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Portugal: Cape Verde



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INDICATIVE COOPERATION PROGRAMME PORTUGAL – CAPE VERDE 2008-2011

Executive Summary

Framework

In 2008 Cape Verde will embark upon a new phase in its development, after having graduated from the UN list of Least Developed Countries (LDCs). It will likewise begin a new relationship with the EU, with a broader and more comprehensive partnership agreement that envisages cooperation in an unprecedented manner. Cape Verde's entry into the World Trade Organisation is another element that will have a significant impact on the integration of the country's economy into world markets.

The next cycle of programmes between Portugal and Cape Verde will be developed within this new reference framework, based on modalities that are highly innovative in many aspects. The programmes seek to assist Cape Verde in reinforcing and consolidating its development in a sustainable manner so that it can serve as a catalyst and play a leadership role in the region.

The cooperation strategy for this four-year period aims to support Cape Verde in vital areas, in order to help consolidate and reinforce the progress that has already been achieved both in social terms, with the continued implementation of the Millennium Development Goals (MDGs), and at the economic level, seeking to minimise some challenges faced by the nation, so as to ensure that its economy is integrated into the global economy in a progressive and sustainable manner.

Portugal will focus especially on the consolidation of the special partnership agreement between Cape Verde and the European Union. This aspect will be evident throughout the Indicative Cooperation Programme (PIC) for the next quadrennium, both in terms of projects developed and as regards the Direct State Budget Support provided.

The new programme seeks to complement Cape Verde's developmental strategy, as described in the Strategic Paper on Growth and Poverty Reduction (DECRP) II, in accordance with its set timeframe and the Portuguese cooperation guidelines.

The principles of the Paris Declaration on Aid Effectiveness were also taken into consideration in preparing the PIC, as were the results of the external audit of cooperation between the two countries. All the lessons learnt in the course of this process have been incorporated into the programme so as to ensure greater effectiveness, alignment and harmonisation in the context of this cooperation.

Axes and Priority Areas

The main priorities for cooperation between Portugal and Cape Verde during the period 2008-2011 include **Good Governance, Participation and Democracy** (Institutional Capacity Building, Public Finances, Internal and Technical-Military Security), **Sustainable Development and Poverty Reduction** (Education, Professional Training, Social Development and Infrastructure) and the establishment of a **Cooperation Cluster**. These axes and the respective fields of intervention were chosen by taking into consideration Cape Verde's priorities and the comparative advantages and sectorial priorities of Portuguese cooperation, keeping in mind the new challenges faced by Cape Verde and the positive contribution that Portugal can provide for this process via the establishment of a Strategic Partnership.

The inherent advantages afforded by Portuguese cooperation, based on a common language and a similar judicial and institutional framework, ensure that cooperation is an essential element of projects and programmes where technical assistance and training are fundamental components. Portugal also supports projects aimed at developing infrastructure and has introduced a new aid mechanism: Direct State Budget Support.

The present PIC aims to establish a **cooperation cluster (Axis III)**. This is an integrated plan centred on a core strategic project around which other smaller but complementary projects will later be developed within a common framework so as to enhance sustainability and the long-term impact. The objective is to promote sustainable development through an integrated approach based on new technologies so as to create synergies between various agents.

The bi-multilateral approach will be strengthened in order to foster bilateral cooperation, liaising it with multilateral initiatives, namely with UN agencies and the

European Commission. Within this context, complementarity and coordination with other bilateral partners are also essential elements of the programme.

Financial Framework for the PIC

The Portugal- Cape Verde Indicative Cooperation Programme 2008-2011 will have an indicative budget of 70 million euros. This sum will be divided between the three Strategic Axes in the following manner: i) Good Governance, Participation and Democracy, 21.4%; ii) Sustainable Development and Poverty Reduction, 58.6%; iii) Cooperation Cluster, 10%. Portuguese cooperation will establish the modality of Direct State Budget Support up to the sum of 7 million euros, which accounts for 10% of the PIC.

Implementation, Monitoring and Evaluation

All measures taken in the course of this Indicative Cooperation Programme must keep in mind the general and specific objectives laid down for each priority axis and the respective area of intervention, providing effective solutions at a sectorial level. Priority will be given to structural programmes where the sustainability and assimilation of the same are ensured. In cases that are clearly in Cape Verde's interest, short-term ad-hoc actions may also be considered, on an exceptional basis.

Monitoring and evaluation of the implementation of the PIC 2008-2011 shall be the responsibility of IPAD and the Directorate-General for International Cooperation, on behalf of the Portuguese and Cape Verde governments, respectively. These bodies will closely monitor the operation of the PIC so as to analyse the progress that has been achieved in terms of the general and specific objectives of the Programme, based on the intervention framework. This will enable the timely identification of possible constraints and the implementation of necessary corrections. During the last year of the programme, Portuguese cooperation will promote an external audit of the PIC 2008-2011 to facilitate possible improvements and formulate recommendations for the next programme cycle on the basis of these experiences.

PART I
COUNTRY STRATEGY
PAPER

1. Framework of Relations between Portugal and Cape Verde

1.1. *General Objectives of Portuguese Foreign Policy*



Portugal's foreign policy is framed within the *Programme of the XVII Constitutional Government* and the *Main Planning Options*. The government recognises that cooperation is one of the pillars of Portuguese foreign policy and is an essential tool for strategic action in Portugal's relations with the world.

The current strategic guidelines of Portuguese cooperation are described in the document entitled *A Strategic Vision for Portuguese Cooperation*. This document defines the principles, sectorial and geographical priorities and the mechanisms used to ensure greater effectiveness for Portuguese cooperation, subject to a principle of political and institutional coordination that enables the optimum use of resources.

The guiding principles of Portuguese cooperation, both at the bilateral and the multilateral levels, include a commitment to achieving the Millennium Development Goals (MDGs), strengthening human security, especially in fragile situations, support for Portuguese speaking countries, sustainable economic development and playing a more active role in international debates.

These principles are the starting point for the identification and establishment of priorities in terms of Portuguese cooperation. The principle of optimising the use of resources to ensure greater effectiveness in cooperation is a key factor in defining these priorities, focusing on the sectorial and geographic contexts and keeping in mind Portugal's advantages when compared to other aid partners, such as a common language and historical ties.

The establishment of sectorial priorities is likewise guided by universal principles such as respect for human rights, good governance, environmental sustainability, cultural diversity, gender equality and poverty reduction, a key objective of the MDGs.

In geographical terms, and along the lines it has followed to this date, Portugal will direct most of its public development aid to African Portuguese speaking nations and to East Timor, including the regional areas of which they are a part. South-South relations will also be encouraged, especially between Brazil, African Portuguese speaking nations and East Timor, thus reinforcing the Community of Portuguese Speaking Countries (CPLP).

In sectorial terms, the Portuguese Government will focus its efforts on three aspects: **(i)** Good Governance, Participation and Democracy; **(ii)** Sustainable Development and Poverty Reduction (Education, Health, Rural Development, Environmental Protection and the Sustainable Management of Natural Resources, Economic Growth and the Development of the Private Sector, Training and Employment Generation); and **(iii)** Education for Development.

These sectorial priorities will vary according to the timeframe and the partner nation in question and will, ideally, concentrate primarily on two strategic axes in an effort to ensure that Portuguese cooperation is more rational, effective and efficient and may thus better contribute towards sustainable development, namely by promoting ownership and capacity-building within the partner nations.

As an EU Member State, Portugal is committed to the implementation of the European Consensus on Development, a European Union general policy framework

that primarily seeks to reduce poverty. Similarly, it supports the EU Strategy for Africa and identifies with European commitments to reinforce development in Africa, in order to achieve the Millennium Development Goals, key goals of international efforts.

On the other hand, it is essential to ensure a convergence between bilateral and multilateral actions to overcome the challenges along the path of development, especially in Africa, thus framing resources spent on public development aid within a common framework. In this context, Portugal favours a bi-multilateral approach to foster bilateral cooperation, by linking bilateral agreements with multilateral efforts, i.e. with United Nations agencies, the EU framework and International Financial Institutions.

The “*Strategic Vision*” introduced an innovative concept within the scope of Portuguese cooperation, namely that of cooperation clusters, an instrument that assumes a central role in the framework of bilateral cooperation, so as to introduce greater effectiveness and sustainability. The cluster translates into intervention that focuses on a strategic project, around which other complementary and smaller projects will then be developed to facilitate an integrated approach in a target region of a partner country.

Support for the development of the private sector and market economies in partner countries is also an important area for intervention within the framework of new guidelines. This support seeks to promote the integration of such countries into the world economy in a broader context of globalisation.

1.2. *Strategic Objectives of Cooperation with Cape Verde*

The strategic objectives of cooperation with Cape Verde have been formulated in accordance with the priorities and guidelines that have been identified within the scope of Portuguese cooperation policies. They have also been established after considering a combination of the priorities and needs of the Cape Verde Government, in the context of the island nation’s development strategy (the principles of

ownership and alignment¹), and the strategic guidelines and capacities of Portuguese cooperation, especially keeping in mind existing advantages in certain sectors as compared to other donors.

The priorities of the Cape Verde authorities are described in the programming documents in effect, namely the Strategy for Growth and Poverty Reduction (ECRP) and the Government Programme for the 2006-2011 legislature. Within the programmes of the current administration, the Government of Cape Verde has identified the following main objectives to be achieved over the course of the next few years:

- Greater competitiveness and economic growth;
- Progressive integration into world markets;
- Poverty reduction;
- Modernisation of state mechanisms;
- Greater social justice.

The Cape Verde Government is also of the view that it is essential to consolidate democratic institutions over the next few years and is committed to consolidating **Good Governance**, as a key factor for Cape Verde's overall development strategy.

These guidelines are rooted in the main strategic objectives described in the *Strategy for Growth and Poverty Reduction (ECRP)*, a document that frames poverty reduction within an integrated approach that encompasses different areas of governance, in close connection with policies aimed at fostering economic growth.

The fact that Cape Verde graduated from the category of Least Developed Country in 2008 is viewed as recognition of the country's efforts to ensure Good Governance and a judicious use of resources, having achieved good results in the field of economic management and human development. For the country to be able to continue on its path towards greater development based on lasting progress and poverty reduction, Cape Verde will benefit from the necessary means and resources that can help it accomplish its strategy for a smooth transition. This is the view expressed in

the declaration on the nation's effective and sustainable graduation from the ranks of LDCs as adopted by the Cape Verde Government and the Transition Support Group on 12 June 2007.

The Special Partnership Agreement signed between Cape Verde and the EU in November 2007 also entails the mobilisation of means and resources to enable the implementation of the Action Plan in its diverse facets.

Its graduation from the group of LDCs, the new framework of the special partnership with the EU and Cape Verde's entry into the World Trade Organisation all represent new challenges for the nation on its path towards development. The continued support of the international community is essential to reinforce the progress that has already been achieved, especially in socio-economic aspects, whose indices (i.e. the Human Development Index and per capita GDP) were the touchstone for the conditions that enabled Cape Verde to graduate from the UN list of Least Developed Countries.

Cape Verde also faces external challenges that compound the existing vulnerabilities of this island nation:

- Environmental vulnerability;
- Geographic vulnerability as an isolated island nation;
- Emerging security vulnerability;
- Vulnerability in terms of energy resources;

The strategic objective of Portuguese cooperation with Cape Verde during the period of the Indicative Programme is to support the nation in this new phase, in structural areas conducive to reducing poverty and which will enable Cape Verde to reinforce and consolidate its process of development. It seeks to achieve effective and sustainable progress so that Cape Verde can serve as a catalyst and play a leadership role in the region.

Portuguese cooperation will especially focus on the new framework of relations between Cape Verde and the EU and, working in harmony with the European Union, will strive to complement and consolidate the Special Partnership Agreement.

These objectives are in keeping with the underlying strategic guidelines for Portuguese cooperation with Cape Verde during the period in question, namely:

- *Focusing Cooperation on Strategic Axes.* Cooperation will focus on three strategic axes: **(i) Good Governance, Participation and Democracy**, by means of initiatives for *institutional support and capacity-building* that contribute especially towards modernising public administration reforms and reinforcing the judicial system, which are essential factors to promote the rule of Law. It also envisages support in areas such as Public Finances, Internal Security and Technical-Military Cooperation. Support for empowering civil society and to develop and consolidate voluntary associations, thus contributing for the promotion of representative and participatory democracy, will also be an area of intervention; **(ii) Sustainable Development and Poverty Reduction**, by means of support in the sector of Education, continued support for higher education, redefining intervention at the level of secondary education and considering options for intervention at other levels; support for Socio-Community Development, by means of initiatives for social inclusion and support for the construction of basic infrastructure to create the necessary conditions and an environment that is conducive to economic and social development; **(iii) Establishing a *Cooperation Cluster***, thus developing synergies that contribute towards modernising Cape Verde, supporting the national strategic plan for an information society; the implementation of national strategies for e-government and combating information-exclusion, especially by means of the dissemination of information technology, thus stimulating and dynamising the nation's economic fabric and contributing so that Cape Verde can assume a significant role in terms of innovation within the regional context;
- *Geographical Decentralisation.* Efforts will be made to continue implementing measures at a decentralised level and within municipalities in order to overcome geographical, social and gender disparities;
- *Strengthening the bi-multilateral approach* in the implementation of cooperation projects. Special attention will be given to identifying projects that can be implemented in partnership with multilateral agencies that have a presence in Cape Verde, especially the European Union (development of the Action Plan) and UN bodies;

- *Increasing the coordination with other bilateral donors, to complement cooperation and make the most of synergies;*
- *Promoting greater involvement by civil society and the private sector. Favouring public – private partnerships that make the best use of available resources and can ensure a stronger relationship between cooperation and economic development;*
- The introduction of crosscutting issues such as gender issues, good governance and environmental sustainability.

Additional guidelines include international good practices, the code of conduct and a division of labour while implementing public development aid. Portugal will thus articulate its actions with other partners and, in some areas where its role as a donor nation so justifies, it can take the initiative to promote coordination meetings in the field so as to avoid the duplication of efforts and ensure that such actions complement each other.

1.3. *Main Bilateral Agreements*

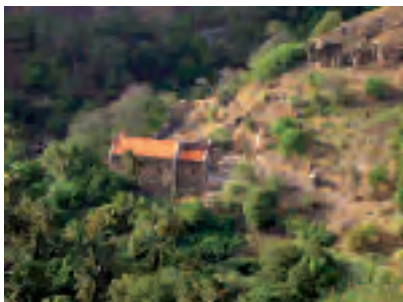
Numerous cooperation agreements have been signed with Cape Verde. Of these, the General Agreement for Cooperation and Friendship that was signed in Praia in July 1975 is especially relevant. This pact sought to consolidate ties of friendship and solidarity between the two nations and to implement a common policy for cooperation with a view to strengthening this relationship.

2. Analysis of the Partner Country

2.1. *Analysis of the Political, Economic, Social and Environmental Situation*

2.1.1. POLITICAL SITUATION

The Republic of Cape Verde is governed by a democratic parliamentary system of government, based on the principles of popular sovereignty, the plurality of expression and respect for fundamental rights and liberties. It has free elections by direct and universal suffrage that elect the President of the Republic, the Legislative Organ (National Assembly) and municipal bodies.



The nation is a multi-party democracy in the course of which power has been held by different parties and the transfer of power has taken place regularly and peacefully by means of free elections from 1991 onwards, the year in which constitutional changes were introduced. The state structure is based on a decentralised system, divided into 22 municipalities, whose mayors have been elected from 1990 onwards, the year in which a multi-party political system was adopted in Cape Verde.

These shifts in political power over the course of these years demonstrate that democracy has firmly taken root in Cape Verde society. This situation is also reflected at the level of state reforms and the public administration and especially in terms of respect for human rights, an aspect in which Cape Verde is an exemplary case, not just in Africa but also at a global level.²

² Cape Verde has never been cited in Amnesty International documents.

Political activities are carried out as envisaged by the Constitution and are overseen by institutions such as the Supreme Court of Justice, the Financial Tribunal, the Council for Mass Communications and the Council for Social Justice. Other elements that participate actively in the nation's political life include channels of mass communication and elements of civil society, either as individuals or organised into NGOs.

Cape Verde is considered to be a peaceful, tranquil nation but as of late security concerns have become evident. Due to its geographical situation, the country is exposed to new threats such as drug and human trafficking, illegal immigration and international crime. In addition to aspects pertaining to internal security, efforts to combat these threats have increasingly stretched an already limited state budget and have resulted in the diversion of resources from social sectors to meet these new security challenges.

2.1.2. ECONOMIC SITUATION

The structure of Cape Verde's economy differs considerably from that of most African countries due to the predominant role of the tertiary sector, which accounts for an important share of the nation's GDP and provides a significant amount of employment. This feature is due to the fact that Cape Verde has a very limited primary and secondary component in its economy due to the precarious conditions for agriculture, insufficient exploitation of maritime resources and the absence of other natural resources, coupled with the inherent constraints of an extremely small domestic market. Similarly, an analysis of the structure of the country's economic output highlights the fragility of Cape Verde's production base with high costs of production.

The composition of Cape Verde's GDP is very similar to that of a post-industrial nation, with the exception of the technological infrastructure that normally accompanies such development.

Imports are the main prop for domestic commerce and comprise the largest component of foreign trade. In 2005 imports represented about 42% of the nation's GDP while exports were the smallest component of foreign trade. Exports from Cape Verde cover only 4% of the country's imports.

In recent years, Cape Verde has experienced a substantial economic boom with an average growth rate of over 5%. This development is essentially due to economic reforms that focused on the creation of a strong private sector. It is especially worthy of note that the per capita GDP in Cape Verde is one of the highest in West Africa, having reached US\$ 1,930 in 2006.³

³ Bank of Cape Verde.

The recent economic changes that have taken place have essentially been generated by the tertiary sector, whose growth and predominance in the composition of the nation's GDP and its role in the creation of employment have been one of the main distinguishing features that has characterised Cape Verde's economy. The rise of the tertiary sector has been shaped by the strong performance of the tourism industry and the transportation, banking and insurance sectors.

The comparative advantages that could most easily be transformed into sources of competitive advantages and that have a greater propensity to attract private investments and create employment are primarily concentrated in the tertiary sector. The redistribution of resources from less productive to more productive sectors propelled by the growth and predominance of private investments has resulted in an increased elasticity in terms of employment in the context of this growth.

Nevertheless, the progress that has been achieved is not yet sufficient to be represented as a relevant structural change in terms of Cape Verde's economy, which still depends greatly on external resources as a result of its considerable economic vulnerability.

Private financial transfers (remittances from emigrants) and public financial transfers (development aid) comprise the most important component of external earnings and have enabled a positive Balance of Payments despite the high trade deficit. They are likewise an important part of funding for the nation's public deficit.

Cape Verde's Balance of Payments continues to be an especially vulnerable aspect of the nation's economy.

The figures for 2006 point towards a deterioration of external accounts, with a current deficit that rose to 5.3% of the GDP while the overall balance witnessed a slight reduction in its positive total (down to 4.9% of the GDP as compared to 5.7% in 2005).

The aggravation of the current external deficit in 2006 reflected the worsening of the trade balance as a consequence of the accentuated growth in imports of consumer goods and investments and the increased deficit of the balance of payments that involves interest for external debt. These negative effects were partially

offset by a strong growth in tourism earnings. The growing importance of this sector in Cape Verde's economy is reflected in the fact that in 2006 it represented 19% of the nation's GDP.

On the other hand, the external debt stock rose to an annual average rate of 5% during the period 2000-2006, while debt servicing rose, in its turn, to an annual average rate of 6% during the same period.

The main component of Cape Verde's external debt consists of medium and long-term loans that have been contracted on favourable terms from multilateral and bilateral development partners. Multilateral partners comprise Cape Verde's largest creditors, representing approximately 74% of all external debts and they receive about 63% of Cape Verde's total debt servicing payments. Debt servicing is a considerable burden for Cape Verde, which does not benefit from any debt relief initiatives⁴.

Nevertheless, the Cape Verde Government has striven to honour the payment of its debts by means of a rigorous management of the state budget.

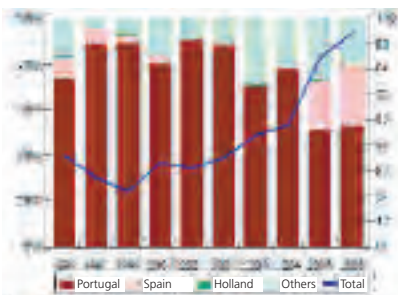
As for the trade balance, there has been a reduction in the degree of coverage of imports by exports (down from about 20% in 2005 to 17% in 2006), despite the fact that exports have shown signs of dynamism, especially in terms of the re-export of petroleum products and maritime products.

The following charts provide an overview of the evolution of exports and imports and Cape Verde's main trading partners over the past ten years.

⁴ Cape Verde's position with regard to the G8 debt relief proposal for heavily indebted nations is very clear. It supports the G8 initiative, however it would like the International Community to also look at countries that contracted debt in a prudent manner and have striven to honour debt servicing despite situations of budgetary constraints within a context of good governance, democracy and respect for human rights, a category that includes Cape Verde.

Exports (1997-2006)

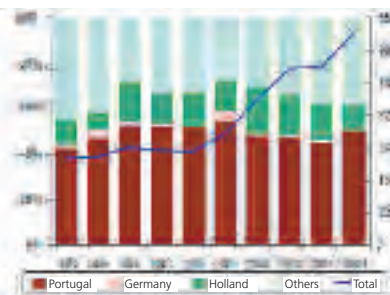
Destination shown in percentages and in millions of USD



Source: Bank of Cape Verde

Imports (1997-2006)

Countries of origin shown in percentages and in millions of USD



Source: Bank of Cape Verde

⁵ Bank of Cape Verde Forecast.

The government's budgetary policy has contributed decisively towards consolidating macro-economic stability, the low rates of inflation and a reduction of the nation's tax deficit. Although Cape Verde's budgetary deficit is still negative it has been improving since 2001. It has been predicted that in 2006 the current balance will achieve a surplus of 2.6%⁵.

2.1.3. SOCIAL SITUATION

The policies adopted in recent years have enabled Cape Verde to make remarkable progress at the level of human capital, especially in the sectors of **Education** and **Health**.

The nation's **educational policies** have focused on the following priorities:

- *The promotion of quality and social justice*, the main objective being to improve the quality of education and the results of apprenticeships and to reduce local and social disparities with regard to access to quality education;
- *Upgrading, increasing and diversifying available education and technical and professional training*, by optimising existing resources and implementing effective mechanisms to articulate general secondary education, technical and professional training, literacy and adult education with the employment sector and other social partners;
- *The sustainability of the educational system*, by means of greater control of costs and funding and a greater contribution by families;
- *The reinforcement of socio-cultural and civic values and economic entrepreneurship*, by reaffirming the role of educational institutes as privileged spaces for socialisation and the construction, renewal and transmission of models, principles and values that enable the creation / / reinforcement of subjective, cultural and social bases for personal and socio-economic development.

Highlights of the results achieved so far include: **(i)** the school system has developed rapidly, primary education has been extended throughout the country and

secondary education is available in all urban centres; **(ii)** an increase in the rate of enrolments of children in pre-school education, which was around 49% in 1997 and rose to 56% in 2003; **(iii)** the universal application of compulsory primary education for six years, with an overall schooling rate of around 96.5% in 2004 /05; **(iv)** parity between boys and girls in terms of access both at the level of primary and secondary education; **(v)** the generalised use of primary school textbooks has risen to over 90%; **(vi)** the reinforcement of literacy campaigns and adult education, reflected in recent figures showing a decline in illiteracy, which has been reduced to 25%; **(vii)** significant growth in enrolments in institutes providing secondary education, up from 31,602 in 1997/98 to 49,522 in 2002 /03; **(viii)** increased opportunities for teacher training /capacity building by means of basic training courses, continuous training and refresher courses; **(ix)** the diversification and expansion of training for teaching staff both within the country and abroad.

A recent report concerning the accomplishment of MDGs indicates that significant progress has been made. Universal Primary Education has already been achieved, which has resulted in the establishment of more ambitious goals to be implemented up to 2015. In terms



of gender equality, during the academic year 1990 / 91 the effective rate of schooling for girls did not surpass the rate for boys. In effect, the prevailing rates were 72.6% for boys and 70.4% for girls. However, in 2004 /05 there was a notable tendency towards a more or less equitable balance between boys (51.4%) and girls (48.6%) attending primary education, a balance that was evident even at municipal level. Nevertheless, some differences still persist. There has been a considerable rise in the number of enrolments in terms of secondary education. The net rate of schooling has been increasing and was 58.5% for the academic year 2004/05, being 55.2% and 61.9% for boys and girls, respectively. Cape Verde's plan to achieve universal enrolments in secondary education by 2015 is feasible.

Some progress has been made in the area of **professional training** but there are still numerous hurdles to be overcome, especially a dearth of mechanisms to fund professional training. Current efforts to regulate the system of professional education face great financial challenges. These initiatives include regulating the funding structure (public, private and student resources) as well as measures to combat regional disparities by means of the establishment of new infrastructure and by using local synergies.

In the sector of **Public Health** there has been a general tendency towards improvement in terms of some indicators such as infant mortality, mortality amongst children under the age of five and maternal mortality, areas in which the MDGs have been achieved. However, some indicators have shown negative trends, notwithstanding the significant progress that has been made in terms of quality and the relevance of initiatives that are currently underway, namely in the field of family planning, campaigns against polio and measles, and the Expanded Vaccination Programme (PAV).

Acute respiratory diseases, diarrhoeal illnesses and perinatal ailments are the main causes for infant morbimortality.

In terms of combating HIV/AIDS, the implementation of the new Strategic Plan has already commenced. The programme is characterised by a strong decentralised element and significant involvement on the part of the private sector and tertiary entities. Similarly, special attention has been given to families, youths and children who have been affected by the disease or have been infected by HIV/AIDS. The progress that has been achieved so far includes the introduction of universal access to anti-retroviral treatment, the implementation of preventive measures and epidemiological surveillance.

In overall terms the rate of maternal mortality in the country has decreased since the 1990s. It ranged from between 30/100,000 in 2003, 36.9/100,000 in 2004 and 14.5/100,000 in 2005, which does not allow any conclusions as to whether it is increasing or decreasing. Using the maternal mortality figures for 1995 (69.1‰) as a reference, the target for 2015 was to achieve a rate of 17.3‰, which has already been surpassed in 2005.

Civil society organisations have played an active role in the area of promoting public health, especially sexual and reproductive health, working closely with the National Service for Reproductive Health. Significant progress has been achieved in the field of obstetric and gynaecological care, with improved services being offered via central and regional hospitals and at reproductive health centres located in municipalities. The intervention of the private sector has increased the range of available services.

2.1.4. ENVIRONMENTAL SITUATION

The diagnostic report prepared within the scope of the Second National Environmental Action Plan (PANA II) identified serious challenges that Cape Verde faces in this area. These concerns include soil degradation in rural areas, soil pollution in urban areas, pollution along the coastline, water and air pollution, landscape degradation, the loss of biodiversity and the accumulation and disposal of waste.

Policy measures aimed at environmental protection and conservation are essential owing to the fragile nature of Cape Verde's natural ecosystem. There is a visible imbalance between the exploitation of natural resources and demographic pressure. An emphasis on environmental training, the active involvement of the population in such issues, the promotion of suitable cultural practices, the sustainable management of natural resources (water, soil, biodiversity), territorial classifications that safeguard the environment and basic infrastructure that takes the environmental impact into consideration are all measures that promote environmental awareness and contribute towards mitigating structural causes of poverty.

Successive governments have expressed great concern about the preservation of ecosystems and have adopted measures that have resulted in a greater awareness of environmental questions, including the preparation of the Second National Environmental Action Plan (PANA II) for the period 2004-2014. The PANA II plan seeks to provide strategic principles for the judicious use of natural resources and the sustainable management of economic activities. On the other hand, it also reflects and incorporates the guidelines endorsed by the World Summit on Sustainable Development held in Johannesburg, in September 2002.

The Second National Environmental Action Plan (PANA II) identified four priority areas for intervention:

- Sustainable management of water resources;
- Basic sanitation;
- Biodiversity;
- Territorial classification

The Second National Environmental Action Plan (PANA II) is a decentralised and multi-sectorial programme. There are nine Intersectorial Environmental Plans (PAIS) that cover the areas of sustainable management of water resources, public health, biodiversity, territorial classification, education, training, information and awareness, tourism, agriculture, forestry, cattle breeding, fishing, industry, energy and commerce and 22 Municipal Environmental Plans (PAM).

As a result of measures that have already been implemented to date, there has been an improvement in services supplying water to the most diverse kinds of communities. This has resulted in a palpable and quick improvement in the living and health conditions of individuals and communities, reflected in the control and prevention of diseases and environmental protection. The percentage of the population with access to clean water rose from 42% in 1990 to about 82% in 2005, 85% in 2006 and should reach 91% by 2015, as per the objectives laid down in the MDGs.

In terms of sanitation Cape Verde is still well below the minimum desirable levels. Most homes have inadequate facilities to deal with residual water. Access to the sewage network and septic tanks continues to be a privilege enjoyed by about 30.5% of the population, covering approximately 54% of homes in urban areas and no more than 9% in rural areas.

On the other hand, legislative measures have been implemented to preserve, restore and enrich the country's ecosystems. Moreover, actions are constantly underway within the scope of strategic plans to protect biodiversity with the creation of protected areas and marine reserves, zoning restrictions for tourist and industrial activities, the development of hydrographic basins and other natural spaces in order to prevent their degradation and promote optimum utilisation.

2.1.5. CAPE VERDE IN THE INTERNATIONAL CONTEXT

Cape Verde has a foreign policy of non-alignment and maintains political and diplomatic relations with various States. Countries such as Angola, Brazil, China, Cuba, Spain, the USA, France, Portugal, Russia and Senegal have embassies in Praia.

In its turn, Cape Verde maintains embassies in the following countries: Germany, Angola, Austria, Belgium, Brazil, China, Cuba, France, Italy, Luxembourg, Portugal, Senegal, the USA and has Permanent Missions in New York, Geneva and Addis Abeba.

Cape Verde is a member of numerous international organisations, namely bodies within the framework of the United Nations system and the regional context. It is part of the African Union, the Economic Community of West African States (ECOWAS) and the Permanent Interstate Committee for Drought Control in the Sahel (CILSS). The mission of the CILSS is to assist its members in their efforts to improve food security and combat the effects of droughts and desertification.

Cape Verde is an active member of the **Community of Portuguese Speaking Countries – CPLP**, which was established in 1996 with a view to promoting the Portuguese language and cooperation between CPLP member states in the fields of diplomacy, economy, culture, justice and science. It is an important instrument for the affirmation of the Portuguese language in multilateral organisations and also serves to strengthen ties between Europe and Africa and between the EU and Latin America.

In the context of the **European Union**, as an ACP country Cape Verde benefits from EU assistance under the Lomé Convention II, which it joined two years after it achieved independence. Strong economic ties, the fact that the EU hosts a large part of the Cape Verde diaspora and the nation's peripheral location with regard to Europe induced the Cape Verde authorities to seek to further develop the country's relations with the EU. This process culminated in the signing of a Special Partnership Agreement with the European Union, in November 2007. This partnership offers Cape Verde new perspectives, especially in the field of economic and commercial relations, access to the EU common market and Outermost Regions (OR) and technical and normative convergence with EU standards.

Cape Verde joined the World Trade Organisation (WTO) in December 2007.

2.2. ANALYSIS OF POVERTY REDUCTION

Notwithstanding the high rate of economic growth that has been witnessed in recent years, the structural vulnerability of Cape Verde's economy has meant that poverty continues to be a significant obstacle to achieving sustainable development with social justice.

According to the findings of the survey on family incomes and expenditure/living conditions that was carried out in 2001-2002, 37% of Cape Verde's population lives in poverty and most of these individuals (62%) live in rural areas. Of this segment of society about 54%, which account for 20% of the total population, are considered to be very poor. Approximately 51% of individuals living in poverty are women and about 49% are younger than 15 years of age.

The survey carried out in 2006 provides indications about the evolution of living conditions and the well-being of the population. However, the indicator summarising the level and extent of poverty was not calculated. The objective data that was compiled reflects an overall improvement in terms of these indicators. However, it is evident that the uneven distribution of investments and consequent repercussions on economic dynamics and employment contribute towards an increase of geographic disparities and the existence of localised pockets of poverty.

⁶ Overall Evaluation of the Strategic Paper on Growth and Poverty Reduction (DECRP) 2005-2007.

An analysis profiling poverty in Cape Verde⁶ concluded that:

- (i) In terms of **gender**, although the number of instances where women were heads of families increased from 41% to 47% between 2001 and 2006, there is no indication of a strong correlation between poverty and gender. However, although poverty rates were similar to those recorded for men, women are nonetheless a more vulnerable risk group since unemployment rates for women are twice the current unemployment rates for men;
- (ii) The population living in poverty is very **young**, as can be inferred from the fact that about 49% of poor people are under 15 years of age. This is also the case in terms of absolute poverty, where 51% of individuals classified as "very poor" were under 15. This categorisation of "very poor" individuals according to their age shows that the proportion of youths in the population classified as "very poor" is

higher than the percentage of youths in the population classified as “poor” and in the total population;

(iii) Poverty increased in proportion to the **size of the family unit**. Almost 50% of families with more than 6 children are poor and require 17% of the poverty line equivalent amount to cease to be classified as poor. The data recorded in the course of the 2006 survey indicates slight changes in the average size of families and a bigger decline was noted in urban areas;

(iv) Education was a significant factor in terms of poverty. Not only did the level of instruction of the head of the family influence the chances of the family being poor but it also explained the disparities between different households. As a general rule, higher levels of the existence, extent and severity of poverty were recorded in households where the head of the family did not have formal education;

(v) Another noteworthy characteristic of poverty in Cape Verde is its **marked regional distribution over the different islands**. In addition to recording the highest prevalence of poverty, the island of Santo Antão also had the highest rates of extent of poverty (poor families needed an average of 16% of the amount of the poverty line to no longer be classified as poor) and had the highest number of households with extremely low levels of expenditure. It was followed by the islands of Fogo and Santiago. The demographic distribution of the islands also partially explains the regional distribution of poor households. Thus 55% of Cape Verde’s poor population was concentrated on the island of Santiago, followed by Santo Antão with 16% and S. Vicente and Fogo with about 10% each. In all, these four islands account for 92% of the poor population in absolute terms;

(vi) As expected, **unemployment** affected the poor more than individuals living above the poverty line. In effect, the unemployment rate amongst the poor population was 33%, i.e. twice the unemployment rate amongst the population not classified as poor (16%), while the overall rate of unemployment for the entire population was 18% in 2006;

(vii) The **type of economic activity** also had a substantial impact on the propensity of households to be classified as poor. In truth, individuals working in agriculture and fishing had the highest incidence of poverty. These sectors are the ones that recorded the highest numbers of poor people amongst the population that is habitually employed. About 1/3 of poor individuals work in these sectors, followed by commerce and construction. Poverty also occurred more frequently in **rural areas** than in urban environments.

A Strategic Paper on Growth and Poverty Reduction (2004-2007) – DECRP was prepared in keeping with the objectives of the Cape Verde Government, which views combating poverty as an integral part of overall public policies and an essential element of strategic choices at this level, policies that seek to promote economic growth. The overall objectives of this strategy are aimed at reducing poverty by means of harmonious economic and social development supported by sustainable growth and significant intervention by the public sector. On the other hand, the DECRP systematises and provides a coherent overview of all the strategies used to reduce poverty, derived from international recommendations in keeping with the Millennium Development Goals (MDGs).



The objectives of the DECRP have been organised into 5 main strategic axes:

Axis 1: To promote good governance, reinforcing its effectiveness and guaranteeing equitability;

Axis 2: To promote competitiveness so as to favour economic growth and the creation of employment;

Axis 3: To develop and enhance human capital;

Axis 4: To improve and develop basic infrastructure, to promote territorial classification and to safeguard the environment;

Axis 5: To improve the social protection system, by reinforcing its efficacy and ensuring its sustainability.

The DECRP now constitutes a reference framework for measures by Cape Verde and its partners when defining and implementing public policies and serves as a guide for the allocation of domestic and foreign resources.

A new DECRP for the period 2008-2011, currently under preparation, will also follow the strategic axes of the first DECRP while emphasising strategies that enable the economic and social transformation of the country.

2.3. CAPE VERDE DEVELOPMENT STRATEGY

Within the framework of the national development strategy, Cape Verde has established the following overall objectives:

- To continue to implement and expand the strategy for economic development by articulating macro-economic and social policies in order to increase productivity, create wealth and ensure a fairer distribution of resources for all Cape Verde's citizens;
- To ensure the macro-economic stability, fiscal discipline and external credibility that has already been achieved thus far, in order to attract foreign investments to finance large projects that have already been identified. These projects mainly concern the areas of basic infrastructure, reinforcing the nation's economic fabric and implementing projects in the social sector, amongst other priorities. This will enable Cape Verde to become more competitive and result in a substantial growth of exports, thus creating additional employment, which will, in its turn, contribute towards lowering the levels of poverty and unemployment and promote the well-being of the population;
- To provide incentives to promote the creation of small and medium-size enterprises and initiatives that facilitate economic solidarity in order to promote mutual assistance as a way of guaranteeing that communities can organise their own resources in terms of medical services, medicines and funeral facilities, while ensuring assistance for education and professional training, assistance during times of need such as situations of unemployment or the loss of family income, amongst others. These measures also seek to develop income generating activities for the less-favoured sections of society, especially households in rural areas, fishing communities and families headed by women, by experimenting with and promoting alternative forms of protection and social responsibility;
- To adopt measures in terms of regulations and norms in the sector of micro-finance, the granting of credit and the creation of training opportunities to reinforce technical and professional capabilities in these areas;
- To create incentives to encourage the development of partnerships between different sectors – public, private and civil – in order to enable

not only the immediate resolution of problems faced by vulnerable groups but to especially facilitate the establishment of a network of small and medium-size manufacturing and service companies. This would have an impact at various levels, especially contributing towards changing the living conditions of large segments of society while furthering the development of communities and the country as a whole.

3. Overview of Cooperation and Political Dialogue between Portugal and Cape Verde. Complementarity and Consistency

3.1. *Past and Present Cooperation between Portugal and Cape Verde*

Portugal has consistently been one of Cape Verde's main cooperation partners. Both parties have made a positive appraisal of the cooperation that has taken place to date, especially in the past two years, and recognise the essential nature of the results achieved thus far.

Cooperation between the two countries is based on the reference framework outlined in the Indicative Cooperation Programmes (PICs). These documents establish the general principles and areas of intervention at bilateral level while keeping in mind Cape Verde's developmental context, especially its Development Strategy and the priorities contained therein and the benefits afforded by Portuguese cooperation as a partner nation. The Indicative Programmes have been implemented by means of projects and initiatives that are carried out according to Annual Cooperation Plans (PAC) that are negotiated on a bilateral basis.

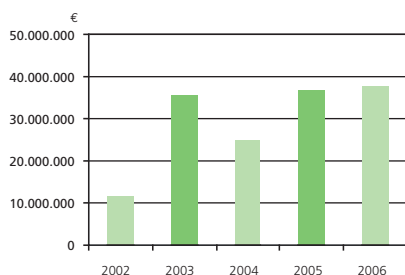
The most recent PIC covered the period 2005-2007 and had a financial budget of 55 million euros. This PIC was prepared in accordance with the ECRP I, the objectives of Portuguese cooperation and the Millennium Development Goals. While embodying the guiding principles that had been established at the time, i.e. a concentration of efforts and more efficient cooperation, the PIC for 2005-2007

only focused upon three axes, all of which coincided with the priorities outlined in the ECRP: **(i)** enhancing human resources and technical capacity-building; **(ii)** supporting the creation of basic infrastructure, territorial organisation and restoring patrimony; and **(iii)** supporting economic stability.

This PIC was implemented on the basis of a programme/project-based approach, as outlined in the framework of the PACs that had been negotiated between the two nations. The development of these measures resulted in:

- The *enhancement of human resources*, in Portugal and in Cape Verde, with a special emphasis on the Programme to Support Secondary Education, and *institutional capacity building*, especially by means of support for the NOSi – Núcleo Operacional da Sociedade de Informação (Information Society Operational Unit) and the development of the “Casa do Cidadão” project. These were the main areas of intervention, providing continuity to prior efforts, and accounting for 72% of resources allocated to the PAC for 2007;
- Initiatives in the areas of *justice, health and employment and professional training* played an important role in terms of support for the consolidation of institutions;
- An important programme for cooperation was established in the field of *technical-police cooperation*;
- *Social services and solidarity* continued to be an important area of intervention. Almost all efforts in this context were aimed at projects seeking to reduce poverty;
- Significant support was extended for *the construction of infrastructure for roads and other facilities*. Portugal gave Cape Verde direct loans and concessional lines of credit that enabled the construction of different kinds of infrastructure, including a loan of € 40 million and a 50% concession for the construction of the Praia circular highway and the renovation of the road connecting Praia and São Domingos. The airports of Boavista and S. Vicente were built with loans from the Bank of Portugal;
- The Agreement for Currency Exchange Cooperation was continued. This pact envisages a *Credit Facility to Support the Convertibility of the Cape Verde Escudo*, an essential tool for macro-economic management.

Portuguese Bilateral Aid to Cape Verde (2002-2006)



Source: IPAD/DSP

Although the PIC budget for 2005-2007 was € 55 million, the value of Portuguese development aid to Cape Verde (including donations, technical assistance and extremely favourable concessional terms) for loans extended to Cape Verde in 2005 and 2006 amounted to € 74.2 million. It is important to note that during this period Cape Verde was the main recipient of Portuguese development aid, accounting for 20.8% and 22.4% in 2005 and 2006, respectively, of all Portuguese bilateral aid. In absolute terms, Portuguese aid to Cape Verde has increased steadily since 2002, with the exception of 2004.

The following table depicts the evolution of the programme for the period 2002-2006.

In terms of sectors, *Education* was the prime focus of programmes and accounted for 51% of all Portuguese development aid to Cape Verde in 2006. In 2005 and 2006, the category of *Transport & Warehouse Facilities* also accounted for a significant part of resources, 32.8% and 36.3% respectively, owing to the loans mentioned above.

Portugal has also participated in multilateral initiatives to finance projects, essentially aimed at institutional capacity-building. These programmes include funding UN projects seeking to provide support for democratic governance (2005), reinforcing management capacities for budgetary aid (2006), reinforcing transparency while managing public resources (2007), technical assistance for preparing a strategic plan to combat HIV/AIDS (2005) and support for the 2006 elections in Cape

Verde. Projects have also been developed with Portuguese assistance in the fields of justice, public administration and statistics within the framework of the PIR PALOP II plan, of which Cape Verde is a beneficiary, complementing EU initiatives in these sectors.

As the PIC 2005-2007 programme drew to a close and plans had been set in motion to prepare a new programme, a study was carried out at the end of 2007 to evaluate the results achieved by bilateral cooperation. Since no formal appraisal had been made of the PIC 2002–2004 programme, the study covered the period between 2002 and 2007.

This process of evaluation provided key insights about the importance, logic and coherence of these programmes and individual projects and the extent to which they were consistent with Cape Verde's Strategy for Growth and Poverty Reduction (ECRP). It also identified ways to improve the effectiveness of aid by means of the implementation of procedures aimed at harmonising and aligning Portuguese cooperation within the framework of recommendations outlined by the Paris Declaration. It highlighted key lessons and proposed a set of recommendations to link the benefits of Portuguese cooperation to Cape Verde's developmental priorities and strategies.

These recommendations were taken into consideration while preparing the most recent PIC, especially in terms of:

- Corresponding to the needs of a new phase in Cape Verde's development, so that Portuguese cooperation plays an important role in the implementation of the Action Plan that has been outlined as part of Cape Verde's special partnership agreement with the EU;
- Initiating the modality of direct state budget support;
- Promoting public-private partnerships;
- Fomenting coordination and the possibility of partnerships and joint actions with other donors;
- Reinforcing the involvement of Portuguese and Cape Verde civil society while implementing the PIC programmes;
- Clearly defining schedules and quantitative and qualitative criteria to monitor and evaluate Portuguese cooperation.

With regard to specific **Sectorial Recommendations**, the following guidelines were deemed to be especially important:

In terms of *Education/Training to Enhance Human Resources*: to invest in training; to reinforce support for higher education; to provide supplementary support for higher education in Portugal, by means of scholarships, in specialised areas that are essential for Cape Verde's development; to continue support for professional training; to contribute towards improving facilities for teaching Portuguese.

In terms of *Institutional Capacity Building*: to continue initiatives aimed at capacity building, including, whenever possible, short-term projects within wider programmes that incorporate other components.

In terms of *Social Services and Solidarity*: to continue programmes to support vulnerable groups, with a view to ensuring the progressive sustainability of these programmes.

3.2. *Programmes by Other Donors*

Public development aid is an extremely important issue for Cape Verde. Aid has proved to be crucial to the country's development in the past, where Cape Verde numbered amongst the countries with the highest levels of per capita aid (an average of USD 226.8 for the period 1999-2002). In 1991, development aid represented almost 40% of the nation's GDP but this tendency subsequently declined. In recent years, aid has comprised between 10 to 12% of Cape Verde's GDP. In absolute terms, there has been a recovery in the last few years. In June 2007, at a meeting of the Transitional Support Group, most donors pledged that the change in Cape Verde's status would not result in a reduction of their aid, although the meeting did envisage some restructuring to ensure greater articulation with investments and the private sector.

In recent years there has been a decline in the level of bilateral aid, with a reduction in the programmes of some donors (down from 63.5% of all development aid in 2005 to 47.25% in 2007), while multilateral contributions have increasingly assumed a central role. Another change that has taken place is direct budget support from a growing list of donors (EU, World Bank, African Development Bank,

Holland, Austria, Spain). Cape Verde has likewise benefited from the Millennium Challenge Account Programme.

3.3. *Political Dialogue between Portugal and Cape Verde*

Cape Verde is a priority in terms of Portuguese foreign policy, which is keenly aware of historical ties and a common past that unite the two countries and their people. The island nation is undoubtedly a priority at the level of political dialogue and cooperation.

Political dialogue has been extended to all areas of bilateral relations and is not just limited to aspects of cooperation. It also involves sectors such as security/defence, economic ties and migration, amongst other issues.

This dialogue is especially important in the context of Cape Verde's new phase of development, both in terms of Portuguese support for Cape Verde's graduation from the list of LDCs and as regards the island nation's efforts to benefit from the recent special partnership agreement with the European Union. In this regard, Portugal has supported the Government of Cape Verde from the outset in its efforts to achieve a special partner status with the European Union, which translates into a new strategic vision for its relations with Brussels. The focus has shifted from cooperation aimed at development to a cooperation framework that is now based on common interests. The EU and Cape Verde signed a special partnership agreement in November 2007, which opens up new avenues for cooperation, especially in terms of political dialogue, security, migration and economic development. Migration has become an increasingly important bilateral issue and a Joint Advisory Committee has been set up to oversee this area. It is also important to note that Portuguese cooperation has established an office in Cape Verde to support migrants (CAMPO – Centre for Support to Migrants in their Country of Origin).

Portugal actively participates in coordination meetings that seek to foster political dialogue, with a special emphasis on the Transitional Support Group (TSG), an advisory mechanism created by the Cape Verde Government to monitor the graduation process⁷.

⁷ The TSG comprises the Cape Verde Government, multilateral institutions (African Development Bank, World Bank, EU and UN agencies) and bilateral partners (Austria, China, Spain, USA, France, Holland, Luxembourg and Portugal). Other partners who are not members of the TSG have participated in some meetings as observers.

The political dialogue between the two countries also includes synchronising positions within the CPLP and jointly affirming decisions with multilateral institutions.

3.4. *Progress in terms of Harmonisation and Alignment*

Only a relatively small percentage of partners are actually represented in Cape Verde. At a bilateral level, only ten countries have embassies in Praia. In multilateral terms, the EU and some UN agencies (UNDP, FAO, WHO, UNICEF, UNFPA, WFP) maintain missions in Cape Verde. In the light of these numbers, coordination has developed on an informal basis with an excellent level of dialogue and openness between donors and local authorities.

Nevertheless, the 2006 Survey on Monitoring the Paris Declaration stressed that **coordination and harmonisation** between donors was insufficient and attributed this to the fact that most donors did not use the existing national systems that serve to manage public finances. It also indicated that harmonisation between donors in terms of sectorial strategies still continued to be limited. In terms of positive measures, the survey has highlighted efforts to use Project Units integrated into national structures and to increase harmonisation by means of state budget support.

⁸ This form of support was begun in 2005, when a Memorandum of Understanding was signed between the Cape Verde Government, the EC, Holland and the World Bank. The group of donors providing support for Cape Verde's budget currently includes Austria, Spain and the African Development Bank.

Direct state budget support⁸, a modality that has increasingly been adopted by some donors, has become a privileged forum for coordination between donors and Cape Verde.

Before beginning this form of assistance, Holland and the World Bank carried out a *Country Financial Accountability Assessment* that appraised the transparency and functioning of Cape Verde's Ministry of Finance. This analysis subsequently resulted in the creation of an action plan to overcome shortcomings. Budget support is accompanied by a rigorous scrutiny of public finances (World Bank and the International Monetary Fund) and observing how the funds are used by means of regular monitoring of indicators that have been jointly established. This process represents an opportunity to institutionalise a mechanism for coordination between donors and Cape Verde. Such a mechanism would improve the effectiveness of the process and reduce

the administrative burden that is inherent to the granting of aid, thus implementing the recommendations of the Paris Conference.⁹ This coordination process has likewise become an instrument for monitoring the implementation of the Strategy for Growth and Poverty Reduction 2004–2007. Since Portugal has not used this aid modality in the past, it did not participate in this coordination framework.

The establishment and operation of the Exchange Cooperation Agreement (ACC) between Portugal and Cape Verde have, however, been important instruments that have served to promote budgetary and financial rigour in Cape Verde.

Local intra-EU coordination is also in an incipient phase. The implementation of the “EU Code of Conduct on Complementarity and Division of Labour in Development Policy” (May 2007) will facilitate the dynamisation of the process to ensure coordination and complementarity between the EU and member states. The monitoring of the special partnership agreement will also, in its turn, set in motion mechanisms for coordination by means of joint technical meetings. Cape Verde will be represented by an inter-ministerial group presided over by the Minister for Foreign Affairs, which will organise meetings with the EC delegation and diplomatic missions of EU member states.

It is also important to mention that at the level of UN systems, Cape Verde is the first nation to host a common representative office for assorted UN funds and programmes, thus reinforcing aspects of cohesion and complementarity in initiatives by different agencies.

Aid effectiveness also depends on ensuring alignment between donors and Cape Verde’s own development policies. The Paris Declaration affirmed that donors should base their support on Cape Verde’s internal development strategies, institutions and procedures. The government of Cape Verde has created the necessary conditions to facilitate this alignment by adopting the *Strategy for Growth and Poverty Reduction (2004-2007) – ECRP* from 2005 onwards as a framework document outlining its developmental objectives.

Portuguese cooperation has aligned the most recent Indicative Cooperation Programme with the priorities of the ECRP and has harmonised the programming

⁹ The Second High Level Forum on Aid Effectiveness was held in Paris between 28 February and 2 March 2005. It brought together ministers and other representatives from donor nations and partners as well as civic organisations and private sector entities with a view to assessing the progress achieved in terms of harmonisation, alignment and management in order to maximise the results of development aid.

schedule in accordance with the chronological timeframes of this strategy. Likewise, with regard to priorities, they have been duly incorporated and are based on the needs presented by the Cape Verde authorities within the framework of the ECRP. The Indicative Cooperation Programme that is defined herein conforms to the chronological horizons of the Strategy for Growth and Poverty Reduction II, 2008 – 2011, which also coincides with the term of the present legislature.

3.5. *Cohesion between the Development Aid Policy and other Sectorial Policies*

Within the wider context of globalisation, a country's sustainable development depends on a gradual and harmonious integration into the world economy. In this process it is essential that development aid be coherent with other sectorial policies, especially those concerning economic and financial matters. Portuguese participation in multilateral debates has kept in mind this need for cohesion between different policies and Portugal has played an active role in international fora to safeguard mutual interests in the context of development.

Recent examples of this include Portugal's position and active role in supporting Cape Verde's entry into the World Trade Organisation (WTO) in December 2007¹⁰ and its support in an EU context for the country to maintain its benefits for another year (extending the period from three to four years) under the EU's Everything but Arms (EBA) programme¹¹.

¹⁰ So that Cape Verde's entry took place while the island nation still had LDC status and benefited from the programme's inherent conditions.

¹¹ According to the EU's Generalised System of Preferences, after it ceases to be classified as an LDC nation from January 2008 onwards Cape Verde would have been removed from the list of countries benefiting from the EBA programme after a transitory period of three years.

In the context of recent strategic guidelines for Portuguese cooperation, some mechanisms have been envisaged that will promote greater cohesion between cooperation and sectorial policies, with a view to fomenting comprehensive support for the developmental initiatives of partner nations.

As the entity responsible for coordinating Portuguese cooperation, IPAD has increasingly consolidated articulation with different ministerial departments, especially within the scope of the CIC, in order to achieve a framework in which bilateral relations function as a coherent whole, in accordance with the guidelines of Portuguese foreign policy and the development strategies and priorities laid down in the Indicative Cooperation Programmes that have been negotiated with partner nations.

PART II
PORTUGUESE COOPERATION
STRATEGY

1. Strategic Choices

1.1. *Introduction*



Cape Verde will embark upon a new phase of development in 2008, owing to its graduation to the ranks of Medium Income Nations. This status significantly alters the benefits to which it was entitled while it was part of the list of Least Developed Countries (LDCs). The island nation is also beginning a new relationship with the EU, accompanied by the expansion and development of cooperation in ways that go beyond the traditional donor-beneficiary relationship. This situation has been formalised in a Special Partnership Agreement that offers new perspectives that will have a positive impact on development in Cape Verde but which also represent new challenges. Cape Verde's entry into the World Trade Organisation is another milestone that will significantly influence the entire structure of the country's economic integration into the world market.

This new reference framework serves as the backdrop for the next cycle of cooperation between Portugal and Cape Verde. The latest PIC will be implemented by means of modalities that, in certain aspects, also represent innovative developments within bilateral relations. These instruments seek to support Cape Verde's efforts to reinforce and consolidate its development in a sustainable manner, to enable it to be a catalyst and play a leadership role in the region.

Portugal will lay particular stress upon consolidating Cape Verde's Special Strategy with the European Union. This aspect will be an underlying consideration throughout



the programme, both in terms of a project-based approach and as regards the direct state budget support provided which complements the European Union's initiatives in this regard.

The guiding strategy will be to support the nation in

critical areas, especially at the level of **Good Governance, Participation and Democracy** and **Sustainable Development and Poverty Reduction**. Measures will be taken to consolidate the progress already achieved by Cape Verde, both in social terms in compliance with the Millennium Development Goals and at economic level. Every possible effort will be made to overcome or minimise some of Cape Verde's vulnerabilities and to implement sustainable development based on the integration of the nation's economy into the world economy.

This latest PIC seeks to function in harmony with Cape Verde's development strategy, as laid down in the DECRP II plan, which has been updated keeping in mind the new challenges that the island nation now faces and also considering the Government Programme and the guidelines of Portuguese cooperation. It also conforms to the structure recommended by the European Commission with a view to ensuring greater coordination and complementarity in terms of initiatives by member states and the EC itself, so as to enhance the efficiency of EU aid.

The programme incorporates the lessons that have been learnt in the past and recommendations that were framed after a judicious appraisal of the process of cooperation. According to these recommendations, direct budget support, decentralisation, partnerships and joint initiatives with other bilateral donors are all essential objectives that are to be implemented in the course of this new cycle of programmes.

The programme favours a **programme /project-based approach**, and the largest percentage of support during this four-year period will be concentrated on such initiatives, both via donations and highly concessional loans for infrastructure

projects. It also includes **Direct Budget Support**, an innovative method of aid in the context of Portuguese - Cape Verde cooperation. It reflects recognition of good management practices at macro-economic level in Cape Verde and clearly meets the nation's needs in the light of its new obligations within the Action Plan to be implemented in partnership with the European Union.

Portugal offers inherent advantages when compared to Cape Verde's other cooperation partners on account of a common language and a similar institutional and legal framework resulting from a shared history. This has ensured that cooperation between the two countries represents a significant percentage of development projects and programmes in Cape Verde. *Training and technical assistance* are fundamental components of this cooperation. Portugal also supports *infrastructure projects* with appropriate funding mechanisms since the creation and consolidation of infrastructure is essential for the economic and social development of this island nation.

The programme will also entail a decentralised approach, especially at the level of social development with the implementation of projects that are directly aimed at solidarity and reducing poverty and the funding of basic infrastructure that is essential for the nation's development, thus seeking to remedy existing asymmetries and vulnerabilities.

Although preference will be given to bilateral implementation, cooperation can also be channelled via multilateral projects whenever it is clear that this solution will be more effective in obtaining results. A bi(multi)lateral approach will also be further developed to realise cooperation projects, in collaboration with multilateral agencies present in Cape Verde, namely the European Union (development of the Action Plan) and UN bodies.

Another mechanism that will be promoted within the framework of this PIC is increased complementary coordination with other bilateral donors in order to make the most of possible synergies in areas where joint actions could play a decisive role in ensuring a greater effectiveness of results.

Programmes, projects and initiatives for cooperation will be defined over the course of this PIC by means of a continuous dialogue between coordinating institutions on both sides. This new methodology seeks to reduce the administrative and bureaucratic burden inherent to PAC negotiations.

1.2. *Modalities / Instruments*

The following modalities/ instruments for aid can be implemented in the course of the programme:

- **Technical cooperation.** This is an essential element in providing support for institutional capacity-building, by means of local training and capacity-building initiatives, advice and technical assistance in the context of reorganising the public administration, reinforcing existing capacities to formulate and implement development policies and reinforcing democratic institutions;
- **State budget support.** This modality entails channelling aid directly to the state budget with a view to consolidating the special partnership agreement between Cape Verde and the European Union. Such measures are also in line with the recommendations of the Paris Declaration about Aid Effectiveness;
- **Aid credit.** A special line of credit for aid will be created for Cape Verde to the tune of 100 million euros, to be used over the next few years to finance infrastructure projects. This line of credit offers concessional benefits of 50% and is guaranteed by the Portuguese state. Portugal has also allocated the sum of 40 million euros as another component of aid credit under the framework of this PIC, which is also to be used for infrastructure projects;
- **Exchange Cooperation Agreement (ACC).** The Exchange Cooperation Agreement between the two nations seeks to help create the necessary conditions that will facilitate the convertibility of the Cape Verde escudo. By eliminating exchange risks for transactions, this exchange stability aims to promote increased investments and economic growth in Cape Verde, especially with Portugal and in the broader context of the European Union. This support has proved to be a key element in consolidating Cape Verde's public finances;
- **Partnerships between similar institutions.** The creation or reinforcement of partnerships between similar institutions within the same sector will be promoted in specific technical areas (e.g. between research institutes, educational institutions, technical bodies, professional and other associations). Such entities possess privileged information and technical knowledge that enable them to implement cooperation programmes

(especially with regard to training) that are more sustainable in thematic and chronological terms;

- **Support for civil society.** The PIC will co-finance projects that are to be developed in Cape Verde by Portuguese or Cape Verde Operational Non-Governmental Organisations that contribute towards social, economic and cultural development. Furthermore, whenever feasible, Portuguese and Cape Verde civil society will implement the cooperation projects outlined within this PIC;
- **Public-Private Partnerships.** This programme envisages a diversification of sources of funding for cooperation initiatives and seeks to promote the involvement of companies, especially Portuguese and Cape Verde enterprises, in the implementation of development projects.
- **Decentralised cooperation.** Incentives will be created to encourage cooperation via municipalities and cooperation or twin town agreements that will be established between Portuguese and Cape Verde municipalities;
- **Funding by means of multilateral organisations.** This is also an additional means of support, both within the framework of projects developed by specialised EU and UN agencies and within the scope of broader initiatives in keeping with international commitments, especially those concerning the MDGs.

1.3. *Crosscutting Issues*

Gender equality, good governance and **environmental sustainability** are all common underlying features of the Portugal/Cape Verde strategy for cooperation. These issues will be incorporated into cooperation projects whenever possible and appropriate, and a detailed reference is made below to each one in particular:

Gender Equality¹²

The growing incidence and prevalence of poverty amongst women as compared to men, particularly in developing countries, has been a cause for considerable concern. Special attention has been paid to ways in which development cooperation has contributed towards improving the situation of women or not and the fundamental role that women play in development.

¹² Gender equality encompasses political and cultural rights and duties and the opportunities associated with the fact of being male or female.

Some progress indicators have been established for 2015 in order to measure the implementation of MDG3 – “promoting gender equality and empowering women”. These indicators include: reducing gender disparities in primary and secondary education, the level of literacy amongst women in the age group of 15-24 years, increasing the participation of women in paid employment in non-agricultural sectors and female participation in national parliaments. Substantial differences still persist in Cape Verde in terms of equal opportunities for both sexes, despite the significant progress that has been achieved with regard to legislation and inhibiting mechanisms and instruments¹³.

¹³ Progress Report for Achieving the MDGs.

Thus, within the context of the present framework for cooperation, the strategy for promoting gender equality is based on two fundamental aspects: (i) pursuing a strategy of “mainstreaming”, in which the issue of gender equality is viewed as an integral concern while formulating policies, programmes and projects (by including this element in every phase of a project cycle); (ii) acknowledging that empowering women and reinforcing their social role is essential for sustainable development.

Good Governance

It is increasingly evident that there is a fundamental relationship between democratic, open and responsible systems of governance, respect for human rights and the capacity to achieve sustainable economic and social development (from an economic, social and environmental point of view).

Even though good governance is considered to be one of the strategic guidelines of this PIC, this issue will also be considered in a wider context as an integral part of all cooperation projects, since it is a horizontal criterion for interventions and an essential condition to guarantee the effectiveness of the aid itself. This does not just entail supporting specific reforms for state institutions but must also consider the institutional dimension of all cooperation projects in order to reinforce local abilities to resolve problems and to ensure the involvement of various sectors of society in the nation’s political, economic and civic life.

Environmental Sustainability

Environmental protection and territorial classification are essential factors to safeguard the local population’s access at least to minimum living standards, since these elements

have a direct impact on human health. The poorest individuals are generally those who rely most heavily on natural resources for their survival and are consequently most affected by environmental deterioration. Thus, overall success in achieving the MDGs depends especially on fulfilling Goal 7 – “Ensuring Environmental Sustainability”.

Cape Verde is currently facing diverse environmental threats and, like in most developing countries, state structures in this area are inadequate to promote environmental concerns in other sectorial policies. However, the Cape Verde Government has recognised the importance of formulating a medium-term policy to create an economic environment that stimulates growth, reduces poverty and protects the environment. It has therefore prepared a Second National Environmental Action Plan (PANA II) with a view to providing strategic guidelines to facilitate the rational use of natural resources and promote the sustainable management of economic activities.

In compliance with the guidelines of the PANA II document, as a transversal vector for all cooperation initiatives, the environmental aspect will be one of the main guiding principles of cooperation between the two nations over the next four years.

1.4. *Strategic Aims and Priority Intervention Areas*

The priority areas for cooperation between Portugal and Cape Verde during the period 2008 -2011 will focus on **Good Governance, Participation and Democracy, Sustainable Development and Poverty Reduction** and the creation of a **Cooperation Cluster**. These strategic axes and the respective intervention areas were chosen after analysing Cape Verde’s priorities and the perceived comparative advantages and sectorial priorities of Portuguese cooperation, keeping in mind the new stage that the island nation is embarking upon and the positive support that Portugal can provide during this process by establishing a strategic partnership.

The Indicative Cooperation Programme between Portugal and Cape Verde for the period 2008-2011 will have an indicative budget of 70 million euros. This amount will be divided between the three Priority Aims in the following manner: i) Good Governance, Participation and Democracy, 21.4%; (ii) Sustainable Development and Poverty Reduction, 58.6%; iii) Cooperation Cluster, 10%; and Direct State Budget Support 10%.

Quadro – Resumo dos Eixos e Áreas de Intervenção

Strategic Aim 1	Good Governance, Participation and Democracy
Intervention Area 1.1	Institutional Capacity-building
Intervention Area 1.2	Public Finances
Intervention Area 1.3	Internal Security
Intervention Area 1.4	Technical-Military Cooperation
Strategic Aim 2	Sustainable Development and Poverty Reduction
Intervention Area 2.1	Education
Intervention Area 2.2	Professional Training and Social Development
Intervention Area 2.3	Infrastructure
Strategic Aim 3	Cooperation Cluster

1.4.1. STRATEGIC AIM I – GOOD GOVERNANCE, PARTICIPATION AND DEMOCRACY

Diverse international reports have highlighted the fact that shortcomings at the level of governance are one of the main hurdles towards achieving the MDGs. Good governance effectively reinforces the capacities of a nation's population, including the poor, who can voice their opinions and urge politicians and decision-makers to consider their aspirations. Good governance thus makes it easier to eradicate poverty, reinforcing the rule of Law and creating a transparent and predictable regulatory framework that encourages a spirit of initiative and economic development.

Good governance includes very different issues and areas, according to the aspects being analysed herein. These include a *technical dimension*, namely transparency and public accountability, the effective management of public resources and a stable regulatory environment for private sector activities, a *social dimension* that includes the creation, consolidation and promotion of democratic institutions and tolerance within society, and a *political dimension* based on the legitimacy of the government, the public accountability of political authorities and respect for human rights and the rule of Law.

Good governance is a priority for Portuguese cooperation and is one of the three sectorial strategic axes for bilateral policies. Democracy, human rights, a consoli-

dated public administration at the service of citizens, a dynamic entrepreneurial sector and a society that actively participates in the country's progress are all structural elements in the development of partner nations, thus justifying the importance attributed to these factors.

In their turn, the Cape Verde authorities believe¹⁴ that good governance has been a vital element in consolidating the progress achieved thus far and that conditions have been created to ensure that these political developments cannot be reversed, thus affording increased credibility for the state and its institutions. It will therefore continue to be a strategic resource for Cape Verde's development.

¹⁴ Government Programme, pg. 5.

Good governance is essentially an internal process. However, in a spirit of partnership, development cooperation can contribute towards finding the most suitable institutional solutions to implement reforms or consolidate measures already underway, especially in terms of reinforcing the **Special Partnership Agreement** and **the implementation of the Action Plan**.

It is in this context that **Good Governance, Participation and Democracy** have emerged as a priority axis for cooperation between Portugal and Cape Verde. The general objectives are as follows:

- To support measures aimed at implementing reforms within the public administration and institutional capacity-building
- To provide support in areas that are critical for good governance such as justice and public finances;
- To support the consolidation of the internal security system in its diverse aspects and foster respect for the rule of Law;
- To contribute towards the reinforcement of democratic institutions;

Technical cooperation, comprising technical assistance and training/capacity-building, is an essential instrument that will be used in this strategic area over the course of the Programme. Technical cooperation is vital to ensure the development of the technical capabilities of government departments. Thus, efforts will be made to provide solutions for Cape Verde's training and capacity-building needs, by means of structural intervention that translates into an effective transfer of knowledge.

The following paragraphs briefly describe the main objectives for cooperation between Portugal and Cape Verde in each one of the areas encompassed by this strategic axis:

A. Institutional Capacity building

A vital aspect of Cape Verde's path towards modernisation is the implementation of reforms for state institutions. In this regard the Cape Verde Government has approved a Programme¹⁵ that clearly emphasises the importance of training human resources and institutional capacity-building. Implementing reforms within the public administration is a key element of the latter. In this document, the Cape Verde authorities affirm that the process of modernising and transforming the public administration is essential to consolidate a fair and democratic state and ensure good governance and that it is a decisive factor for the national strategy for growth.

¹⁵ General Guidelines of the Programme for State Reforms, 2006.

As a general rule, the process of implementing reforms has been carried out in a systematic manner in order to resize the administrative apparatus, reduce bureaucratic circuits and contain and restructure public expenditure to best suit the nation's developmental priorities. The government is aware that state reforms should be guided by the principle of ensuring better public services to citizens in order to reinforce active citizenship. Likewise within the framework of these reforms, the Cape Verde government has implemented a significant number of initiatives to reinforce the legal system, based on a Strategic Plan for Justice. This plan has enabled diverse, large-scale and comprehensive projects to be successfully concluded, including the new Penal Code and Penal Procedures, the Organisational Law, the Procedure for a Constitutional Court and the Ombudsman Statute. Measures aimed at combating drugs and crime were also intensified.

Despite the progress that has been achieved, there are still many constraints that continue to hinder the nation's path towards progress. In this context, the Cape Verde Government has focused on developing measures to promote modernisation and capacity-building within the public administration. These initiatives incorporate all spheres of government so as to stimulate changes in the work culture of organisations and to create a more flexible and efficient public administration, thus promoting the implementation of necessary state reforms.

Objectives

This cooperation seeks to support the Cape Verde government in implementing measures to modernise the country's public administration. It focuses on reinforcing institutional capabilities and improving the services provided to citizens, especially in areas that play a central role at an economic and social level, i.e. statistics, justice and public health.

Instruments / Actions

Intervention in this area will essentially consist of technical cooperation, including aspects such as technical assistance, professional training and technical-legal know-how. The programme will focus on projects of a structural nature with a view to ensuring the transfer and incorporation of knowledge that will have a real impact in terms of modernising the public administration and capacity-building within public bodies, especially in the areas of devising strategies, programming/planning and legislative measures. Funding for programmes or projects obtained via the UNDP Trust Fund will be an additional tool in the context of capacity-building and will serve to foster bilateral cooperation by means of a bi(multi)lateral approach. In this regard, it is also important to mention the PIR PALOP II project in the field of justice, which seeks to harmonise a common legal matrix amongst Portuguese-speaking countries. It is thus essential to establish the necessary mechanisms to ensure articulation and complementarity in order to create synergies between bilateral and multilateral measures.

B. Public Finances

Cape Verde's graduation from the list of Least Developed Countries and its Special Partnership Agreement with the European Union are two milestones that represent new challenges and new requirements for the island nation. The government will focus especially on ensuring an effective management of financial resources coupled with budgetary rigour. In the field of Public Finances, over the next few years¹⁶ Cape Verde will seek to further develop reforms to establish a meticulous management of public finances, while maintaining the overall budgetary deficit and public debt at sustainable levels over the course of the economic cycle. Measures at the level of policies aimed at budgetary consolidation and fiscal policies are also priority areas that the government will promote by legislative means, both by altering the legislative framework and by empowering the Services in order to introduce greater administrative efficiency.

¹⁶ As outlined in the Government Programme.

Objectives

The objectives of cooperation in this area are as follows: **(I)** to support the Cape Verde Government in its policy of consolidating budgetary and financial rigour, continuing the Exchange Cooperation Agreement (ACC)¹⁷, an instrument that has proved to be extremely important at the level of macro-economic policies; **(II)** to contribute towards the empowerment of Services in the area of public finance, with an integrated approach, ensuring the transfer of suitable technical know-how to enable these services to discharge their responsibilities more efficiently and more effectively, in the context of the reforms that are currently underway within Cape Verde's Financial Administration under the aegis of an **Integrated Programme for Public Finances**.



This programme is especially relevant in the context of the implementation of the special partnership agreement between Cape Verde and the EU

in terms of the alignment of legislation and legal provisions in economic and technical areas. Consequently, another objective is to support ownership in Cape Verde in sectors that are essential for developing this kind of harmonisation.

Instruments/Actions

The main instrument used within the framework of the ACC will be the **Credit Facility** that is associated with the agreement. The development of this pact will be supported by the Macro-economic Monitoring Unit (UAM), which will monitor the implementation of economic policy measures and will be permanently located *in loco* in Cape Verde, and the Commission for the Exchange Cooperation Agreement (COMACC)¹⁸, which will meet on a half-yearly basis.

In the specific context of Public Finances, an **Integrated Programme for Cooperation and Technical Assistance** will be developed, which is essentially based on technical cooperation, training and technical assistance, in the areas of Public Administration, Customs, Studies and Strategies, Taxation, Financial Inspection, Budgets, State Patrimony, Planning, Administrative Services, the Exchequer, Treas-

¹⁷ Portugal and Cape Verde have had an ACC since 1998, which essentially seeks to help create conditions that will make the convertibility of the Cape Verde escudo feasible. In order to maintain the exchange system defined therein, the Cape Verde authorities have to adopt consistent macro-economic guidelines that safeguard this parity, especially at the level of budgetary and monetary policies. The ACC has fulfilled the objectives for which it was created, i.e. to foment stability and favour the convertibility of Cape Verde's currency. It has proved to be an important tool for macro-economic policies and has served to reinforce the credibility and competitiveness of Cape Verde's economy.

¹⁸ The role of this Commission is to define and revise the necessary conditions for fulfilling obligations detailed in the ACC.

ury and Public Debt. The chronological framework coincides with the timeframes of the present PIC.

This Integrated Programme will be implemented by means of the structures of the Portuguese Ministry of Finance and Public Administration, which will send technical teams in the respective areas to Cape Verde and will host Cape Verde personnel for training initiatives, according to projects that have been agreed upon mutually and the schedule outlined in the programme document.

C. Internal Security

The effects of globalisation and the dynamics of Cape Verde's economic development have created greater wealth and opportunities and have improved the living standards of citizens. However, they have also resulted in increased risk factors and have introduced new threats to peace, security and political and social stability. The speed and sophistication of modern communications, environmental vulnerability, access to extremely sophisticated arms of all kinds, organised crime, drug trafficking, arms trafficking, human trafficking and money laundering are just some of the many factors that pose serious threats for societies. The Cape Verde Government's concept of National Security lays particular emphasis upon defending democratic institutions and respect for the freedoms and guarantees of citizens. On the other hand, it also keeps in mind the international situation and national realities.

In the wake of reforms begun during the previous administration, a system of national security was put in place to guarantee peace and public order. This was based on three fundamental pillars: *Police Forces*, the *Republic's System of Information*, and the *Armed Forces*. Another objective of the present government is to improve the system of coordination and articulation between these forces with a view to dismantling networks of organised crime and reinforcing national security.

Cooperation between the two countries in this intervention area is relatively recent. It began in 2006, with the placement of a liaison official attached to the Portuguese Embassy in Cape Verde. This measure was consolidated by means of technical-police cooperation projects that were implemented between 2006 and 2007 and sought to promote capacity-building within the Cape Verde police services in accordance with the island nation's policy goals.

Objectives

Cooperation will be implemented by means of a Technical-Police Services Cooperation Project 2008-2010, whose overall objectives include optimising the internal operation of the national police force, raising the level of technical-professional and cultural cooperation between staff, technical, logistical and infra-structural modernisation, improving the social conditions of employees and reducing crime rates and road accidents.

In terms of specific objectives, the cooperation programme envisages: **(i)** Improving the national police force's system for public order and security; **(ii)** Increasing the efficacy of security for citizens and their properties; **(iii)** Improving the police force's capacity to prevent and combat crime; **(iv)** Improving the planning and monitoring capacity of police personnel; **(v)** Training specialised personnel to maintain order and security and protect and monitor frontiers; **(vi)** Improving the national police force's capacity to intervene in actions to protect the environment; **(vii)** Supporting the definition and standardisation of suitable operative means to be deployed; **(viii)** Training personnel in the area of operations planning; **(ix)** Supporting the regulation of the system for analytical and operative control; **(x)** Consolidating units and sub-units within the force for intervention in the area of maritime protection; **(xi)** Creating Community Watch Programmes; **(xii)** Providing basic fire-fighting training and specialised training in specific areas of civil protection; **(xiii)** Reinforcing the role of specialised technical consultancy.

Instruments/Actions

The instruments that will be used to implement the project include **training** initiatives both in Portugal and Cape Verde. Particular attention will be given to training trainers, the monitoring/supervision of training actions in Cape Verde and specialised technical consultancy services, which play a vital role in establishing organisational and operational models. On the Portuguese side, the main agents involved in this project are the Ministry of Internal Administration (MAI), the Directorate-General for Internal Administration (DGAI), the Public Security Police (PSP), the National Republican Guard (GNR), the Foreign Nationals and Borders Department (SEF) and the National Association for Civil Protection (ANPC). Since it is an area that also involves other modalities of bilateral cooperation, special care will be taken in terms of ensuring coordination and complementarity for these actions to avoid any eventual duplication of efforts.

D. Technical-Military Cooperation

For the Cape Verde Government¹⁹, the Armed Forces must be suitably prepared to meet national requirements, with a growing emphasis on the practical and not just doctrinal utility of such forces. However, the authorities simultaneously seek to continue to consolidate the forces' constitutional role as the caretakers of peace, sovereignty, democratic stability and national and territorial unity. The Armed Forces must continue to be a permanent and regular institution and embody Cape Verde's policy for military defence, which will also keep in mind the reappraisals of military forces that are currently taking place in almost all countries around the world. The priority areas of Cape Verde's military defence policy must incorporate the ongoing training of human resources and refine the strategic management of necessary means in order to successfully implement missions.

In accordance with new strategic guidelines, Portugal has identified the following objectives in terms of military cooperation: **(i)** ensuring improved effectiveness for initiatives aimed at achieving internal stabilisation and constructing and reinforcing the rule of Law **(ii)** participating in the state's efforts to guarantee security levels that are compatible with the principles of democracy, good governance, transparency and the rule of Law, involving issues related to the structuring, regulation, management, financing and monitoring of defence systems, thus promoting development.

It is important to highlight the structural nature of this cooperation between the two nations, which has been developed over the course of several years and encompasses a significant number of bilateral projects and occasional participation in multilateral operations, especially within the NATO framework.

Objectives

This cooperation seeks to achieve the following objectives:

- To provide technical support for the Higher Administrative Structure of the Armed Forces to improve administrative subsystems and better manage human, financial and material resources;
- To contribute towards the organisation and creation of Military Police (MP) units within the Cape Verde Armed Forces;

- To provide technical support to the Coast Guard, Naval Units and Air Services and to consolidate the organisational and operational structure of Armed Forces Marine Corps;
- To provide technical support for the organisation and operations of the Joint Centre for Military Instruction (CIMC), in order to facilitate the involvement of Cape Verde's Armed Forces in the Integrated Exchange Programme for Military Training.

Instruments /Actions

The following actions will be developed while pursuing these goals:

- Military Training and Instruction (in Portugal and Cape Verde);
- Legal consultancy to remedy any legislative lacunas that might still exist;
- Initiatives to reinforce the organisational and search and rescue capabilities of Cape Verde's System for Monitoring Territorial Waters and the Exclusive Economic Zone.

The course administered in Portugal for Support for Peace Missions in Africa is another component of training in the area of defence, which is an integral part of Peace Missions in Africa.

1.4.2. STRATEGIC AIM II – SUSTAINABLE DEVELOPMENT AND POVERTY REDUCTION



Sustainable Development and Poverty Reduction are priority areas within the framework of current strategic guidelines for Portuguese cooperation while identifying priorities at a sectorial level. Poverty is viewed as a multidimensional phenomenon and thus combating

poverty involves support in a number of areas such as education and health, amongst other fields, and support for income generating activities, measures aimed at social inclusion and the promotion of equal opportunities, always keeping in mind the MDGs and international commitments. Incentives for economic growth, the devel-

opment of the private sector and the generation of employment are also particularly important aspects while promoting sustainable development. Portuguese cooperation will therefore focus on the sectors of education, professional training and social development and the funding of basic infrastructure that is essential for Cape Verde's economic and social development.

A. Education

In addition to being a fundamental human right, education is considered to be one of the most powerful tools to reduce poverty and inequality and the most solid element of support for sustainable development. As mentioned in the Sectorial Strategic Document for Portuguese Cooperation, by promoting knowledge, values and skills, education allows individuals to access learning throughout their lifetime to improve their skills and better adapt to social and cultural changes, to interact better and understand each other's needs, to actively participate in development strategies and reinforce active citizenship.



In its document outlining the *Strategic Vision for Portuguese Cooperation*, the Portuguese Government

has reaffirmed the critical role played by education in developmental processes and has deemed it a priority within the framework of measures to support sustainable development and combat poverty in partner nations.

Education has been and will continue to be a priority for Cape Verde. In its programme, the government is of the view that, despite the measures that have already been implemented in this sector, which have translated into an effective improvement of the education system, it is essential to continue the process in order to consolidate the progress that has already been achieved, to reinforce other initiatives and to prepare for new challenges, especially the implementation of the most suitable national policy measures to meet the challenges posed by Cape Verde's development, recently reinforced by the nation's graduation from the list of Least Developed Countries. Any changes must keep in mind Cape Verde's macro-economic situation and development prospects, based on

the knowledge that, in the absence of natural resources, its human resources are the nation's main assets.

In this context, the Cape Verde Government has made improving the quality of education and upgrading all its subsystems a priority, as an essential measure given the inherent changes involved in the country's modernisation. It also views higher education as a long-term development tool for the country and a dynamo to ensure Cape Verde's incorporation into world markets in a competitive manner. It proposes to implement a set of measures with a view to establishing and developing this educational subsystem in order to promote quality higher education in areas that are essential for the nation's socio-economic development.

Objectives

The main objective of cooperation in the field of education is to contribute towards improving the quality of secondary education, by means of a reformulation of the programme that is currently underway, and to consolidate higher education in Cape Verde. In terms of secondary education measures will be implemented to improve the quality of teaching, with a special emphasis on the areas of science and technology. As for higher education, efforts will be made to contribute towards the development and consolidation of this level of education by means of initiatives aimed at supporting the management and curricular structure of courses, enhancing the quality of training courses promoted by the University of Cape Verde (UCV), at a graduate and post-graduate level, and the quality of training courses administered in Portuguese by the Institute for Higher Education (ISE). Initiatives to disseminate and improve skills in Portuguese language learning as well as institutional capacity-building across all educational subsystems are likewise important objectives within the scope of this programme.

Instruments

Initiatives in this area will essentially consist of technical cooperation, justified by the existence of a common language that facilitates a better transmission and understanding of knowledge. This will include technical assistance and professional training and promoting the establishment of partnerships, both in terms of the management and formulation of curricula as well as the development of post-graduate and M.A. programmes. The granting of scholarships will be another instrument

in this context. Priority will be given to providing internal scholarships to attend courses within Cape Verde in areas where the island nation already has graduate facilities. Scholarships will be granted for graduate studies in Portugal only in exceptional circumstances, limited to areas that are acknowledged to be important for the country's development. Scholarships for higher studies in Portugal will essentially be aimed at post-graduate, M.A. and Ph.D. students and will seek to meet Cape Verde's needs in the light of its developmental policies and priorities.

In the context of Portuguese language education, a programme of ongoing training for Portuguese language teachers will be implemented under the aegis of the Camões Institute (ICA). Other measures include book fairs, whenever possible organized by means of partnerships between publishers. The Portuguese Cultural Centre will likewise be an instrument for the diffusion of the Portuguese language in Cape Verde.

B. Professional Training and Social Development

The multidimensional phenomenon of poverty affects, above all, vulnerable, underprivileged citizens or those who suffer from social exclusion such as youths, women and the elderly and requires an integrated approach that simultaneously acts at various levels. In order to effectively include the individuals who are most affected by poverty it is essential to develop active social policies that enable lasting and sustainable solutions. The Cape Verde government firmly believes²⁰ that only determined efforts to ensure social cohesion will produce consistent results to change the living conditions of Cape Verde's citizens who still cannot access all their guaranteed social and economic rights. In this context, the authorities have identified the following elements as the main challenges facing the nation today: poverty reduction, social inequalities, promoting justice and social cohesion. It is therefore important to invest resources to create the necessary conditions to improve citizens' lives.

²⁰ Governmental Programme, pg. 56.

The Cape Verde Government has identified training and professional qualification as a key national priority²¹, with a view to enhancing human resources and as an instrument for socio-economic development and poverty reduction, which can meet the country's needs and the expectations of younger generations. Government policies aimed at promoting professional training seek to rapidly integrate

²¹ Government Programme, pg. 47.

youths into the professional world and consolidate an active social life. In this regard, the present administration will revive a Programme for Youth Employment and Insertion that will be integrated into national programmes and programmes by donor partners.

Portuguese cooperation has developed integrated projects in two aspects: professional training and measures to promote employment; and social development, which directly contribute towards enabling citizens and youths to access professional qualifications and employment. They especially provide support for youths looking for their first job in the labour market and contribute towards poverty reduction efforts.

At the level of **Professional Training**, the objectives of cooperation between the two nations include continued support for implementing a policy of professional training and employment, as defined by the Cape Verde Government, by means of:

- Reinforcing the institutional and technical capacities of Cape Verde's Institute for Employment and Professional Training (IEFP-CV);
- Supporting the implementation of professional training initiatives in priority areas;
- Promoting the professional integration of youths and adults by including them in training courses and professional apprenticeships;
- Implementing measures to support the creation and expansion of micro-companies;
- Supporting improvements in existing training and employment infrastructure available via the IEFP-CV;
- Constructing and equipping a new Training Centre at a decentralised level (for the Fogo/Brava region).

Instruments / Action

Cooperation in this area will be developed on the basis of a sectorial programme. The projects that will be implemented within the scope of this programme are aimed at youths seeking their first job, unemployed citizens, employed citizens and the staff of the IEFP-CV. They also include activities to be carried out with the local units of the IEFP-CV and other local organisations and will gradually be expanded to all the islands of the archipelago wherever pertinent.

In terms of **Social Development**, the objectives of cooperation in this area include continued support for poverty reduction efforts, directly contributing towards an improvement in the living conditions of the less-favoured sections of society, especially underprivileged social groups and vulnerable groups, by means of:

- Contributing towards augmenting the capacity of the social services to respond to the needs of citizens, especially for children, youths and the elderly;
- Empowerment of people in order to raise levels of professional qualifications, access to income-generating activities and social participation;
- Improving residential living conditions in communities (restoring dilapidated dwelling units; construction of social housing);
- Reinforcing the institutional capacity of public bodies, especially those that operate in the area of social protection.

Instruments / Actions

Cooperation in this area will be developed on the basis of a sectorial programme. Projects to be implemented within the scope of this programme will include civil partners, namely NGOs. The projects will especially be aimed at disadvantaged social groups and vulnerable groups, as well as the Cape Verde Ministry of Labour, Family Welfare and Solidarity as part of public policies seeking to make an impact on social development. The territorial extent of the programme will include the islands of Santiago, S. Vicente, Santo Antão, Sal and Fogo, and could eventually be expanded to include the other islands.

Initiatives that will be developed in this area will include, whenever suitable, integrated projects, in order to ensure mechanisms that promote the sustainability of activities, keeping in mind their specific characteristics.

C. Infrastructure

The main objectives of national development in economic and social terms always entail efforts to create infrastructure, which are perforce linked to a programme of investments and modernisation. Cape Verde's development plans envisage implanting economic and social infrastructure throughout the archipelago. On the one hand, this will enable Cape Verde to reduce the asymmetries that exist between dif-

ferent islands and, on the other hand, it will reduce the costs associated with being an isolated island group, a fact that accentuates the nation's structural vulnerability. However, expanding infra-structural resources requires additional efforts in terms of financial wherewithal, thus obliging the country to seek external sources of funding



to carry forward such projects.

In order to realise investment programmes, the Cape Verde authorities have sought to use diverse funding mechanisms. Portugal has played an important role in providing funding by means of cooperation programmes and concessional lines of credit, including via public-private partnerships. Thus, ports, roads (the coast highway in Praia, the road connecting Santa Maria and Espargos), airports (Praia, Boavista and São Vicente) and schools have been built. More recently, based on important financial resources provided by Portugal, a circular highway was built in Praia as was a highway linking Praia and São Domingos. Portugal will continue to support the programme to improve and construct infrastructure.

Objectives

This support seeks to contribute towards creating the necessary conditions for sustainable development in Cape Verde, by means of new infrastructure, with a view to unifying the national market, keeping in mind the country's economic expansion and the fact that it is an island nation.

Instruments

Instruments include a State-to-State loan of a sum of 40 million euros and a concessional line of credit up to 100 million euros that will be granted by the Bank of Portugal, guaranteed by the Portuguese State, with a concession of 50%. These financial resources are earmarked for funding roads, ports and airports on a decentralised basis. Other projects will be realised by funds granted under the aegis of Portuguese cooperation, especially in terms of social sectors and infrastructure to further Cape Verde's development.

1.4.3. STRATEGIC AIM III – COOPERATION CLUSTER

A *cooperation cluster* will be developed as part of the present PIC. This is an integrated measure comprising a core strategic project around which other smaller and complementary projects will be developed within a common framework so as to increase sustainability and the long-term impact.

The objective is to foster sustainable development by means of an integrated approach that is based on new technologies and will create synergies between various interlocutors. Partners and entities involved in implementing the actions will be carefully chosen on the basis of comparative advantages and specific benefits, especially familiarity with the local context and know-how in required technical areas. Special attention will be given to public-private partnerships so as to create new synergies in terms of funding. The management of the cluster requires effective management and monitoring capabilities and adequate financial resources. These aspects will be defined in the terms of the Agreement that will be signed by the parties to develop actions for intervention. The implementation of the cluster will be carried out in close coordination with the Cape Verde authorities at diverse levels, both local and central, thus ensuring the necessary assimilation by means of the methods that will be agreed upon within the framework of the partnership agreement.

The Cooperation Cluster seeks to support the national strategic plan for an information society; the implementation of national strategies for e-government and to combat information-exclusion, especially by means of the dissemination of information technology, thus stimulating and dynamising the nation's economic fabric and contributing so that Cape Verde can assume a significant role in terms of innovation within the regional context.

1.5. *Direct Budget Support*

In the course of the PIC 2008-2011, Portugal will commence a new modality of cooperation that translates into direct budget support, thus contributing towards a common approach for budgetary aid adopted by the Government of the Republic of Cape Verde and development partners.

While adhering to this method, Portugal will keep in mind the partnership framework that has already been adopted by Cape Verde and other donors and will also adopt the existing mechanisms that accompany and monitor the initiative.

In 2005 a group of donors formed by the World Bank, the EU and Holland signed a partnership agreement with the Cape Verde Government for budget support. This group was further strengthened in 2006 with the entry of Spain, Austria and the African Development Bank (ADB), via the signing of a new Memorandum of Understanding. Cape Verde has invited other partners to join this agreement and to adopt this aid method. Budget support has proved to be an effective instrument that other donors increasingly view as an important mechanism for cooperation.

2. Implementing the Strategy - Cooperation Programme 2008-2011

This chapter describes the main agents of intervention in the context of cooperation between Portugal and Cape Verde, with a special emphasis on the mechanisms for bilateral coordination. It also includes various methodological instruments for planning, monitoring and evaluating projects, so as to maximise the benefits of medium and long-term intervention.

The general and specific objectives of each strategic axis and the respective areas of intervention, specific indicators, geographical areas of implementation, partnerships that are to be sought between Portuguese entities and Cape Verde and international entities are presented in an Intervention Framework below. This is not intended to be a summary of strategic options but instead outlines the practical application of the same in a detailed and objective manner, to facilitate the operation of the Indicative Programme.

2.1. *Agents*

IPAD and the Cape Verde Government will be responsible for selecting partners to promote and implement cooperation projects, based on criteria such as comparative

advantages and specific benefits, experience in implementing similar projects, knowledge of the local terrain and familiarity with the context, know-how in necessary technical areas, empowerment of local partners and cost-benefits analyses. It is especially important to identify and choose partners (both in Portugal and Cape Verde) that are capable of carrying out such projects, with guarantees for the successful implementation of these initiatives. Medium and long-term partnerships between counterpart institutions in the two countries will be encouraged so as to increase the sustainability of initiatives. Whenever necessary, limited or public tenders will be employed, open to a group of potential partners that, according to the respective project objectives, could include Operational NGOs and the private sector.

The following agents in Portugal and Cape Verde are potential partners for cooperation initiatives within the framework of this PIC:

- Sectorial ministries from both countries, especially those bodies that have the technical skills that are an essential asset in implementing specialised measures;
- Municipalities and municipal associations, universities and other higher education institutions, research institutes, foundations, Portuguese and Cape Verde NGOs (not just as the object of specific lines of co-funding but as privileged implementers of projects at micro and local level),
- Entrepreneurial sector
- Multilateral institutions



The success of this PIC will greatly depend on a clear definition of responsibilities and jurisdiction amongst these different agents. It is thus essential to reinforce coordination by means of existing cooperation mechanisms in both countries, including IPAD, the entity that is the central organ in Portugal for implementing cooperation policies, and Cape Verde's Directorate-General for International Cooperation, which is responsible for coordinating and programming bilateral cooperation in the island nation.

2.2. *Planning Mechanisms*

The planning and programming of cooperation projects, programmes and initiatives that are to be developed within the scope of this PIC will be carried out in Portugal by IPAD, in close coordination with the sectorial ministries that might be asked to collaborate in the implementation of these cooperation measures, and in Cape Verde by the Directorate-General for International Cooperation, without ruling out the participation of the various sectorial departments that will be the recipients of this cooperation.

All the initiatives that will be identified in the course of this Indicative Programme must keep in mind the general and specific objectives that have been laid down for each priority axis and the respective operational area, thus providing an effective response to sectorial needs. Priority will be given to structural programmes, whose sustainability and ownership is guaranteed. In cases where it is clearly in Cape Verde's interests, short-term ad-hoc initiatives may also be considered, albeit always in exceptional circumstances.

The **guiding criteria** for inclusion in this Indicative Cooperation Programme are as follows:

- Fitting into the general and specific objectives for each strategic aim and intervention area;
- Clear correspondence with Cape Verde's priorities;
- Contribution towards achieving the MDGs;
- Sustainability, by demonstrating that the intervention is capable of reproduced beyond its lifespan;
- Project ownership by the recipients;
- Guaranteed socio-economic impact of the implementation of the projects;
- Compliance with the principles of efficiency and effectiveness;
- Incorporation of crosscutting issues that have been defined: gender equality; good governance; and environmental sustainability.

Moreover, **preference** will be given to projects which also possess at least one of the following traits:

- Incorporate a medium / long-term approach and are structural and pluriannual projects;
 - Developed on the basis of sustainable partnerships between institutions in both countries, functioning as a means of ensuring institutional capacity-building;
 - They are part of existing multilateral cooperation programmes in Cape Verde;
 - Complement and create synergies with other initiatives of bilateral cooperation;
 - They are implemented by civil society organisations;
 - They promote partnerships between the public and private sector.
-

No project or initiative will be begun without the express approval of the respective project plans by the entities that coordinate cooperation between the two countries. The project dossiers must compulsorily include the following elements:

- General and specific objectives for the project/programme;
- Coherence with the strategic guidelines of Portuguese cooperation and the ECRP;
- Characterisation of the sector/problems identified;
- Intervention target-groups;
- Expected results;
- Description of activities and the respective intervention chronogram;
- Methodology for implementing activities;
- Budget;
- Performance indicators.

The relationship between the two parties must also be established on an operational basis that allows the formulation of quick and suitable solutions for Cape Verde's specific needs. Both parties must also take steps to simplify procedures that could limit the flexibility of approaches.

2.3. *Monitoring and Evaluation*

On the Portuguese side IPAD will be responsible for monitoring and evaluating the implementation of this PIC, while its counterpart in Cape Verde will be the Directorate-General for International Cooperation. These entities will closely monitor cooperation so as to analyse the progress that has been achieved in the light of the general and specific objectives of the programme, based on the interventions realised. This will enable the identification of eventual constraints and will facilitate necessary corrections in a timely manner. On the other hand, it will also result in a learning process that could incorporate past lessons and increase good practices, thus increasing the efficiency and effectiveness of aid.

The following mechanisms will be used to monitor this PIC:

- Continuous monitoring, both by Portuguese cooperation in Cape Verde and by the Cape Verde authorities;
- Joint half-yearly assessments, where the progress of each project will be analysed and progress sheets will be filed for each project and each sector;
- Regular coordination meetings for each intervention axis, involving different sectorial ministries and other entities that participate in the implementation of this programme in each of its axes;
- The preparation of progress reports that incorporate all the developments at the level of each sector;
- Annual self-evaluation exercises for the main projects underway;
- External appraisal of the PIC 2008–2011 during the last year of the programme so as to draw lessons and put forward recommendations for the next programming cycle.

So that this assessment is as systematic and objective as possible, performance indicators have been identified that focus on criteria evaluating results and impact. There are two kinds of indicators for intervention efforts: overall indicators evaluating the PIC, which are also valid for and equally applicable to the priority axes that have been defined in the agreement; and specific indicators pertaining to the respective intervention areas. Since these are general guidelines, it is possible that

there could be projects and interventions where the respective indicators might not be the most suitable means of gauging progress and they can therefore also be complemented with other indicators that will be defined for each project (according to the respective project dossiers).

INDICATIVE COOPERATION PROGRAMME PORTUGAL-CAPE VERDE 2008-2011

INTERVENTION FRAMEWORK

Objectives of the PIC	Cooperation Guidelines	General Indicators (Overall and Sectorial)
<p>Overall objective:</p> <p>To contribute towards sustainable development based on the promotion of good governance and poverty reduction.</p> <p>Specific objectives:</p> <ul style="list-style-type: none"> • To support the reforms inherent to the processes of graduating from the list of LDCs and the special partnership agreement with the EU; • To contribute towards improving the macro-economic framework and the management of Public Finances; • To contribute towards capacity-building measures that are best suited to Cape Verde's macro-economic situation and its development prospects; • To promote geographic decentralisation, especially by means of initiatives aimed at achieving socio-community development and the creation of infrastructure to mitigate the nation's asymmetries and vulnerabilities, contributing towards improving the living standards of citizens. 	<ul style="list-style-type: none"> • Concentrating cooperation on strategic axes and priority areas; • Incorporating crosscutting issues such as gender equality, good governance and environmental sustainability; • Further developing a bi(multi)lateral approach for cooperation; • Coordination and complementarity with other donors; • Geographic decentralisation of cooperation initiatives; • Greater involvement of civil society and the private sector. 	<ul style="list-style-type: none"> • Poverty indicators; • Degree of progress in relation to the MDGs; • Economic growth; • Degree of progress towards achieving the objectives of the ECRP; • Implementation rates (calculated as the difference between the amount budgeted and the sum that was effectively spent); • Degree of suitability of the projects in the light of the axes and intervention areas; • Degree to which crosscutting issues have been integrated in the projects; • % of projects at decentralised level; • Number of partnerships with other donors; • Number of projects within multilateral programmes; • Number of projects with the involvement of operational NGOs and civil society.

Strategic Axes	Intervention Areas Objectives	Result Indicators
<p>Strategic Axis I GOOD GOVERNANCE, PARTICIPATION AND DEMOCRACY</p> <p>Objective:</p> <p>To support institutional capacity building in Cape Verde, by means of an approach that entails the transfer and assimilation of know-how in areas that are critical for good governance, especially in the fields of planning, public finances, justice and internal security, and to contribute towards the strengthening of democratic institutions</p>	<p>Intervention Area I.1. INSTITUTIONAL CAPACITY BUILDING</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To support the implementation of the programme to modernise the Public Administration, centred on institutional capacity building and improving the quality of service rendered; • To support capacity-building processes, essentially at the level of management planning and the legal framework; • To reinforce the capacity of the Public Administration in specific aspects of socio-economic development, especially in the areas of statistics, justice and health services. 	<p>No. of measures for technical assistance that were implemented;</p> <p>% of Cape Verde departments and institutions covered by the programme whose capacities were increased;</p> <p>% of technical staff trained;</p> <p>% of women trained;</p> <p>No. of legal decrees and sectorial plans prepared.</p>
	<p>Intervention Area I.2. PUBLIC FINANCES</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To support the Cape Verde Government in its efforts to consolidate budgetary and financial rigour; • To contribute towards the empowerment of Services in the areas of Customs, Studies and Strategies, Taxation, Financial Inspections, Budgets, State Patrimony, Planning, the Public Exchequer, Treasury and Public Debt. 	<p>No. of training measures carried out per area of intervention;</p> <p>No. of technical assistance actions carried out per area of intervention;</p> <p>No. of technical reports prepared per area of intervention;</p> <p>No. of advisory documents issued per area of intervention.</p>

MDGs	Intervention Zones	Partners in Portugal	Partners in Cape Verde	Synergies with other donors
All, indirectly	City of Praia	Sectorial ministries	Corresponding sectorial ministries	EC UNDP
All, indirectly	National	Portuguese Ministry of Finance	Cape Verde Ministry of Finance	World Bank EC

Strategic Axes	Intervention Areas Objectives	Result Indicators
	<p>Intervention Area I.3. INTERNAL SECURITY</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To improve the national police force's system of public order and security; • To increase the effectiveness of security for citizens and their properties; • To improve the capacity of the police force to prevent and combat crime; • To enhance planning capacity and operational controls; • To train specialised personnel to maintain order and security and to protect and monitor borders; • To improve the police force's capacity to participate in interventions aimed at protecting the environment; • To provide support to define and standardise suitable operational means (communication equipment, vehicles, individual equipment, etc.); • To train personnel in the area of operational planning; • To support regulatory measures for the system for operational evaluation and monitoring; • Technical assistance to consolidate intervention units and sub-units within the maritime protection corps. 	<p>No. of initiatives accomplished to train trainers in Portugal.;</p> <p>No. of initiatives accomplished to train trainers in Cape Verde;</p> <p>No. of initiatives accomplished in the area of technical assistance and capacity-building;</p> <p>No. of seats filled in courses in Portugal by Cape Verde trainees;</p> <p>% of students who successfully concluded training in relation to the number of enrolments..</p>
	<p>Intervention Area I.4. TECHNICAL-MILITARY COOPERATION</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To provide technical support to the Higher Administrative Structure of Cape Verde's Armed Forces to contribute towards improving the administrative subsystem and the management of human, financial and material resources; • To contribute towards organising and creating Military Police (MP) units within the Armed Forces; • To provide technical support to the Coast Guard, Naval Units and Air Services and consolidate the organisational and operational structure of the Armed Forces Marine Corps; • To provide technical support for the organisation and operation of the Joint Centre for Military Instruction (CIMC), in order to facilitate the involvement of the Cape Verde Armed Forces in the Integrated Exchange Programme for Military Training. 	<p>No. of initiatives for technical assistance and capacity-building accomplished in Cape Verde;</p> <p>No. of training initiatives administered in Portugal;</p> <p>% of Cape Verde trainees in the course providing Support for Peace Missions in Africa.</p>

MDGs	Intervention Zones	Partners in Portugal	Partners in Cape Verde	Synergies with other donors
All, indirectly	Praia, Sal, Boavista and Mindelo	PSP, GNR, SEF, ANPC, DGAI	MAICV, PN, SNPC	France, Spain, United Nations, Angola

All, indirectly	Nationwide	Portuguese Ministry of Defence	Cape Verde Ministry of Defence	
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Strategic Axes	Intervention Areas Objectives	Result Indicators
<p>Strategic Axis II SUSTAINABLE DEVELOPMENT AND POVERTY REDUCTION</p> <p>Objectives:</p> <p>To contribute towards the promotion of sustainable development by means of support for education, professional training, social development and the creation of basic infrastructure that is essential for Cape Verde's economic and social development, fundamental areas in the struggle against poverty</p>	<p>Intervention Area II.1. EDUCATION</p> <p>Main objective:</p> <ul style="list-style-type: none"> To contribute towards improving the quality of teaching and consolidate higher education in Cape Verde. <p>Specific objectives:</p> <ul style="list-style-type: none"> To contribute towards improving secondary education by means of a reformulation of the programme currently underway. Efforts will be made to improve pedagogical quality with a special focus on the areas of science and technology; To contribute towards developing and consolidating higher education, by means of initiatives to support the management and curricular design of courses and improving the quality of courses promoted by the University of Cape Verde (UCV), at graduate and post-graduate levels; To support education for Cape Verde students in Portugal at post-graduate or doctoral level in areas that are essential for Cape Verde's development. To contribute towards ensuring the quality of training courses administered in Portuguese by the ISE; To promote the dissemination of and improve skills in Portuguese, as a vehicle for the transfer of knowledge. To contribute towards institutional reinforcement at the level of different educational subsystems. 	<p>No. of technical assistance missions accomplished;</p> <p>No. of Cape Verde teachers who received training;</p> <p>% of women who successfully concluded training in relation to the total number of students;</p> <p>% of students who successfully concluded their studies in relation to the number of enrolments;</p> <p>No. of intra-university partnerships created;</p> <p>No. of internal scholarships granted;</p> <p>% of students with internal scholarships who successfully concluded their studies;</p> <p>% of women who benefited from internal scholarships.</p>
	<p>Intervention Area II.2. PROFESSIONAL TRAINING AND SOCIAL DEVELOPMENT</p> <p>Objectives:</p> <ul style="list-style-type: none"> To contribute towards expanding the response capacities of social services, namely services for children, youths and the elderly; To empower people in order to raise levels of professional qualifications, access to income-generating activities and social participation; To improve the housing conditions of citizens (interventions to restore dilapidated buildings; construction of social housing); To promote institutional capacity-building among public bodies, especially those that operate in the area of social protection. 	<p>No. of children and youths covered by social mechanisms;</p> <p>No. of elderly citizens receiving support;</p> <p>No. of beneficiaries of the system of micro-credit;</p> <p>No. of educational / training / awareness-raising initiatives;</p> <p>No. of dwelling units constructed or that received support;</p> <p>No. of hours/days of technical assistance provided;</p> <p>No. of services and/or bodies covered by capacity-building initiatives.</p>

MDGs	Intervention Zones	Partners in Portugal	Partners in Cape Verde	Synergies with other donors
MDG 1 MDG2 MDG3	Nationwide	Ministry of Education; Ministry for Higher Learning; Universities; ICA	Ministry for Education and Higher Learning and the University of Cape Verde	

MDG 1 MDG 2 MDG 3 MDG 4 MDG 7	Islands of Santiago, Sal, S. Vicente, Santo Antão and Fogo	Portuguese Ministry of Labour and Solidarity	Ministry of Labour, Family Welfare and Solidarity and other public bodies; Civil organisations	
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Strategic Axes	Intervention Areas Objectives	Result Indicators
	<p>Intervention Area II. 3. INFRASTRUCTURE</p> <p>Objectives:</p> <ul style="list-style-type: none"> To contribute towards creating the necessary conditions to achieve sustainable development in Cape Verde by means of new infrastructure, with a view to unifying the Cape Verde market, keeping in mind the nation's economic growth and the fact that it is an archipelago. 	<p>No. of infrastructure projects that have been successfully implemented</p>
<p>Strategic Axis III</p>	<p>COOPERATION CLUSTER</p> <p>Objective:</p> <ul style="list-style-type: none"> To promote sustainable development by means of an integrated approach to intervention based on new technologies, and one that creates synergies between the various interlocutors. Partners and operators will be carefully selected for such initiatives, based on comparative advantages and specific benefits such as familiarity with Cape Verde's terrain and realities and know-how in necessary technical areas. Public-private partnerships are especially important in order to create new synergies in terms of funding. For the Cluster to be successful it will be essential to establish the necessary financial means and effective management and monitoring capabilities. 	

MDGs	Intervention Zones	Partners in Portugal	Partners in Cape Verde	Synergies with other donors
All, indirectly		Portuguese Ministry of Finance & Portuguese banks	Cape Verde Ministry for Infrastructure, Transport and Maritime Affairs	
All, indirectly				

List of Acronyms

ACP

Countries African, Caribbean and Pacific Countries

ACC Exchange Cooperation Agreement

ADB African Development Bank

AIDS Acquired Immunodeficiency Syndrome

ANPC National Association for Civil Protection (Port.)

AU African Union

BCV Bank of Cape Verde

CCS Council for Social Welfare (Cape Verde)

CIC Inter-ministerial Committee for Cooperation

CILSS Permanent Interstate Committee for Drought Control in the Sahel

CIMC Joint Centre for Military Instruction

COMACC Commission for the Exchange Cooperation Agreement

CPLP Community of Portuguese Speaking Countries

CVE Cape Verde Escudo

DECRP Strategic Paper on Growth and Poverty Reduction (Cape Verde)

DFI Direct Foreign Investment

DGAI Directorate-General for Internal Administration (Portugal)

DGCI Directorate-General for International Cooperation (Cape Verde)

DNGO Development Non-Governmental Organisation

EC European Commission

ECOWAS Economic Community of West African States

EU European Union

EBA	Everything but Arms
ECRP	Strategy for Growth and Poverty Reduction (Cape Verde)
EPI	Expanded Programme on Immunisation
FAO	Food and Agriculture Organisation
GDP	Gross Domestic Product
GEP	Department of Planning and Studies of the Ministry of Labour and Social Security (Port.)
HIV	Human Immunodeficiency Virus
ICA	Camões Institute
IDA	International Development Association
IDSR	Demographic Survey on Reproductive Health
IEFP	Institute for Employment and Professional Training (Port.)
IEFP-CV	Institute for Employment and Professional Training (Cape Verde)
ILO	International Labour Organisation
IMF	International Monetary Fund
IPAD	Portuguese Institute for Development Assistance
ISE	Institute for Higher Education (Cape Verde)
LDC	Least Developed Countries
MAI	Ministry of Internal Administration (Port.)
MDG	Millennium Development Goal
NEPAD	The New Partnership for Africa's Development
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organisation
OPEC	Organisation of Petroleum Exporting Countries
OR	Outermost Regions

PAC	Annual Cooperation Plan
PAM	Municipal Environmental Plan
PAIS	Intersectorial Environmental Plan
PANA	National Environmental Action Plan
PALOP	Community of African Portuguese Speaking Countries
PAICV	African Party for Cape Verde's Independence
PIC	Indicative Cooperation Programme
PIR-PALOP	Indicative Regional Programme for African Portuguese Speaking Countries
PN	Cape Verde National Police Service
PSP	Police for Public Security (Port.)
RCV	Republic of Cape Verde
SEF	Foreign Nationals and Borders Department (Port.)
SOFID	Financial Development Company
STJ	Supreme Court of Justice (Cape Verde)
TC	Financial Tribunal (Cape Verde)
TSG	Transitional Support Group
UAM	Macro-Economic Monitoring Unit
UCV	University of Cape Verde
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USA	United States of America

USD	United States Dollar
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE GOVERNMENT
OF THE PORTUGUESE REPUBLIC
AND THE GOVERNMENT
OF THE REPUBLIC OF CAPE VERDE
CONCERNING THE INDICATIVE
COOPERATION PROGRAMME
FOR THE 4-YEAR PERIOD
2008-2011**

The Government of the Portuguese Republic and the Government of the Republic of Cape Verde, here after referred to as the “Parties”, having regard to;

Keeping in mind the ties of friendship and affinity between the peoples of the Portuguese Republic and the Republic of Cape Verde, deriving from a long historic relationship and a common heritage, in order to further develop these bonds by means of the continuous reinforcement of a strategic partnership at a political, diplomatic, economic and cultural level and in a context of cooperation;

Considering the commitment and the efforts of the Government of the Republic of Cape Verde to create the necessary conditions for development, which have been widely recognised by the International Community;

Keeping in mind the new challenges faced by the Republic of Cape Verde in the light of recent developments such as its graduation from the ranks of the UN list of Least Developed Countries (LDCs), the establishment of a Special Partnership Agreement with the European Union, its entry into the World Trade Organisation (WTO) and the diverse vulnerabilities of the nation;

Considering the Portuguese Government’s desire to contribute towards and support the Government of the Republic of Cape Verde in order to achieve sustainable development and the steady participation of the latter in the regional and international context;

Sharing a common objective to increasingly vitalise the Community of Portuguese Speaking Countries and recognising the importance of the contribution of member states in this regard, including that of the Portuguese Republic and the Republic of Cape Verde;

Have decided the following:

Article 1

The Parties shall promote the Indicative Cooperation Programme (PIC) 2008-2011, hereinafter referred to as the "PIC", an integral component of the present Memorandum, which includes the programmes and projects that will be implemented in the future as well as those that are already underway, resulting from the commitments established between the Parties.

Article 2

In addition to the measures, projects and programmes to be developed under the aegis of the PIC, the Portuguese Republic will do its utmost to support the Republic of Cape Verde in promoting financial mechanisms for development, especially with regard to infrastructure, by means of credit and loans on concessional terms.

Article 3

The PIC focuses on three Strategic Areas: Good Governance, Participation and Democracy; Sustainable Development and Poverty Reduction; and creating a Cooperation Cluster.

Article 4

The entities responsible for coordinating and monitoring the implementation of the PIC are:

- a) For the Portuguese Republic, the Ministry of Foreign Affairs, through the Portuguese Embassy in the city of Praia and the Portuguese Development Support Institute (IPAD); and
- b) For the Republic of Cape Verde, the Ministry of Foreign Affairs, Cooperation and Communities, through the Directorate-General for International Cooperation.

Article 5

The Parties shall meet on a half-yearly basis to monitor and evaluate the implementation of the PIC, proposing measures that they deem necessary for the correct implementation of the programme, as per the cooperation strategy agreed upon beforehand.

Article 6

In the course of implementing the PIC, the Parties will make available all the necessary information concerning the progress of programmes, projects and initiatives that might be requested by the other Party.

Article 7

The Parties shall ensure the effectiveness, efficiency and visibility of the programmes, projects and initiatives to be developed under the aegis of Portuguese cooperation.

Article 8

The present Memorandum can be changed at any moment by mutual agreement in writing by the Parties.

Article 9

The present Memorandum will come into effect on the date on which it is signed and will cease to be valid when one of the Parties expresses such a desire and notifies the other Party in writing with at least 90 days advance notice.

On behalf the Government of the Portuguese Republic

João Gomes Cravinho
*Secretary of State for Foreign Affairs
and Cooperation*

On behalf the Government of the Republic of Cape Verde

Victor Borges
*Minister for Foreign Affairs, Cooperation
and Communities*

Signed in the city of Praia, on 22 January 2008, on two originals in Portuguese, both copies being equally valid.

