	Refer to Pillar 1	
	Roads sector support project	QAE rating: Satisfactory, Latest PDO rating: Satisfactory	
	Roads sector support project, Add Fin	No rating	
	MPIP	Dropped	
	Fisheries (GEF)	Dropped	
Pre-CAS/ On-going Non Lending	PER updates	Refer to Pillar 1	
New Non Lending	CFAA	Refer to Pillar 1	
	CPAR	Refer to Pillar 1	
	Pension study	According to CASCR, Delivered in 2007, Couldn't find information.	
	Infrastructure regulation and competitiveness diagnostic report	Delivered in 2006	
	Rural Development Assessment	Incomplete	
	Long term growth and competitiveness study	Dropped	
	Fisheries Strategy Assessment	Delivered in 2007	
	DPR	Delivered in 2005	

Pillar 3: Implement social programs to alleviate poverty and inequity			
Objectives	Target outcomes	Actual Results	Comments
a. Expand access to education and improve its quality	Expanded coverage of early childhood education. - % of 3-5 year old enrolled in early childhood education. - No baseline/target data provided in CAS.	Increase to 62% of 3-5 year old enrolled in early childhood education in 2006, compared to 57% in 2003.	Good Progress
	Improved quality and efficiency of education. - Primary repetition and completion rates. - No baseline/target data provided in CAS. - % primary teachers with formal academic training, achievement test scores. - No baseline/target data provided in CAS.	Reduced rate of primary repetition from 13% in 2003 to 8 % in 2006 and completion rates increased from 81% to 83% from 2003 to 2006. Increase to 83% of primary teachers with formal academic training in 2006, compared to 75% in 2003/04.	Good Progress
	Expanded and diversified general and technical secondary education supply. - % children completing 8 years of schooling. - No baseline/target data provided in CAS. - % poor secondary students benefiting from the school welfare program. - No baseline/target data provided in CAS.	Increase to 60% of children completing 8 years of school, compared to 50% in 2003/04. Increase to 13,000 poor secondary students benefiting scholarships, compared to 10,000 baseline (03/04).	Good Progress
	Expanded and diversified professional training service delivery. - # enrolled in professional training and apprenticeship programs. - No baseline/target data provided in CAS.	Vocational training strategic plan will be implemented during next CAS period.	Limited Progress
	Consolidated and restructured tertiary education sector. - # graduates of tertiary education. - No baseline/target data provided in CAS.	No information.	No information
	b. Develop a sustainable health financing framework and improve access to services	Improved sustainability, access and quality of health services. - Ratio of key types of health personnel per capita and by district. - No baseline/target data provided in CAS.	Increase of 55% in access to health facilities, from 35% of population in 2003/04 to 80% in 2007; No information on ratio by district. Sufficient financing from annual budgets for programs to combat HIV/AIDS, TB and malaria; the expanded program for immunization; and the integrated management of childhood infection (IMCI).	Good Progress
More efficient health services. - Data available on efficiency of service delivery, efficiency measurements show improvement. - No baseline/target data provided in CAS.		Regional disparities reduced.	Insufficient Information

	<p>Improved coverage of priority health programs (Integrated Management of Childhood Illness- IMCI). - # facilities implementing IMCI, vaccination coverage for children under one, % assisted deliveries.</p> <p>- No baseline/target data provided in CAS. - Increase of 10 percent in immunization rates. - No baseline/target data provided in CAS.</p>	<p>Increase of 10 percent in vaccination rates for children <1, from 80% in 2005 to 90% in 2007.</p>	<p>Good Progress</p>
	<p>Population more knowledgeable and with healthier behaviors.</p> <p>- % population knowing at least one preventive measure for HIV/AIDS.</p> <p>- No baseline/target data provided in CAS.</p>	<p>Condom use reported to have increased from 18 percent to 30 percent for females and from 43 percent to 60 percent for men at last according to survey (revised indicator).</p>	<p>Good Progress</p>
	<p>Improved financial access and sustainability of health services.</p> <p>- % population covered by insurance, financial ratios of health insurance.</p> <p>- No baseline/target data provided in CAS.</p>	<p>About 14,000 civil servants now have health insurance covered by INPS; No information % population with insurance.</p>	<p>Partial Progress</p>
<p>c. Reduce vulnerability and social exclusion</p>	<p>Improved ability to plan and monitor social assistance services.</p> <p>- % target population with access by region. - No baseline/target data provided in CAS. - # programs under decentralized implementation. - No baseline/target data provided in CAS.</p>	<p>Social Services Map was prepared which identified 609 social service centers – this is a first step to identify gaps and better target services. Government signed 10 new agreements with NGOs providing social assistance services at local level.</p> <p>No information.</p> <p>Indicator on decentralization dropped.</p>	<p>Limited Progress</p>
	<p>Improved access by the poor to education, health and nutrition services.</p> <p>- % poor students receiving school support. - No baseline/target data provided in CAS. - % poor with access to medicines. - No baseline/target data provided in CAS.</p>	<p>MTS provided support to 184 at-risk students in 2005 to receive secondary and vocational education; indicator on health services dropped.</p> <p>No information.</p> <p>No information.</p>	<p>Limited Progress</p>
	<p>Expanded coverage and better targeting of the non-contributory pensions schemes.</p> <p>- % social pension recipients in lowest income quintile. - No baseline/target data provided in CAS.</p>	<p>Two of the main non-contributory schemes were integrated with a unified information system and digital cards issued that resulted in a 28% increase in the number of beneficiaries. A social services map was completed that identified 609 social service centers.</p>	<p>Good Progress</p>
	<p>Improved outreach and coverage of children at extreme risk.</p>	<p>Commission established to overhaul framework for protecting children. It increased the supervision of</p>	<p>Good Progress</p>

	<ul style="list-style-type: none"> - # children receiving services. - No baseline/target data provided in CAS. - # NGO and ministry staff trained in child services. - No baseline/target data provided in CAS. 	NGOs providing services to at-risk children.	
	<p>Better prevention and management of food crises.</p> <ul style="list-style-type: none"> - Time between identification of crisis and response. - No baseline/target data provided in CAS. 	<p>A food security survey conducted in 2005 and a national council created, making it possible to identify families and zones at risk and prepare a coordinated approach to providing services in the future.</p> <p>No progress reducing time between identification of crisis and response.</p>	Limited Progress
d. Reduce poverty by one percentage point per annum	Reduce poverty by about one percentage point per annum.	Poverty headcount dropped from 37 % of the population in 2001 to 27 % in 2007.	Exceeded Targets
Instruments for Pillar 3			
	Deliverables	Comments	
Pre-CAS/ On-going Lending	Social Sector Development	Refer to Pillar 2	
New Lending	PRSCs	Refer to Pillar 2	
	HIV/AIDS 2	No rating	
Pre-CAS/ On-going Non Lending	Poverty Assessment	To be completed in FY 09 according to CASCR	
New Non Lending	Review of human development	Dropped	