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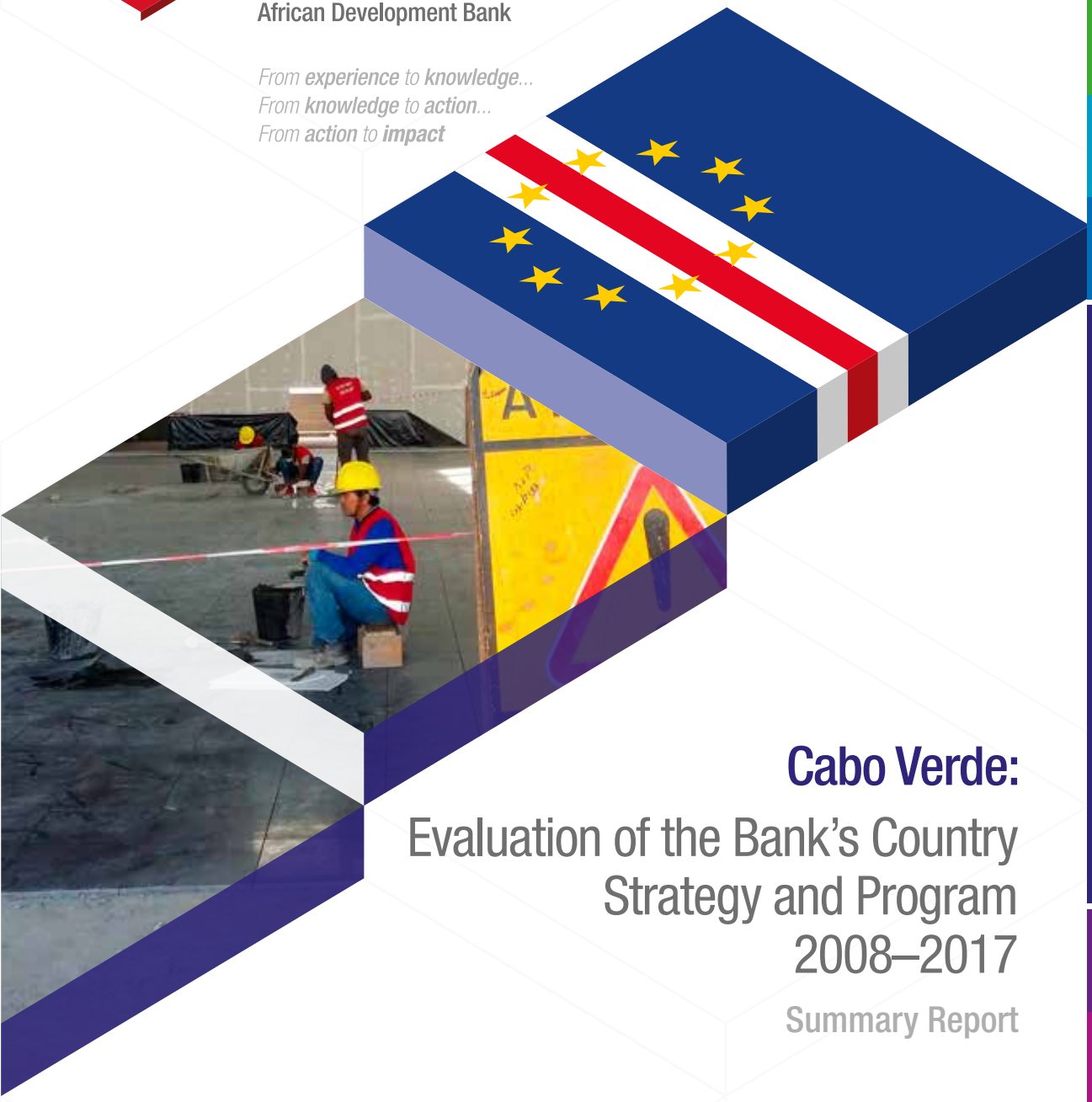

An IDEV **Country Strategy Evaluation**

Cabo Verde:

Evaluation of the Bank's Country Strategy and Program 2008–2017

Summary Report

AFRICAN DEVELOPMENT BANK GROUP

November 2018

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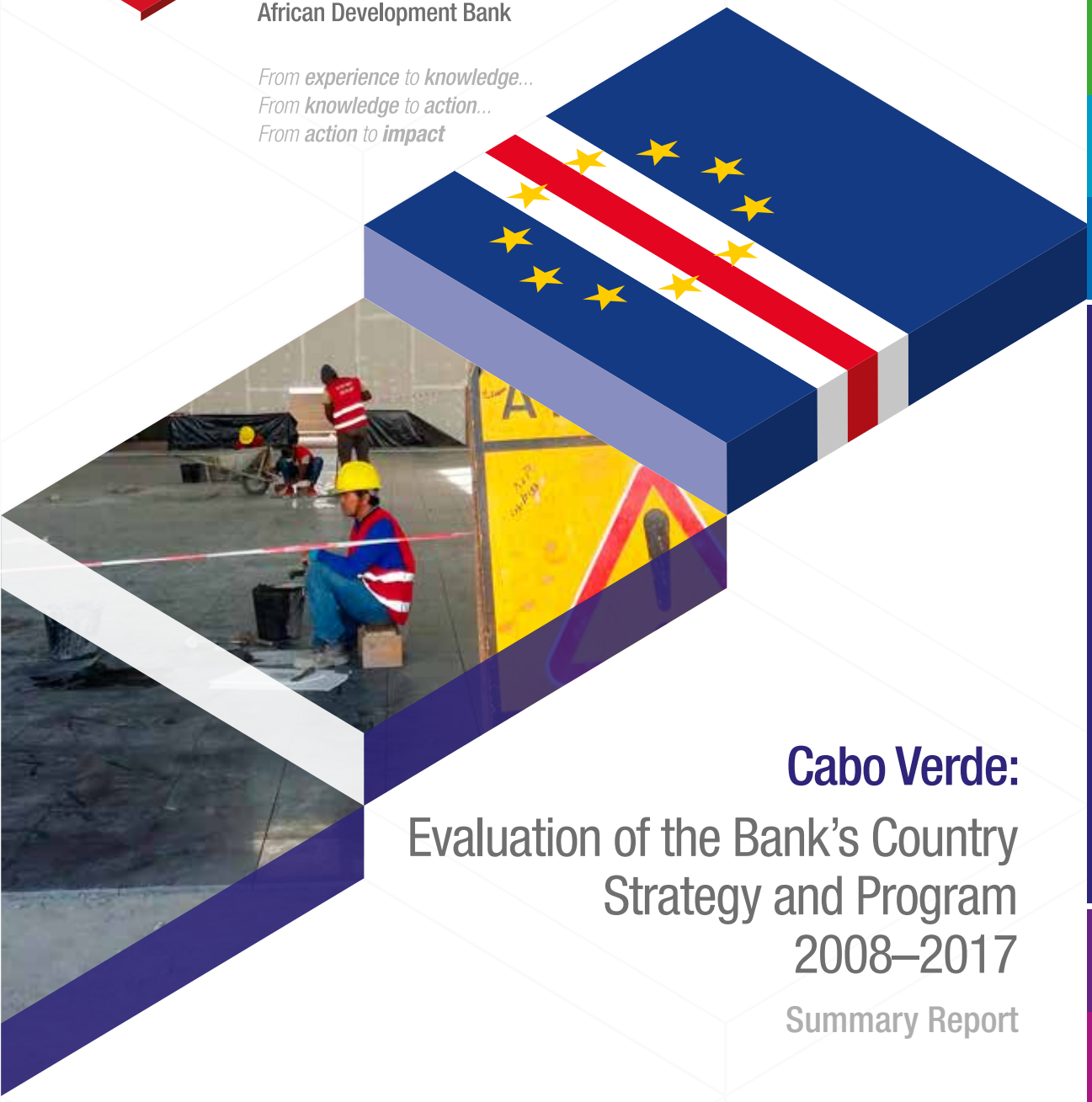

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Summary Report

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November 2018

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Cabo Verde Country Strategy and Program Evaluation (2008–2017) — Summary Report
IDEV Country Strategy Evaluation, November 2018

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The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs and providing policy advice and technical assistance to support development efforts.

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The mission of Independent Development Evaluation at the AfDB is to enhance the development effectiveness of the institution in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

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Abbreviations and Acronyms

ACCF	Africa Climate Change Fund
ADB	African Development Bank
ADF	African Development Fund
AfDB	African Development Bank Group
ARE	Agência de Regulação Económica
AWF	African Water Fund
BADEA	Banque Arabe pour le Développement Economique en Afrique
BS	Budget Support
BSG	Budget Support Group
CSP	Country Strategy Paper
CSPE	Country Strategy and Program Evaluation
DC	Data Center
ECOWAS	Economic Community of West African States
ECREEE	ECOWAS Centre for Renewable Energy and Energy Efficiency
EIB	European Investment Bank
ESW	Economic and Sector Work
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GNI	Gross National Income
GDP	Gross Domestic Product
GE	Gender Equality
GOCV	Government of Cabo Verde
GPRSP	Growth and Poverty Reduction Strategy Papers
ICIEG	Instituto Cabo-verdiano para Igualdade e Equidade de Género
ICT	Information and Communication Technologies
IDEV	Independent Development Evaluation
IMF	International Monetary Fund
INE	National Institute of Statistics
MCC	Millennium Challenge Cooperation
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MIC	Middle-Income Country
MSME	Micro Small and Medium Enterprise
NOSi	Nucleus for Information Society
OECD	Organization for Economic Co-operation and Development
PACE	Economic Growth Support Program
PAGEPPI	Public Corporate Governance and Investment Promotion Support Programs
PAGF-RPS	Public finance management and private sector recovery support program
PAR	Project Appraisal Report
PBO	Program Based Operation
PCN	Project Concept Note
PCR	Project Completion Report
PEDS	Strategic Plan for Sustainable Development
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PIP	Public Investment Program
PPP	Public Private Partnership
PRSSP	Poverty Reduction Strategy Support Programs
PSD	Private Sector Development
SAP	The AfDB's core Enterprise Management System
SEFA	Sustainable Energy Fund for Africa
SI	Social Inclusion
SIDS	Small Island Developing State
SIGOF	Integrated Budget and Financial Management System
SME	Small Medium Enterprise
SOE	State Owned Enterprise
SRF	Special Relief Fund
ToC	Theory of Change
UA[a]	Unit Of Account
UNECA	United Nations Economic Commission for Africa
UNDP	United Nations Development Programme
WB	World Bank
WDI	World Development Indicators

a 1 UA = 1.41542 USD As of December 2017

Modernization of Praia Airport

Executive Summary

Introduction

This report summarizes the findings of the independent evaluation of the African Development Bank´s (AfDB or the Bank) Country Strategy and Program in Cabo Verde from 2008–2017. The evaluation aims to inform the forthcoming Country Strategy Paper (CSP) by providing an assessment of development results and identification of key lessons. This summary report is derived from a technical report, which includes a detailed assessment of individual operations, a portfolio review and a comprehensive evaluation of the Cabo Verde country strategy and program. The evaluation applies the standard evaluation criteria of relevance, effectiveness, efficiency and sustainability. It draws on this assessment to derive findings about the performance of the Bank's support to Cabo Verde. It analyzes several dimensions: alignment, selectivity, robustness of design, implementation progress, achievement of outputs, contribution to outcomes, aid coordination, and the durability of program benefits. Special attention is also paid to Gender Equality and Social Inclusion (GE and SI) in the assessment. Drawing on the performance evidence and lessons learned, the evaluation provides a set of forward-oriented, operational recommendations to help the Bank improve its future performance in Cabo Verde.

Overview of Findings

The Bank's performance in Cabo Verde during 2008–2017 is rated satisfactory with respect to relevance, effectiveness and sustainability of the strategy and program. The program's efficiency, however, merits improvement and was rated unsatisfactory. This evaluation raises concerns about efficiency, in particular the timeliness of the implementation of the infrastructure portfolio and the Trust Fund grants that should complement the governance budget support operations Program Based Operations (PBOs). The Bank has been a reliable partner for the Government of Cabo Verde (GOCV), providing a substantial and continuous source of financial and technical support for governance reforms and infrastructure development, specifically in the electricity sector. Bank strategies had several broad objectives for its assistance, not all of which were met. While solid progress was registered in helping the country foster inclusive growth through infrastructure development and good governance reforms, the strategic aim of helping the country transition towards "green growth" or climate resilient development was ill matched to available resources and instruments. Water management issues and environmental vulnerability continue to be one of the most important and pressing challenges in this drought-prone archipelago. Recently approved climate change grants are steps in the right direction towards helping the country address these challenges, but their contribution will be marginal if they are not scaled-up through larger interventions.

Evaluation of the AfDB Country Strategy and Program in Cabo Verde (2008–2017)

Relevance

Overall, the program was well aligned with national development priorities and AfDB corporate priorities, with the exception of regional integration. Regional integration informed one strategic outcome of the first pillar of the CSP; however, neither the associated pipeline nor the ESW related to regional integration were finally approved. Most of the Bank´s portfolio with potential implications to reduce gender gaps in Cabo Verde was aligned to the third pillar of the

Bank´s Gender Strategy (2014–2018): Knowledge management and capacity building. This includes the funding of sex-disaggregated national statistics and the elaboration of a Country Gender Profile, with UNWomen. The Bank did not, however, focus sufficiently on issues related to either women's empowerment or women's legal status and property rights, the first two pillars of the Bank's Gender Strategy. Therefore, the Bank's contribution to GE is relevant but falls short in relation to the most pressing factor explaining the gender poverty gap in Cabo Verde: women's economic empowerment (See Box 2 in the Economic and social context section).

The country strategies proved to be overly ambitious in terms of their strategic intent for infrastructure development due to effects of the international financial crises. The actual selectivity of the portfolio as implemented was appropriate, with a strong focus on improving governance and infrastructure development, concentrated in this case on the power sector. The GOCV had to scale back its infrastructure public investment program due to difficulties in leveraging additional resources and the high and rising sovereign debt burden. As a result, none of the sea port projects, and their associated Economic and Sector Work (ESW), that were included in the CSPs were approved. Some of the infrastructure interventions that did go ahead had unrealistic assumptions. For instance, it was assumed in their results frameworks that augmenting physical capacity would be sufficient to reduce power costs or increase the number of passengers and air freight. The necessary complementary policy and institutional reforms in those sectors were supported by other donors within the Budget Support Group (BSG). However, this agreement was not mentioned neither in the Bank's CSP, nor the Bank's energy and air transport project appraisal reports (PAR). The Cabeolica wind farm project, the only project funded through the private sector window, was a very relevant choice which is expected to provide valuable lessons for encouraging Private Public Partnerships (PPPs) in Cabo Verde (see Box 3).

In the governance area, a key strength of the Bank's strategy in Cabo Verde was the careful combination of lending and non-lending interventions (namely PBOs, grants and policy dialogue). Moreover, PBOs were rightly designed as a continuum of interventions, especially in the later evaluation period. These were initially focused on Public Financial Management (PFM) and thereafter accorded more emphasis to Private Sector Development (PSD).

The program to tackle water management and climate change was too small to make a meaningful contribution to results in this area. The response of the Bank to an emergency caused by a volcanic eruption in 2015 was highly appropriate, but delays and changes in the activities and to its original beneficiary targeting strategy, undermined its relevance as an instrument of emergency relief.

Bank strategies to make the growth process more inclusive had mixed results. The design of the second CSP integrated GE and SI issues quite well, including a good analysis of geographical inequalities and key challenges for inclusiveness and gender disparities. Unfortunately, the actual mainstreaming of GE and SI objectives into project designs was both limited and problematic. In most project designs, the expected benefits to women and youth are assumed but are not clearly defined, justified nor linked to specific project activities. Moreover, some projects proposed a quota of women or youth as project beneficiaries, but without sex- or age-disaggregated results reporting.

Effectiveness

The main strategic outputs of the Bank's support were achieved, but several of the targeted development outcomes proved to be more difficult to attain than originally expected. Through its electricity investment projects, the Bank made a solid contribution to increasing the level of population with access to electricity but more could have been done to ensure its sustainability. As part

of the division of labor among partners within the BSG, power sector reforms were led by the World Bank and other partners, while the Bank focused on reforms to improve the private sector enabling environment. Results were modest in relation to tackling other sector bottlenecks such as the high commercial losses and weak overall management of Electra, the main power utility.

The three funded electricity projects contributed to increasing the proportion of renewable electricity in the energy mix; however, the effective substitution of thermal energy by clean energy did not happen. This is essentially due to technical restrictions of the off-taker, demand not increasing as expected and the comparatively low price of oil vis-à-vis renewable power sources. Despite this, in the medium or long-run, a greater reliance on wind and other sources of renewable energy could contribute to greater energy independence and security of the archipelago, which is one of the long-term objectives of the GOCV. More efforts could have been made to improve power access to all and to decrease the cost of electricity. Some interesting practices to target vulnerable people were identified with additional rural electrification components of two public electricity projects. However, these were funded with remaining resources as per the proposal of the executing agency, instead of being part of the original project design. In the infrastructure area, it is difficult to assess the extent to which investments were inclusive since beneficiary monitoring was highly aggregated. This jeopardizes the possibility to capture the contribution of the Bank's portfolio to reduce gender gaps and development disparities among islands.

The Bank did not achieve its goal of increasing the availability of arable land and water supply to help the country transition towards climate resilient development. Only the watershed management project on Santiago Island had substantial results, although this project should be linked to a broader agricultural value chain intervention if its rural development objectives are to be realized (see Box 4). The other water-related grant helped the country to develop a policy framework for water resources management, but the extent to which this framework is actually being used remains unclear. The agriculture grant in Fogo will probably deliver most of its outputs but is unlikely to play much of an actual emergency relief role. The ambitious outcome of identifying climate finance sources has not yet materialized, despite the ongoing efforts of a grant funded through the Africa Climate Change Fund (ACCF).

In terms of support for good governance, participation of the Bank in the multi-donor BSG yielded excellent results, especially in terms of support for PFM reforms, although the Bank could have played a larger role in setting the group's agenda since it was the largest budget support contributor. Some PBOs were well-planned and achieved good results, such as those in the public procurement area and fiscal consolidation. However, further progress is required to improve internal and external control functions and the functioning of the Court of Auditors as well as national systems for managing the public investment. Moreover, due to delays in implementing the government's e-governance program, the CSP target to help digitalize and modernize public administration, was not met. Progress was registered in strengthening the government's capacity to regulate and govern State Owned Enterprises (SOE), with the signing of several performance contracts and the passage of improved SOE oversight legislation. The Bank made a distinctive contribution to improving the business environment and the state support to Micro, Small and Medium Enterprises (MSME), mainly through support in the reduction of the tax burden for small businesses and the adoption of a special regulatory regime for MSME. However, some measures did not materialize as expected (i.e. improved MSME finance access with Cabo Verde Guarantee). In addition, direct support was too small to expand non-financial services to small enterprises (i.e. the MSME incubators grant). With few exceptions, neither the PBOs nor the governance-related Trust Fund grants designs were gender-responsive nor was the reporting of the results sex-disaggregated or differentiated across different population groups.

The Bank has also made a substantive contribution to strengthening the national statistical and M&E systems. This support has positively contributed to capacity building at the National Statistics Institute and should inform future policy-making, especially considering GE and SI aspects, since all the surveys funded are sex-, age- and island-disaggregated.

Efficiency

Severe delays negatively affected the implementation of infrastructure operations. Likewise, the Trust Fund projects supporting governance and interventions addressing climate change mitigation, agriculture and water management were hampered by delays and implementation bottlenecks. For public infrastructure projects, the delays were a result of flaws in project designs, including insufficient risk assessments and associated mitigation measures, and poor project assumptions. In particular, the time required to import and transport construction materials to different islands was not taken into proper consideration in project designs. In some cases, cost estimations were unrealistic; insufficient feasibility work meant that designs had to be substantially altered during implementation; procurement procedures of various financers were difficult to manage; and the needed coordination among partners was not achieved as planned. Slow project disbursement even extended to the special emergency fund. The emergency grant provided for the housing of people affected by the eruption of the volcano in Fogo was finally cancelled due to delays in processing between the government, the implementing agency and the Bank.

By contrast, the governance budget support operations were implemented in a timely and efficient manner. Working through the BSG was a good practice. It kept the agenda focused and realistic and meant that results could be delivered on time and in an incremental manner. It also helped lower aid transaction costs to a thinly staffed Cabo Verdean government. The BSG also helped provide greater transparency in the reform process, as joint statements were made to the press. On the negative side, civil society organizations have not been invited to participate in the reviews; and the decision to stop bilateral meetings between the BSG with key government institutions since late 2016 has reduced the depth of dialogue. It is also worth noting that the budget support disbursements were made in the last month of every financial year compromising the extent to which these funds could serve as a reliable budget financing source.

Start-up and implementation for Trust Fund projects designed to complement the budget support operations are an issue in Cabo Verde. In some cases, they required twice as long to be implemented as expected at project design. Delays in the creation of the project management units or in the designation of key staff to work on these grants were the main reasons for their delays. The elections and change of government in 2016 also caused some delays in the later part of the evaluation period. Some stakeholders also reported that the Bank's rules and procedures for small interventions funded by Trust Funds were too complex and impeded grant implementation. In general, the lack of an in-country presence and language challenges made it difficult to use Bank resources efficiently. Some improvement, however, was noted by stakeholders once supervision responsibilities were delegated to the Regional Office in Dakar.

Sustainability

The country strategies incorporated a good analysis of factors that would likely affect program sustainability but failed to implement sufficient mitigation measures. The notion that private sector and other sources of financing would compensate for a hardening of aid terms did not materialize as planned. The Bank set itself the objective to help the government ensure that its public debt was sustainable. Through its participation in the BSG, the Bank contributed to the policy dialogue on fiscal sustainability, but other partners took the

lead in designing and implementing reforms and capacity building in this area. The efforts of the Bank to help build national institutional capacities were quite modest although weak institutions were regularly acknowledged as a serious impediment to sustained program and economic performance. Finally, climate change and its effects on water availability and an increase in the frequency of extreme climate events were identified as a major threat to program sustainability. Bank support in this area has only materialized in recent years through small grants which will require substantial scaling-up if these are to help mitigate the serious climate change risks.

It is likely that the benefits of the individual electricity interventions and governance reforms will be sustained, showing good levels of financial and technical sustainability. However, the Technology Park and the Praia airport projects may encounter future problems if further measures are not taken to improve their commercial viability. The Technology Park Project, the biggest public investment in the portfolio (USD 27 million) may be difficult to sustain unless more aggressive efforts are made to market its services. The proliferation of other Technology Parks in the region should be taken into consideration to find a niche for this park and to better identify its comparative advantage. Moreover, the government should prioritize the use of the existing facilities in the Data Center (DC) of this Park before promoting a new DC for national agencies and other projects. The portfolio related to governance reforms (PBOs and ISPs[1]) shows a good level of institutional sustainability. Despite a change in government in 2016, ownership of governance reforms is strong and relations with the development partner community are very good. As relates to environmental and social sustainability, only two projects in the portfolio exhibited potential problems of compliance. The two public electricity projects did not address in a timely manner the Bank's social safeguards in terms of identification and compensation of adversely affected persons (land acquisition). The reporting on the implementation of agreed environmental mitigation measures of infrastructure projects was likewise insufficient.

The Bank's Performance

Forging effective partnerships has been critical to the Bank's support to Cabo Verde, partly because of resource constraints and partly because of the importance of focusing policy dialogue on the success of the program. Support for governance operations, which accounts for nearly half of the Bank's portfolio, have taken place within a well-focused multi-partner dialogue process coordinated by the BSG. Practically all of the major infrastructure and water resource investments have leveraged Bank resources with those of other donors to meet investment financing requirements. In the power sector, Bank support for generation, transmission and distribution has directly complemented interventions in electricity generation supported by several other development partners.

Nevertheless, the Bank could have been better prepared to contibute more to the budget reform process through policy analysis and dialogue, given that it was the largest contributor of the BSG. Similarly, there was insufficient collaboration with external partners in the energy sector to capitalize on the catalytic investments in the power sector, especially in the public sector. Moreover, additional efforts are needed to ensure a solid articulation between the public and private windows of the Bank, as well as complementarity between the different pillars of the strategy to attain higher-level outcomes. Economic and Sector Work has been too limited to inform the Bank's intervention in the country, and management for development results has been more solid for governance than for infrastructure.

The Bank's quality at entry of project design has been mixed. Project delays have resulted in several cases because of the absence of detailed project designs and other readiness measures. The program that was delivered was highly focused, although the program as designed in successive CSPs was not. Project supervision has been challenging, both because of Cabo Verde island geography and the lack of Bank staff with local language capabilities. This has been mitigated by the Bank's Regional Senegal Office's growing role in the

monitoring of the Cabo Verde portfolio, thus reinforcing project supervision and encouraging more regular consultations with stakeholders. A number of factors arising from the way the AfDB is staffed and managed affect its performance, including: (i) its reluctance to play a leadership role in the BSG prior to 2017; (ii) high staff turnover and rotation; (iii) insufficient analytical work/ESW; (iv) limited Portuguese speaking capacities since this is not an official Bank language; and (v) lack of an in-country presence and insufficient resources for supervising grant operations.

Lessons and Recommendations

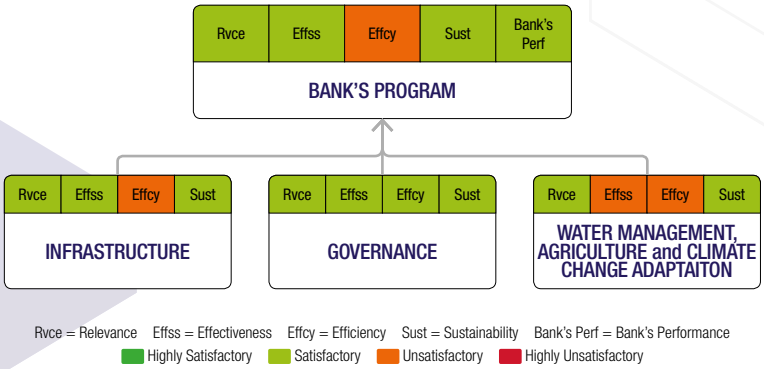
Some of the lessons emerging from the evaluation in Cabo Verde include: (i) physical electricity infrastructure was delivered but the extent to which this will contribute to more affordable power or greater reliance on renewable energy depends on sector policies and institutional reforms that weren't sufficiently addressed in Bank support; (ii) the implementation schedules and outcomes of infrastructure projects at appraisal need to be more realistic, bearing in mind contextual factors such as the need for most of the construction materials need to be imported; (iii) the suitability of using PBOs and participating in a multi-donor BSG to help the government efficiently implement reforms was relevant to an evolving governance agenda; (iv) emergency assistance should be better prepared to ensure that these operations fulfil the Emergency Relief Fund's requirements; (v) the Bank needs to ensure timely compliance by the executing agencies of its Environmental and Social Safeguards requirements, especially the compensation of persons affected by projects; and (vi) strategic mitigation measures need to be implemented, not only identified, to ensure program sustainability.

The evaluation addressed four standard evaluation criteria (relevance, effectiveness, efficiency and sustainability), along with the Bank's performance at the strategy level. They were rated on the basis of the evidence and assessment provided in this report (see Figure 1).

On the basis of the findings, conclusions and lessons, the evaluation proposes to Management to consider the following recommendations in the design of the next CSP:

1. **The Bank should continue to support government-led reforms aimed at boosting inclusive growth and fiscal sustainability, but this should be underpinned by a better understanding of binding constraints.** A decade of reform programs has been

Figure 1: Overall Ratings Against the Evaluation Criteria



supported by the Bank and other partners. While much has been accomplished, Cabo Verde's economic growth and employment generation remain tepid. A robust ESW program and thorough stakeholder consultation should inform the new CSP and future policy reform support.

2. **The new CSP should identify ways to maximize synergies across the Bank's strategy pillars.** The new CSP should provide reinforcing support between the infrastructure sector and its governance operations. Likewise, opportunities for synergies between Bank public and private sector operations should be exploited. The new CSP should specifically ensure that investments in the energy sector can be sustained by supporting partner efforts to put Electra on a sound commercial footing.

3. **Strategic results should be agreed upon with the national authorities and be regularly tracked.** The results reporting framework, including impediments and enablers of higher-level objectives, should be used to assess whether reforms and strategic investments have achieved their intended outcomes. This would contribute to improved policy dialogue and would help the Bank play more of a knowledge broker role. It would also help to prioritize and sequence the reform agenda.

4. **The new strategy should put more emphasis on project quality and sustainability.** There is a need to ensure that infrastructure project designs are realistic, that detailed design work and land acquisition is conducted early-on, and that proper attention is paid to implementing environmental and social safeguards. Consideration should be accorded to providing Technical Assistance support to the Information and communication technology (ICT) Center and the Airport to put in place strategies to ensure that they can effectively market their services.

5. **Scale-up MSME interventions and reforms to boost employment and to make the growth process more inclusive.** Future MSME support should continue to include a combination of lending and non-lending instruments. It should build on the results attained in ongoing interventions, while providing a more holistic approach to improve access to financial and non-financial services to MSMEs, linking these with national employment and ICT programs, and making these more inclusive by targeting women and youth.

6. **Make watershed management programs more sustainable by integrating agricultural value-chain development and mainstreaming climate change adaptation/ mitigation.** The Bank could build on previous work in watershed management on the Santiago Island by promoting agricultural value chains to serve the tourist market. This would help farm communities make the transition to a more commercial farming system and raise the returns of watershed management investments. In addition, the Bank should help the GOCV to mobilize resources to scale-up climate change grants recently approved.

7. **Strengthening the Bank's in-country presence for policy dialogue is encouraged, at least with a Portuguese-speaking focal point based in Praia.** The experience of working with a long-term consultant to support the role of chair of the BSG since 2017 could be expanded. This should improve the interaction with the government, while also helping to accelerate the implementation of governance-related grants which currently suffer from implementation delays. ■

The Picos and Engenhos watershed management project on Santiago Island helped reduce rural poverty through soil conservation and optimising water

Management Response

Management welcomes the results of the Independent Development Evaluation (IDEV) of the Bank Group's assistance to Cabo Verde over the period 2008–2017 and its contribution to the country's development. The evaluation is generally positive as four out of the five dimensions of the evaluation are rated as satisfactory. Overall, Management agrees with the findings of this report and, in particular, the fact that the Bank has been a reliable partner for the Government of Cabo Verde (GOCV), providing a substantial and continuous source of financial and technical support for governance reforms and infrastructure development, specifically in the electricity sector. While acknowledging the positive role played by the Bank's Regional Office in Senegal in monitoring the Cabo Verde's portfolio, the only dimension assessed as unsatisfactory is efficiency; as the evaluation raised in particular concerns about the timeliness of the implementation of the infrastructure portfolio, due to the insularity of Cabo Verde, and about the delays in the Trust Fund projects that complement the governance budget support operations. The findings and recommendations of the evaluation will be taken into account in developing the Bank's new CSP for Cabo Verde (2019–2023).

Introduction

This evaluation aimed to (i) assess the development results of the Bank's interventions in Cabo Verde for the period 2008–2017; and (ii) distil lessons to feed into the forthcoming CSPs. It is worth noting that the evaluation also served both to enhance accountability and learning and covered two CSP periods: CSP 2009-2012, extended to 2013, and CSP 2014–2018, and an operations portfolio worth over UA 209 million. The IDEV's analysis focused on the formulation of CSPs, the portfolio and implementation and integration of sector-specific and cross-cutting issues, in line with the Bank's recommendations and strategic guidelines.

Relevance

Management takes note of IDEV's observation that the CSPs for 2009–2012 (extended in 2013), and the 2014–2018 are consistent with the Bank's corporate priorities, notably: the Governance Strategic Framework and Action Plan (GAP II), the Bank's Private Sector Development Strategy (2008, 2013), and the AfDB's Energy Sector policy. The Bank's strategic objectives and portfolio in Cabo Verde are also well aligned with the Bank's Ten Year Strategy (2013–2022) and the High Fives, with key interventions focusing on the crosscutting area of governance, power, transport infrastructure. The report notes that the CSPs are well aligned with the national development priorities and clearly addressed the beneficiaries' needs. More specifically, the CSP pillars of diversifying infrastructure development and strengthening economic governance are consistent with the country's recent Strategic Plan for Sustainable Development (PEDS 2017–2021) as well as the Government's Growth Poverty Reduction Strategy Papers (GPRSP) of 2004–2007, 2008–2011 and 2012–2016, which consistently prioritized the following pillars: good governance, human capital, infrastructure, and private-sector growth. The report highlights the Bank's concern reflected in the design of the strategy and program, which proved to be overly ambitious amidst an adverse international financial context, but the Bank still delivered reasonably selective and focused results over the period 2008–2017. Overall, the Bank's relevance was also evidenced by its support to the country's graduation from Low Income Country (LIC) to Middle Income Country (MIC) during the evaluation period. In fact, the evolution of the portfolio by year of approval shows a peak in approvals in 2009, 2010 and 2013

a period that coincides with the graduation of the country to become a MIC and the transition period when the GOCV continued to benefit from access to the concessional assistance window. Therefore, relevance was deemed satisfactory by the evaluation.

Although the ESWs supported by the Bank were quite limited in relation to what had been planned, mostly due to lack of financial resources, the Bank still delivered important knowledge products during the evaluation period which informed country dialogue. This includes the funding of gender-disaggregated national statistics and the elaboration of a Country Gender Profile, with UN Women; the "Cape Verde: A Success Story", "Cape Verde: The Way Forward", and "Cape Verde: Private Sector Profile".

Management notes the comment on the need to enhance stronger focus on governance sector consultations. The scope of these consultations and the degree of involvement of stakeholders (civil society/check and balance institutions) will be strengthened further during the design of the new CSP 2019–2023. As regional integration and skills development remain critical for enhancing Cabo Verde's economic integration and sustainable job creation, the Bank will explore the possibility of using trust funds to undertake critical ESWs on regional integration and agricultural value chains and its links with the tourism sector.

With respect to the design of operations, Management notes the comment relating to the ambitious CSP pipeline, which could not be matched in terms of approvals and resources leveraged, as well as the limited scope of Economic and Sector Work (ESW) supported by the Bank. Nonetheless, it is worth noting that the implementation of the CSP 2014–2018 was negatively affected by the problems of increasing public debt stock, which prompted the GOCV to scale back its infrastructure development agenda. In response, the Bank played a countercyclical role through its programmatic Budget Support, and assisted the authorities to put in place an investment prioritization system which would enable the GOCV enhance fiscal consolidation and gradually reduce its debt burden and create fiscal space for implementation of strategic projects. Given the high level of debt (119.2% of GDP in 2018), the Bank's CSP Mid-Term Review (CSP MTR) has also recommended the authorities to benefit more from the Bank's private sector window through use of innovative financing instruments to implement a Public Investment Program (PIP) consistent with sustainable debt level.

Effectiveness

CSP Pillar 1 (infrastructure):

Management takes note of the observation that the Bank made a good contribution to increase the level of population with access to a reliable electricity supply in Cabo Verde (86.9% in 2015 after being one of the countries with the lowest per capita electricity consumption in Sub-Saharan Africa).

This notwithstanding, additional efforts will be made to enhance sustainability of the benefits of Bank's investments in the energy sector by ensuring financial soundness and viability of the national power company (Electra), and promoting pro-poor electricity access and tariffs. Project evaluation and monitoring will be strengthened to ensure inclusiveness (by gender and geographical location) of Bank's interventions. Key priority projects in the energy sector that are under assessment with GOCV include: (i) the rehabilitation and extension of electricity distribution network in the Boavista Island; and (ii) the augmentation by 5MW of the generation capacity of the thermal power plant of Maio Island.

Although the evaluators could not find any official list of future PPPs particularly in the power sector, the Bank has contributed to improving the enabling environment for PPPs. In addition, the GOCV has already prepared a pipeline of potential PPP projects based on the findings of the Public Private Infrastructure Advisory Facility (PPIAF) PPP framework activity. The Bank has already identified a comprehensive pipeline of potential bankable

private sector projects in the areas of agribusiness, industry, energy, and tourism and these, which have been included in the ongoing work regarding the preparation of the Cabo Verde Specific Compact foreseen under the Memorandum of Understanding of the Compact for Lusophone African countries signed in November 7, 2018. The Resource Mobilization and Partnerships Department (FIRM) has worked closely with other Departments (General Counsel and Legal Services (PGCL), Regional Departments, and the African Investment Forum) in putting together such legal framework.

In the agricultural sector, the evaluation notes that progress was unsatisfactory in terms of increasing the availability of arable land (currently estimated at 19.6% of total land and well below the Sub-Saharan average of 42.18% in 2015). In that regard, Management wishes to recall that the implementation of the agriculture project (e.g. Urgency aid for Fogo island – restoration of livelihoods and increase of households resilience) was negatively impacted by exogenous factors such as price escalations, budget constraints, and challenging geographic location of some project sites (one of which was near the volcano crater). In future operations, the Bank will adopt the approach of linking watershed management projects to agriculture value chain interventions to attain greater rural development outcomes and drawing from the positive lessons of the implementation of the watershed management project in Santiago.

CSP Pillar 2 (governance):

Management notes the appreciation of the substantial impact that the Budget Support operations, grants, policy dialogue and solid partner coordination had in the achievement of strong PFM objectives set in the CSPs. The Budget Support interventions (Public Corporate Governance and Investment Promotion Support Programs - PAGEPPI I and II, and Economic Growth Support Program - PACE) helped achieve good results in the public procurement area, and strengthened Government's capacity to regulate State-Owned Enterprises (SOEs).

The Bank has supported through a grant, the creation and consolidation of the PPP and Privatization Unit and key activities related to the development of a pipeline of PPP projects (e.g. Cabeolica energy project) and the consolidation of the State Business Monitoring Unit in charge of the management of privatization and PPP processes. Furthermore, Bank's flexibility in terms of appropriately shifting the focus of the PBOs from support for PFM reforms to a greater emphasis on fostering private sector development (PSD) in line with Government's changing priorities was critical in enhancing better sequencing of reform measures over the 2013–16 period.

Management notes the comment on the lack of gender-responsiveness on the PBOs and governance-related Trust Funds. The Bank has already taken measures to mainstream gender issues in all its operations in Cabo Verde. The quality of reporting on gender-disaggregated and differentiation of outcomes by population groups is being improved through the implementation of gender sensitive and M&E systems under the statistics capacity building surveys (e.g. population and health survey grant approved in 2015; and household expenses and income survey approved in 2016).

Efficiency

The report indicates that severe delays negatively affected the implementation of Bank-funded infrastructure operations. Similarly, the Trust Fund projects supporting governance and individual interventions addressing climate change mitigation, agriculture and water management were hampered by delays and implementation bottlenecks. In light of these findings, the evaluation report observes that Bank's program efficiency in Cabo Verde merits improvement and was rated unsatisfactory.

The remark concerning the delays of infrastructure operations being attributed to flaws in project designs, insufficient risk assessments and associated mitigation measures as well as unrealistic project assumptions remains valid across the board.

The insularity nature of Cabo Verde, which makes transportation costs to each island very expensive, coupled with volatility of prices of construction materials led to weak robustness of project cost estimates. In addition, institutional factors such as: lack of country presence; frequent staff changes (in government and the Bank) and limited incentives or resources for analytic work; language and communication issues; and delays in procurement, disbursement and task manager's responses in providing no-objections have negatively impacted on the efficiency of Bank's resource use.

Management is fully aware of these challenges and measures are being taken to ensure operational responsiveness through assignment of experienced Task Managers based at COSN, simplification of procurement and disbursement procedures to accelerate delivery, provision of regular training on Bank's fiduciary systems. Management agrees with the observation that the recent creation by the GOCV of a Management Unit of Special Projects (UGPE) is likely to improve the implementation of big infrastructure projects funded by multilateral banks as well as address delays attributed to a failure to timely create and properly staff project management units.

The evaluation reported that a number of projects, experienced severe implementation delays which negatively affected the implementation of public infrastructure projects. While this remark is valid, however, it should not be generalized across the entire portfolio. For instance, the bulk of the Banks' financial support was provided through budget support operations, and these resources were deployed efficiently and timely. The evaluation data on the Bank's portfolio also show that these delays varied by sector and financing instrument. For instance, power projects initially approved for 2 years needed an additional 4 years for completion, while the Technology Park only started civil works recently after 5 years of implementation. The delays observed were also less substantial than during the periods that preceded the current CSP 2014–2018, and on average, the Trust Funds displayed an average delay of 9.9 months from loan signature to first disbursement effectiveness.

According to recent data on the Country Portfolio Performance Review (CPPR) presented to the Board in January 2018, the performance of the portfolio is rated satisfactory with a score of 3 on a scale of 1 to 4. The main indicators of this performance are: (i) the average delay period of implementation has reduced from 9.7 months in 2013 to 6 months in 2017; (ii) the average time between approval and first disbursement reduced from 16.3 months in 2013 to 9.5 months in 2017; (iii) 54% of projects are managed by the Regional Office in Senegal; (iv) the disbursement rate increased from 5.5% in 2013 to18.2% in October 2017; (v) the portfolio does not include any projects in the Problem Project Category (PP) or the Potential Problematic Project (PPP) category.

Sustainability

Management supports the findings of the evaluation which points out that sustainability prospects of individual electricity interventions and the governance reforms are good. Sustainability for two of the completed agriculture and water management operations is also positive, as the main benefits of the watershed management project have continued several years after completion owing to the strong commitment of the Ministry of Agriculture and beneficiaries' willingness to pay for water.

In contrast, the evaluation report notes that expected benefits of the Technology Park and the Praia airport projects may be difficult to sustain unless measures to enhance their financial viability are put in place. Management also takes good note of the recommendation to provide Technical Assistance to support the Technological Park and the Airport to help them put in place strategies to ensure that they can effectively market their services.

Management notes that, overall, in relation to environmental and social sustainability, only two

projects in the portfolio exhibited potential problems of compliance. The lack of regular monitoring of the ESMP noted for some projects, such as two public electricity projects, which did not address in a timely manner the issues of compensation of adversely affected persons, is of particular concern. However, compensation process in renewable energy projects was hampered by the fact that the majority of the affected people failed to provide land title deeds as evidence of legitimate ownership. To mitigate these challenges, the Bank is currently mainstreaming environmental and social considerations in all its new operations, and including the CSPs to ensure stricter alignment with the Bank's Integrated Safeguards Systems (ISS). Regular training and follow up on the implementation of ESMP, in particular, in infrastructure projects will be enforced.

Lastly, the country strategies incorporated a good analysis of factors that would likely affect program sustainability but failed to implement sufficient mitigation measures. For instance, solid progress was registered in helping the country foster inclusive growth through infrastructure development and good governance reforms, but the strategic aim of helping the country transition towards "green growth" or climate resilient development was ill matched to available resources and instruments. Water management issues and environmental vulnerability continue to be one of the most important and pressing challenges in this drought-prone archipelago. Management acknowledges these weaknesses and efforts are being put in place in terms of mobilizing additional resources to scale up climate change interventions in Cabo Verde. For instance, the Bank recently approved a grant from African Climate Change Fund (ACCF) to help provide strategic tools in support of climate mitigation activities in key sectors in Cabo Verde.

Bank's performance

The Bank has successfully scaled up its interventions in Cabo Verde, especially through its participation in the Budget Support Group (BSG) for the governance pillar and co-financing of the power sector interventions. In this context, Management notes with satisfaction the fact that the Bank's performance in Cabo Verde has been assessed as satisfactory. Meanwhile, it is acknowledged that the Bank could have capitalized on its strategic position as the largest contributor to budget support operations, this being hampered by staffing and skills mix issues. In attempt to address this weakness, since 2017, the Bank has been chairing the BSG. In addition, the Bank is gradually reinforcing its presence in Cabo Verde by assigning experienced Task Managers and Consultants that are familiar with the business processes in Lusophone countries.

Management also takes good note of the identified initial challenges in Bank's collaboration with external partners in the energy sector as to capitalize on its catalytic investments, especially in the public sector. While this remark is valid, Management notes that positive efforts to secure partnerships with other development partners were made under the Cabeolica project, which was well aligned with the policies and strategies of other partners active in Cabo Verde, including AFD, Dev Lux, EIB, EU, and WB. Therefore, this project can be considered as a good example of synergy with another significant partner in the sector.

Management takes note of the weaknesses regarding the preparation of the ESWs needed to inform policy dialogue, program and project design. This was mostly due to lack of financial resources and competing tasks that impeded project Task Managers and economists from deploying significant time in the identification and preparation of the studies. Nevertheless, the Bank still prepared two general studies in 2012 and a study of the private sector profile. The latter was used to inform various strategic documents such as the CSP, AfDB programs and projects, as well as GOCV strategies. The Bank also prepared a Gender Country Profile, which informed the CSP MTR 2014–2018.

Management agrees with the findings of the evaluators that the Bank's supervision improved

when the projects started to be monitored from the Regional Office in Senegal in 2006, although some projects, such as the Technology Park continued to be managed from Abidjan. It is also noted that Project stakeholders reported an improvement in the frequency of contacts and availability of the Bank's Task Managers. During the CSP MTR 2014–2018, the GOCV and the Bank agreed that capacity-building programs should be strengthened and including the possibility of using regional expertise or the diaspora (with a capacity building component).

The report has identified a number of factors which adversely impacted on Bank's performance, notably: (i) its reluctance to play a leadership role in BSG prior to 2017; (ii) high staff turnover and rotation (six governance officers and/or senior economists from 2009–2017); (iii) poor quality handover processes; (iv) lack of clarity of the internal division of labour between governance task managers and the country economist, which resulted sometimes in duplication of efforts in the GOCV side (regarding the response to requests and missions); (v) insufficient analytical work/ESW; and (vi) few staff able to communicate in Portuguese since this is not an official Bank language. While these problems are generic across sector operations, the Bank is gradually streamlining its processes by assigning highly experienced Task Managers based in COSN and Abidjan to better support GOCV in the implementation of Bank's projects. In addition, supervision responsibilities were, to a greater extent, delegated to the Regional Office in Dakar in order to speed up project implementation.

In terms of results-based framework, Management takes good note of the evaluation findings which pointed out for better results in the governance area, than in the areas where the Bank had stand-alone operations. Going forward, it is expected that Bank's support to statistical capacity building in Cabo Verde will help ensure better prioritization and results-orientation in the government's public investment program as well as improve management for development results in all sectors. A potential Bank's Results-Based Program could also be considered as to effectively reward Government's efforts to implement sustainable reforms. ■

Management action record	
Recommendations	**Management's response**
Recommendation 1: The Bank should continue to support government-led reforms aimed at boosting inclusive growth and fiscal sustainability, but this should be underpinned by a better understanding of binding constraints	
A decade of reform programs has been supported by the Bank and other partners. While much has been accomplished, Cabo Verde's economic growth and employment generation remain tepid. A robust ESW program and thorough stakeholder's consultation should inform the new CSP and future policy reform support.	**AGREED.** During the next CSP cycle, the Bank intends to finance a program of structural and transformative sectoral reforms, supported by relevant economic and sector analytical work, to assist the country's economic diversification agenda and enhance sustainable and broad-based growth. The Bank will for example support agricultural value chains projects that are integrated with a growing tourism and hotel industry sector (See actions in response to Recommendation 6). **Actions:** ▌RDGW's interventions in the new CSP will improve the overall business and investment climate by supporting public procurement reforms (e.g. roll-out of e-procurement) and reinforcing the framework for PPPs, thereby boosting the competitiveness of the private sector, including SMEs. **(RDGW, Q2 2020).** ▌RDGW will work with relevant Departments to undertake critical ESWs on regional integration and agricultural value chains and its links with the tourism sector, using trust funds resources. **(RDGW, Q3 2019).**

Management action record	
Recommendations	Management's response
Recommendation 2: The new CSP should identify ways to maximize synergies across the Bank's pillars	
The new CSP should articulate support to the infrastructure sector and its governance operations, and vice versa. Likewise, opportunities for synergies between Bank public and private sector operations should be exploited. The new CSP should specifically ensure that investments in the energy sector can be sustained by supporting partner efforts to put Electra on a sound commercial footing.	**AGREED.** Based on the preliminary dialogue with the government and other stakeholders, the future strategy of the Bank in Cabo Verde will build upon previous successful interventions in governance (e.g. establishment of PPP framework and procurement efficiency) to support the country in closing its infrastructure gap through implementation of transformative investments in agriculture, energy and transports. This will be done by combining public resources with innovative financing instruments (e.g. credit enhancement schemes, risk mitigation instruments such as Partial Risk Guarantees-PRGs, Partial Credit Guarantees-PCG, and Syndicated Loans). **Actions:** Under Pillar 1 of the new CSP (Strengthening and diversifying infrastructure to support sustainable development): ▌RDGW will work to strengthen infrastructures to sustain better connection between the islands' economies. The project of rehabilitation of the Maio and Palmeira (Sal) Seaport , which will be approved at the end of 2018, and other operations identified in the pipeline (2019–2023) will help achieve this goal. **(RDGW, Q4 2020).** ▌RDGW will contribute towards ensuring power supply throughout the country, especially with green energy. Two projects, the 5 MW thermal power plant project on the island of Maio and the extension of the Boa Vista energy project have been identified. RDGW will consider joining efforts with other development partners (notably the World Bank) and support the power utility company Electra to attain operational efficiency through rationalization of its fixed assets, and revenue collection mechanisms. RDGW will also explore co-financing opportunities with key development partners, including the World Bank, the European Commission, and the Agence française de développement. **(RDGW, Q3 2020).** Under Pillar 2 of the new CSP (Strengthening economic governance in the public and private sectors): ▌RDGW in collaboration with ECGF will build upon the successful results of previous interventions through budget support operations to scale up its assistance on sectoral governance reforms in vital areas of the economy. The activities will be the following: (i) support public enterprises in the energy (water and electricity), transport (roads, ports) sectors, airport services, and telecommunications); (ii) support fiscal consolidation measures, to help gradually reduce the country's debt burden and create fiscal space for the implementation of strategic projects; (iii) consider piloting a results-based financing to support economic diversification of the islands in line with the Strategic Plan for Sustainable Development (PEDS) 2017–2021; (iv) strengthen internal and external control functions; enhance efficiency in the functioning of the Court of Accounts and of the national systems for managing PIP; and (v) accelerate the digitalization and modernization of public administration. **(RDGW in collaboration with ECGF, Q4 2020).**

Management action record	
Recommendations	**Management's response**
Recommendation 3: Strategic results should be agreed upon with the national authorities and regularly tracked	
The results reporting framework, including impediments and enablers of higher-level objectives, should be used to assess if reforms and strategic investments have achieved their intended outcomes. This would contribute to improved policy dialogue and would help the Bank play more of a knowledge broker role. It would also help to prioritize and sequence the reform agenda.	**AGREED.** **Actions:** ▌RDGW will develop an improved M&E framework in the new CSP. This framework will include specific and gender disaggregated output and outcome indicators. The baseline values will be drawn from the Cabo Verde Strategic Plan for Sustainable Development (PEDS) 2017–2021. RDGW will use the results of the ongoing population and reproductive survey being carried out by the National Statistics Office (INE) to track progress and prioritize the sequencing of the reforms. **(RDGW, Q3 2019).**
Recommendation 4: The new strategy should put more emphasis on project quality and sustainability	
There is a need to ensure that infrastructure project designs are realistic, that detailed design work and land acquisition is conducted early-on, and that proper attention is paid to implementing environmental and social safeguards. Consideration should be accorded to providing Technical Assistance support to the Information and communication technology (ICT) Center and the Airport to put in place strategies to ensure that they can effectively market their services.	**AGREED.** For the new strategy in Cabo Verde, RDGW will place more focus on quality-at-entry to ensure smooth implementation of Bank's operations by ensuring that detailed project design work, land compensation and environmental impact assessment studies are conducted before project appraisal.[a]. **Actions:** ▌RDGW will provide the relevant task managers training on Bank's fiduciary systems (procurement and financial management) at the early stages of project identification and implementation. RDGW will also assess the possibility of adopting advance procurement for complex infrastructure projects to avoid start up delays and accelerate delivery (e.g. rehabilitation of Port of Maio and Palmeira to be approved by the Board in November 2018). **(RDGW in consultation with SNFI, Q4 2019).** ▌RDGW in collaboration with PICU will mobilise grant resources (MIC/Trusts Funds) to finance complementary TA activities related to the Technological Park and the Praia Airport to support them put in place strategies to ensure that they can effectively market their services and sustainability of the investments made. **(RDGW in collaboration with PICU, Q1 2021).**
Recommendation 5: Scale-up MSME interventions and reforms to boost employment and to make the growth process more inclusive	
Future MSME support should include a combination of lending and non-lending instruments. It should build on the results attained in ongoing interventions, while providing a more holistic approach to improve access to financial and non-financial services to MSMEs, linking these with national employment and ICT programs, and making these more inclusive by targeting women and youth.	**AGREED.** In the new CSP, RDGW will mainstream in all its investments operations, activities and TA to promote youth employment. Local young entrepreneurs will be assisted to improve their business proposals and access to finance in order to ensure their gradual transition from informality. **Actions:** ▌RDGW will consider lines of credit, credit enhancement, and risk mitigation instruments (e.g. Partial Risk Guarantees, Partial Credit Guarantees, and Syndicated Loans) to support Private Sector and Local Commercial Banks financing MSMEs. RDGW will promote business linkages with large technological corporations to take advantage of the Bank financed Technological Park to enhance knowledge transfer and job opportunities for youth and women. **(RDGW, Q4 2022).**

Management action record	
Recommendations	**Management's response**
Recommendation 6: Make watershed management programs more sustainable by integrating agricultural value-chain development and mainstreaming climate change adaptation/mitigation	
The Bank could build on previous work in watershed management on the Santiago Island by promoting agricultural value chains to serve the tourist market. This would help farm communities make the transition to a more commercial farming system and raise the returns of watershed management investments. In addition, the Bank should help the GOCV to mobilize resources to scale-up climate change grants recently approved.	**AGREED.** **Actions:** ▌In the new CSP, RDGW, in collaboration with AHAI, will invest in integrated watershed management projects (such as the Santiago Island) by promoting agricultural value chains focused on key income crops to raise farmer's earnings. Following the CSP MTR that was approved in January 2018, it was agreed that GOCV and the Bank should work together in the identification of transformative agriculture projects. **(RDGW in collaboration with AHAI, Q4 2021).** ▌RDGW will help GOCV mobilising climate finance grant resources through funds such as the Africa Climate Change Fund (ACCF) and the Climate Investment Fund (CIF). These resources will be vital to support the country's climate mitigation efforts, in particular, in land and water management for sustainable agriculture. **(RDGW, Q4 2021**).
Recommendation 7: Strengthening the Bank's in-country presence for policy dialogue is encouraged, at least with a Portuguese-speaking focal point based in Praia	
The experience of working with a long-term consultant to support the role of chair of the BSG since 2017 could be expanded. This should improve the interaction with the government, while also helping to accelerate the implementation of governance-related grants which currently suffer from implementation delays.	**AGREED.** **Actions:** ▌Budget resources have already been secured to recruit highly experienced international consultants to assist in the implementation of Bank's operations in Cabo Verde. Within this budget, RDGW also plans to renew the contract of the Technical Assistant to support the role of chair of the Budget Support Group. **(RDGW, Q1 2019).**

a Further, in the Management Response to the Quality Assurance Evaluation, Management has committed to strengthen the readiness of operations (actions 1 and 2 in the MAR). In particular, Management will increase the quality enhancement support to task teams. This will aim at strengthening the development rationale of operations, the design and analysis that underpin project design.

Arlette Ledo, Sao Filipe. Interviewed on agriculture and water management

Introduction

This report provides a summary of the findings of an independent evaluation of the African Development Bank´s (AfDB or the Bank) Country Strategy and Program in Cabo Verde over the period 2008–2017. It is based on a technical report which includes a detailed assessment of individual interventions and a portfolio review. It provides evidence of achievements and challenges in advance of the development of the next Country Strategy Paper (CSP). The Cabo Verde experience also provides valuable lessons for future engagement with other Middle-Income Countries (MICs) and Small Island Developing States (SIDS).

Evaluation Purpose and Scope

The overall purpose of the Country Strategy and Program Evaluation (CSPE) is: (i) to assess development results of the Bank's interventions in Cabo Verde and (ii) to distill lessons to feed into the forthcoming CSP. This CSPE covers two periods: CSP 2009–2012, extended to 2013, and CSP 2014–2018, and an operations portfolio worth nearly UA 210 million (See Table A 1 in Annex A)[2]. Box 1 summarizes the evaluation questions which guided the analysis (See detail in Table B.1 in Annex B).

Methodology

The theory-based evaluation approach used in this CSPE comprises three levels of assessment: the Bank's strategy, the portfolio and the individual interventions. For evaluative purposes, the 26 interventions in the portfolio were clustered in three categories: (i) infrastructure, (ii) governance and, (iii) watershed management, agriculture and climate change adaptation/mitigation. The assessment entailed the reconstruction of a theory of change (ToC) of the strategy and an evaluation matrix. The ToC provides a comprehensive description of how the Bank's interventions are expected to contribute to key development outputs and outcomes over the evaluation period, with it being employed to measure progress towards the achievement of program outputs and longer-term development goals (See Figure B.1 in Annex B). Due to the importance accorded to Gender Equality and Social Inclusion (GE & SI) objectives, especially in the second CSP, the evaluation also includes a complete analysis of GE & SI aspects at all three levels of the assessment. The evaluation used mixed data collection methods: interviews, focus groups, site visits, document and literature review, an e-questionnaire, consultations at the inception stage, a workshop with key executing

Box 1: Coverage of Evaluation Questions

Relevance	Alignment, consultation, design, selectivity and consistency, intervention logic and realism
Effectiveness	Achievement of outputs and outcomes, contribution analysis
Efficiency	Timeliness, cost-efficiency, implementation progress and inefficiencies
Sustainability	Technical, financial and economic, institutional, political, environmental and social sustainability, mitigation measures at design and implementation.
Bank's performance	Partnerships, co-financing, aid coordination, design and supervision, management for development results
Gender equality and social inclusion, GE & SI (not rated)	GE & SI consideration in CSP documents, alignment to AfDB´s Gender Strategy and national strategies, geographic distribution of program´s benefits, gender analysis in interventions´ design and sex-disaggregated reporting

agencies, and direct observation of the dynamics of the BSG and the Mid-Term Review of the CSP. Over 216 stakeholders were consulted during the course of the evaluation (See Table B.2 in Annex B).

The performance of the country strategy and program was assessed against four main evaluation criteria: relevance, effectiveness, efficiency and sustainability. The Bank's performance is also rated separately. Each criterion received an overall rating on a four-point scale ranging from highly satisfactory to highly unsatisfactory on the basis of multiples lines of evidence. Performance in fostering GE & SI was not rated. More details about the methodology are summarized in Annex B[3] and the rating scale is in Table B.3.

To foster a transparent and inclusive evaluation process, the team communicated the different evaluation stages on IDEV´s website and social media, and in an approach paper. Draft versions of the evaluation reports were shared with the members of the Evaluation Reference Group for comments. The evaluation team made a concerted effort to include the views of a wide variety of stakeholders from the public and private sectors, other partners, civil society and project beneficiaries (without discrimination by gender or age, and free to express themselves in their native language). The evaluation followed good OECD-DAC and IDEV principles related to evaluation independence, impartiality, ethics, partnership, coordination, and capacity building in guiding the evaluation process.

Limitations

While the evaluation was able to garner and cross-check evidence in most areas, gaps in project documentation hampered the evaluation. Documents related to AfDB portfolio performance are scattered in different Bank databases and consistency issues amongst these were identified. Some key documents could not be accessed. A high turnover of staff in the Bank, government and partner organizations was also an impediment as it adversely affected institutional memory.

The absence of an AfDB in-country presence made it more difficult to plan and carry-out evaluation missions. Likewise, the geographic dispersal of the country posed extra challenges for project field visits. Nevertheless, the evaluation team managed to conduct interviews and visits in five of the nine inhabited islands of Cabo Verde. Language difficulties were an additional complication. The IDEV team included one native and one fluent Portuguese speaker, however, the two external technical evaluation experts did not speak the national language, despite the efforts to find Portuguese speaking experts. Most of the meetings and interviews took place in Portuguese, while field visit interviews were often in the local language, crioulo. A local interpreter supported key field meetings.

The IDEV team is grateful for the consistent support from the Bank's Dakar country office and the respective country team. The untiring support of the Government of Cabo Verde (GOCV) officials, in particular the National Planning Directorate of the Ministry of Finance, was critical to the success of this evaluation. ■

Country Background and Development Challenges (2008–2017)

This section provides a brief overview of the development context in Cabo Verde, focusing primarily on the sectors most relevant to the Bank's portfolio during the period (2008–2017). The aim is to present the context faced by the Bank when it formulated and implemented its strategy.[4]

Economic and Social Context

Cabo Verde is a SIDS. It spans an archipelago of ten volcanic Islands, namely Boa Vista, Brava, Fogo, Maio, Sal, São Nicolau, São Vicente, Santiago, Santo Antão and Santa Luzia. The country is located in the central Atlantic Ocean, some 455 Km from the West African coast. The country has a surface area of 4,033 km² with an exclusive economic zone of 700,000 Km². It has a population of about 550,000 persons, half of whom reside in the capital island of Santiago. More than a million Cabo Verdeans live abroad. The country exhibits strong regional disparities, in terms of the distribution of natural resources, access to infrastructure, markets and employment.

During the last two decades, Cabo Verde has been considered a success story due to its combination of good governance and solid macroeconomic management which has led to solid progress in poverty reduction and social development. However, the latest Ibrahim Index of African governance report (UNECA, 2016a) includes Cabo Verde in the "slow improvement and warning signs" category. There has been a decline in indicators of participation and human rights, and there is some concern about progress of election monitoring. In December 2004, the country graduated from the category of Least Developed Countries (LDCs) to the MIC category. This decision was to take effect from January 2008 based on two of the three main criteria — i.e. per capita income and human capital formation. The third criterion — economic vulnerability index — was recognized as not being in place yet.

Foreign Direct Investment (FDI) plays a very important role in the Cabo Verdean economy, with the greatest share going to the tourism sector. FDI grew significantly from 2002 until 2008 and dropped steeply in 2009. This decline continued until 2013 to reach 4.8% of Gross Domestic Product (GDP) before increasing again to 9.7% in 2014. From 2014 to 2017, the contribution of FDI to GDP was characterized by severe volatility. Remittances are another critical financing source, and contribute more than 10% of the country's GDP. After a decrease in 2008, the amount of remittances rose from US$ 131 million in 2010 to US$ 212 million in 2016 (World Bank, 2018).

Cabo Verde recorded an average economic growth rate of 6.6% between 2000 and 2008 before slowing down due to the impact of the Global Financial Crisis in 2009 (AfDB 2018). The government responded to the global crisis by adopting a counter-cycle fiscal policy stance. This included an expanded Public Investment Program (PIP), a reduction in taxes on businesses and households and increased social transfers to vulnerable families. The countercyclical program was supported by development partners allowing GOCV access to concessional loans. Lower than expected revenues and declining aid

commitments, combined with an increase in the public investment program led to an increase in the fiscal deficit from 2009 onwards. Due to rising public debt pressures, the government began to reign in public spending in the 2011–2016 period but progress towards consolidation was uneven. The overall fiscal balance was reduced to 7.7% in 2011 before increasing again to 10.3% in 2012. Private investment has responded positively to macro-economic stability and a steady improvement in the private sector investment climate. Private investment, which was estimated at around 29% of GDP in 2008, rose to an average of 42% of GDP in 2016–2017 (AfDB, 2017a). Economic growth has been slower to rebound after the 2008/2009 global financial crisis. Despite the high levels of public investment spending and accelerated economic reforms, and the increase in private investment, the economy only managed to grow by an average of 1.3% over the 2010–15 period. Economic growth recovered modestly to 3.9% per annum between 2016 and 2017 due to the good performance of the tourism and construction sectors, and improved productivity in agriculture, fishing and construction. According to AfDB (2017a), GDP growth is projected to reach 4.1% in 2018.

From 2013 onwards, the public investment spending was capped to help restore fiscal sustainability. Although austerity measures helped bring down the fiscal deficit, public debt to GDP ratio continued to rise from 63.6% of GDP in 2010 to 118.2% in 2016, excluding government guaranteed debt contracted by SOEs and local administrations (estimated at about 6.1% of GDP at end 2015). Fiscal consolidation continued with the deficit declining to 4.1% of GDP in 2017, and is likely to continue in 2018. The high public debt overhang, fiscal austerity, weak SOE financial performance, and weak economic growth leaves little room for fiscal maneuver (See Annex C).

Over the past decade, the GOCV has been committed to strengthening its PFM system. The 2008 Public Expenditure and Financial Accountability (PEFA) Report confirmed that steady progress was being made in most aspects of the budget cycle, but also revealed some weaknesses. There was poor performance in areas such as fiscal risks from other public-sector entities, weak tax revenue mobilization, and insufficient legislative scrutiny of external audit reports. There was also some delay in finalizing the PFM legislative framework, in part due to the change in government in 2016[5]. The evolution of PEFA scores from 2007 to 2015 is included in Annex D.

Although private sector investment is expected to drive growth, Cabo Verde's business climate remains fairly weak compared to other countries. The government's performance in improving the country's business climate initially fell short of expectations, after the country became a member of the World Trade Organization (WTO) in 2008[6]. Key reforms were then introduced leading the WB to consider Cabo Verde as one of the four top reformers in its Ease of Doing Business index report in 2011 (See the evolution of the country's

Table 1: Evolution Of Macro-Economic Indicators of Cabo Verde (2008–2017)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GDP growth	6.7	-1.3	1.5	4.0	1.1	0.8	1.8	1.4	3.2	3.7
Inflation	6.8	1.0	2.1	4.5	2.5	1.5	-0.2	0.1	-1.41	1.1
Fiscal balance (%GDP)	-0.6	-3.4	-7.3	-7.7	-10.3	-9.7	-7.8	-5.6	-3.3	-4.1
Public debt (% GDP)	49.6	58.3	63.6	67.9	91.2	106.2	99.3	113.9	118.2	123.6

Source: AfDB, 2017a

index ranking in Annex D). Key changes include a reduction in the corporate income tax rate, the setting-up of an online company registration system (through the Citizens' House) and the simplification of property legislation. Business enabling reforms slowed in the following years, except in 2014, when the country abolished the minimum capital requirement for starting a new business. Consequently, the country slid down in the Doing Business Distance to Frontier (DTF) from 58.6 in 2012 to 55.8 in 2017. New measures in 2017, notably the introduction of an automated customs data management system and the revised law on insolvency, helped the DTF to go up to 56.24 in 2018 (See Annex D)[7].

Cabo Verde has been one of the top performers in making progress towards achieving its Millennium Development Goals (MDG). Solid progress was registered in many areas including poverty reduction, universal primary education enrollment, improving maternal health, gender equality and global partnerships (See Annex C). Absolute poverty rates have fallen substantially in the past 15 years, but this has not been accompanied by an equivalent reduction of inequality, which remains quite high with the Gini index having only improved from 0.47 in 2007 to 0.42 in 2015 (INE, 2017). Despite progress made in achieving the MDGs, poverty, gender inequality and social exclusion are still serious concerns (See Box 2 and Tables C.7 and C.8 in the Annex C).

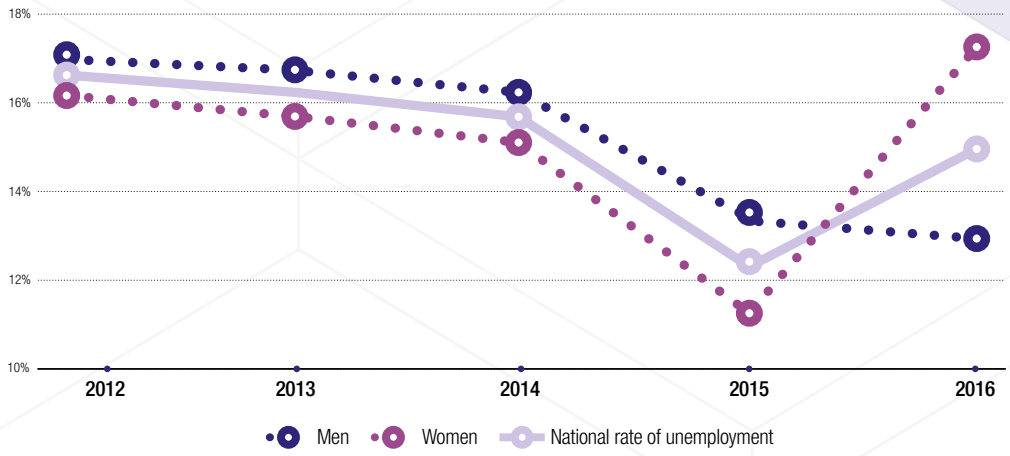
Unemployment has emerged as an important development challenge in the archipelago. Figure 2 shows the evolution of gender-disaggregated unemployment rates from 2012. A 2016 International Monetary Fund (IMF) study investigated gender gaps in the Cabo Verdean labor market showing that women tend to enter the labor force later and leave it earlier, but they often work longer hours than men due to their considerable burden of non-remunerated

Box 2: Trends In Poverty, Gender Equality and Social Inclusion

- **High rural poverty and concentration of the poor on the capital island:** Overall, poverty is more pronounced in rural areas, where populations have declined due to outward migration in recent decades. Almost half of the rural population is considered to be poor, while rural extreme poverty is 20.3% (INE, 2017). Access to basic services is also lower and more expensive in the rural areas. On the other hand, there is a persistent concentration of poverty in the capital city.
- **A persistent gender poverty gap:** In Cabo Verde it is said that poverty has a female face. Women in Cabo Verde, especially those who live in rural areas, continue to face severe gender-based inequalities, especially in terms of access to income and assets, and in terms of participation in political life (AfDB, 2017a). One third of female-headed households, which make up almost half of all households, are classified as poor, compared to 21% of households headed by men (INE, 2015). Similarly, access to basic services is also lower for women-headed households. The sex-disaggregated poverty index according to the location (urban/rural) also shows differences: 1.9% for urban men, 5.2% for urban women; 12.9% for rural men, 15.8% for rural women.
- **Losing the momentum of government parity in 2008.** Cabo Verde was the second country in the world to have a government with a parity configuration. Nevertheless, according to 2016 data, male dominance in positions of power has gained ground again (ICIEG-INE, 2008 and INE, 2016).
- **Deterioration of some GE indicators, although still performing better than comparators.** The Gender Inequality Index, which captures gender-based inequality in reproductive health, empowerment and economic activity, deteriorated from 2008 to 2010. Despite this regression, Cabo Verde still performs better than the medium Human Development Index (HDI) countries and the average for Sub-Saharan Africa when considering the inequality-adjusted HDI in 2015. Likewise, the AfDB Gender Equality Index for 2015 placed Cabo Verde among the top ten African countries when considering economic opportunities, human development and laws and institutions. In addition, while the overall average score of the World Economic Forum Gender Gap Index increased from 2008 to 2016, it did so thanks to dimensions related to women's enrolment in education and women's health and survival. Overall, women's economic empowerment deteriorated, as is confirmed by AfDB-UNWomen, 2018.

Nelo Fernandes Andrade, Mosteiros, North East of Fogo Island.

Figure 2: Unemployment Rate in Cabo Verde (From 2010–2016) – Disaggregated by Sex



Source: INE GOCV

household work[8]. The IMF study estimates that closing the gender gap in labor force participation could boost GDP by as much as 12.2%.

Job opportunities are scarce in the formal sector. The number of informal production units increased by 38%, from 2009 to 2015, according to INE. Youth unemployment is a serious problem and will become worse as Cabo Verde is in the middle of a demographic transition, with an increasing proportion of people of working age. The high and persistent unemployment and underemployment (especially of the youth) have emerged as an important social and political issue, giving rise to fears of possible social unrest. Youth account for half of the working-age population and unemployment for this group reached 28.6% in 2016, compared to 15% for the population as a whole[9].

Government Strategy and Framework

The country's development framework was defined in a series of three Growth and Poverty Reduction Strategy Papers (GPRSP) 2004–2007, 2008–2011 and 2012–2016 and a recent Strategic Plan for Sustainable Development (PEDS) 2016–2020. The GPRSPs consistently prioritized three pillars: good governance, human capital and infrastructure. Private-sector growth emerged in the GPRSP 2012–2016, along with the idea of using the country's geo-strategic location to become an international hub for high value-added services. This was reinforced by the PEDS, which provides a vision for converting the country into a cyber-island that is able to provide services such as business process outsourcing, back office operations and software development and maintenance services.

Government has generally prioritized its external borrowing to support infrastructure development and economic reform. As aid terms began to harden due to the attainment of MIC status, the government's borrowing strategy focused more on economic diversification and private sector growth. Since 2016, the new government program includes a commitment to privatizing various sectors of the economy and

addressing macroeconomic challenges in order to provide 45,000 new jobs by the end of the plan period.

A Snapshot of Development Challenges in Key Sectors

Electricity and Water

Access to electricity has steadily improved over time. Cabo Verde had an electricity coverage of 86.9% in 2015 (INE, 2017), after being one of the countries in Sub Saharan Africa with the lowest per capita electricity consumption in 2006[10]. However, power tariffs continue to be extremely high and electricity is mainly supplied through independent power plants and distribution networks using imported diesel. To mitigate the nation's high dependence on imported fossil fuels for electricity generation, renewable energy sources have been explored. In 2015, the contribution of renewable energy to the production of energy was 18.8% for wind and 1.4% for solar, while thermal sources provide the rest (Electra, 2016).

The National Electricity and Water Company (Electra) is responsible for the supply of water and electricity in four of the nine inhabited islands. Other autonomous enterprises provide this service in the other islands, including a PPP in Santo Antão. Electra holds a monopoly on the distribution of electricity and water throughout the country. The majority of water consumed is desalinated sea water, with this requiring some 11.8% of all electricity generated in 2016. Operational and financial factors have been hindering Electra's performance for several years. Commercial and technical losses continue to plague both the electricity and water supply sectors[11].

Transport

The ambition to turn Cabo Verde into an air transport and transshipment hub, meeting international standards of efficiency and quality, has been included in various national development strategies. Nevertheless, sea transport infrastructure is still deficient and unit costs of air and sea transport are particularly high, not only because of the considerable distances to markets or sources of supply, but also because the quantities transported are generally small. The low frequency and irregularity of transport entails the need for businesses and households to build up large stocks, which often puts small businesses at a competitive disadvantage. Even more than the insularity of the country, it is the dispersion of the islands that constitutes the greatest economic handicap because it requires that transport infrastructure be developed on each island, leading to very high costs of transport and shipment services.

Information and Communication Technology (ICT)

The country has recorded positive performance in terms of ICT development because of the creation of an inter-ministerial commission for Nucleus for Information Society (NOSi). The Integrated System of Budget and Financial Management (SIGOF), developed by NOSi, won the African Innovation Award for Public Sector (2013) and NOSi has been offering technical assistance to other African governments. Various partners have supported the country in terms of ICT development, although ICT costs are still very high, partly because of high electricity costs.

Regional Integration

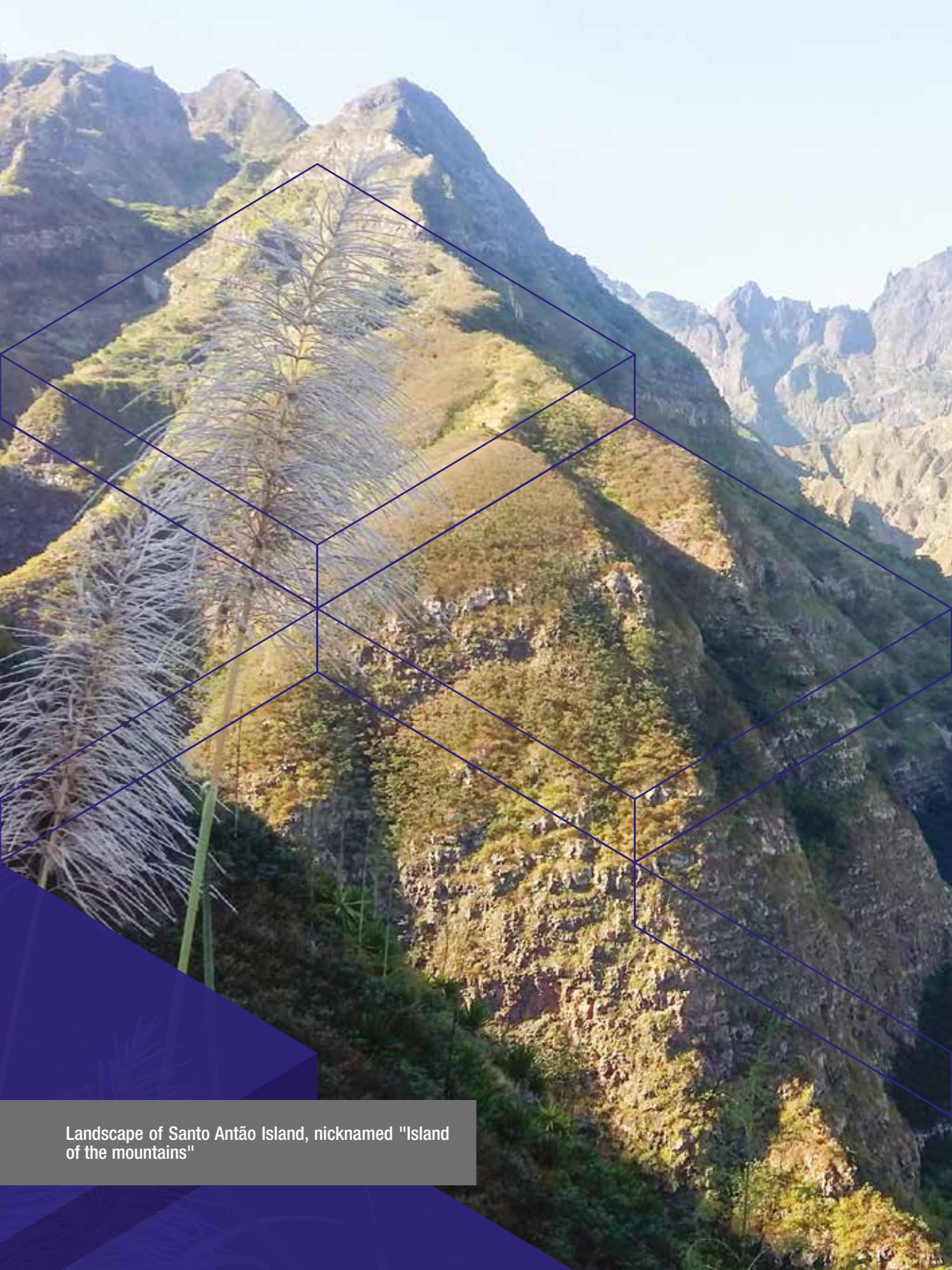
Remoteness and the island nature of the country limits the potential for regional integration. Cabo Verde applies the Economic Community of West African States (ECOWAS) protocol on the free movement of goods and persons, but its participation in regional integration is still low, as trade deals with Spain and Portugal represent

most of its imports and exports (INE, 2015). The low participation in the West African region is explained by factors related to history, ethno-linguistic differences, currency convertibility, poor trade infrastructure and limited range of products traded (UNECA, 2016b). Since the 2016 elections, the new government has made regional integration a key economic, cultural and political priority. Using its geographical position, the underlying objective is to leverage Cabo Verde's ECOWAS membership to create an intermediation platform between the archipelago, the rest of Africa and the global economy.

Agriculture, Water Management, Environmental Vulnerability and Climate Change

Opportunities for large scale agriculture are limited since less than 10% of the country's total area is arable. The country's mountainous geography also contributes to high levels of erosion. Only 5% of the arable lands are used for irrigated agriculture, with 88% of all agriculture concentrated on the islands of Santiago, Fogo and Santo Antão. Despite the challenging natural and geographical conditions, agriculture employs the largest share of the population. From 2007 to 2016, agriculture provided on average 9–10% of GDP. Cabo Verde imports 80% of its domestic cereals requirements, since rice and wheat are not grown in the country[12]. A substantial dependence on food imports, plus climatic volatility and a low level of irrigation development, weakens national food security.

Cabo Verde is especially vulnerable to drought and desertification, as well as to water run-off due to torrential rains[13]. The Fogo volcano eruption in 2015, and the ensuing damage, illustrates the extent to which the country is vulnerable to natural disasters. Climate change has already severely impacted the country. It is increasing the frequency and intensity of floods and droughts; changing the hydrological regime, expanding the vectors of endemic diseases and threatening flatter islands due to sea-level rise. ■



Landscape of Santo Antão Island, nicknamed "Island of the mountains"

Evaluation of the AfDB Country Strategy and Program in Cabo Verde (2008–2017)

This section presents the findings of an evaluation of the country-level strategy and program. More detailed evaluation findings are reported in the accompanying technical report, including the evaluation of the individual interventions and the clusters of Bank infrastructure, governance and agriculture, water management and climate change adaptation/mitigation support.

Country Strategy and Portfolio Overview

The AfDB CSPs' strategic goal during the evaluation period (2018–2017) was to support the Government in its efforts towards laying the foundations for a more inclusive and green growth. Support was provided under two broad and complementary pillars of (i) enhancing and diversifying infrastructure development and (ii) strengthening economic governance. The strategic focus of Bank support under these two pillars is summarized in Table 2 below.

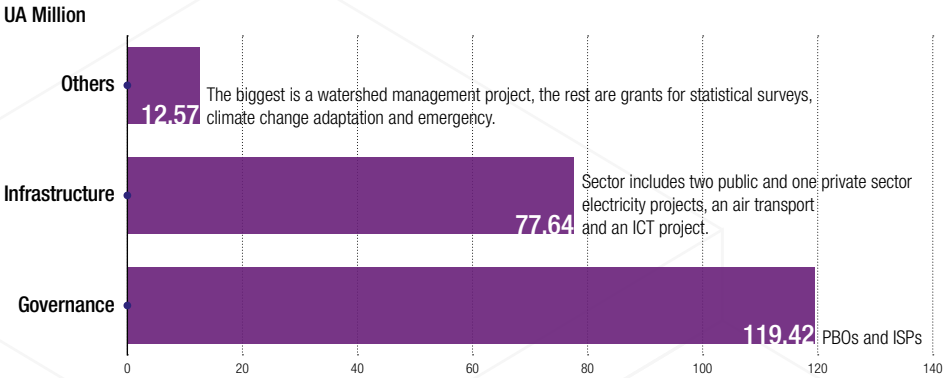
The Bank's portfolio from 2008–2017 includes a total of 26 lending interventions for a value of UA 209.63 million. As per November 2017, 54% of AfDB's interventions in Cabo Verde are ongoing (14), eight projects were completed and four were closed (with an approved Project Completion Report). The majority of the amount committed (57%) was channeled through Program-based Operations (PBOs), followed by public sector investment projects (33%) and one private sector investment project (5%). The portfolio is concentrated in two main sectors: governance (PBOs and institutional support projects, or ISP, to complement the reforms) and infrastructure (energy, ICT and air transport). Other sectors received less funding, mainly through grants[14] (see Figure 3).

In line with the Bank Group Credit Policy, Cabo Verde migrated from Category A (eligible for African Development Fund, or ADF, resources only) to Category B (blend status) in 2009. The country intended to graduate to Category C (AfDB-only), after a five-year transitional period (2011–2015). In 2011 GOCV started taking advantage of the transition period and after 2013, access to concessional resources significantly declined. Cabo Verde will finally be classified under the ADB-only window in 2018.

Table 2: Pillars Included in the CSPs for Cabo Verde (2008–2017)

Pillar 1: Enhancing and diversifying infrastructure development for sustainable development. Activities under this pillar aimed at improving maritime connections to the mainland, hence contributing to greater regional integration within ECOWAS, and at increasing electricity generation capacity. Also under this pillar is Bank support designed to help the country transition towards climate resilient development.
Pillar 2: Strengthening economic governance in public and private sectors. The Bank promoted public investment program prioritization and rationalization; improvement and modernization of the management and operations of SOE, as well as leveraging private sector funding and innovative financing mechanisms and instruments, including PPP.

Figure 3: Portfolio Concentration In 2008–2017 Approvals



Source: Desk review and SAP portfolio data

The evolution of the portfolio by year of approval shows a peak in approvals in 2009, 2010 and 2013. This coincides with the graduation of the country to become a MIC and the transition period when the GOCV continued to benefit from access to the concessional assistance window[15]. Most of interventions during the evaluation period were however funded through the ADB non-concessional window (ten operations, UA Million 169.61), while the balance was funded through the ADF concessional window (five operations for UA Million 31.14). This was complemented by twelve Trust Funds grants (UA Million 8.5): five MIC Technical Assistance Fund (MIC TAF), one Investment Climate Facility Fund (ICF)[16], three Special Relief Fund (one finally cancelled), one African Water Facility (AWF), one Sustainable Energy Fund for Africa (SEFA) and one ACCF grant.

The Bank's investment operations have been concentrated in the capital island, Santiago, where six of the ten Bank operations were located[17]. The total investments were distributed in seven of the nine inhabited islands of Cabo Verde, with no operations in San Nicolau or in Brava. Both the 6 Islands electricity project, Cabéolica and the incubators' grant (with activities in four islands) helped to decentralize the Bank's investments. Fogo received assistance only after the 2014 volcano eruption, and one of the two emergency grants provided for that island was finally cancelled. The distribution of the portfolio in the islands can be seen graphically in Figure A.1 of Annex A.

Relevance

Finding: Strategic relevance is rated satisfactory.

Overall, the program was well aligned with national development priorities and AfDB corporate priorities, with the exception of regional integration. Regional integration informed one strategic outcome of the first pillar of the CSP, however, neither the pipeline nor the ESW associated with improving inter-regional transport linkages were finally approved. The design of the strategy and program proved to be overly ambitious due to the international financial context, but what was actually delivered was reasonably selective and focused. The Bank provided consistent financial and technical support to help the country strengthen economic governance and to improve economic infrastructure, most notably in the power sector. The program to tackle water management and climate change adaptation/mitigation, as delivered, was far too small to be relevant to the challenges in that area.

Both CSPs were well aligned with national development priorities[18] while clearly addressing beneficiaries' needs. The choice of CSP pillars was appropriately aligned to the government's national

strategic priorities and to the country's most pressing needs during the period of its graduation from LIC to MIC status.

At a strategic level, the Bank's CSPs are somewhat well aligned with the Bank's corporate priorities, although the first CSP does not reference them. There is good broad alignment with the Bank's Governance Strategic Framework and Action Plan (GAP II), especially in relation to the emphasis on MSME development and gender equality. Nonetheless, more could have been done to engage with civil society to promote domestic resource mobilization[19], skills development and youth employment. Alignment is assessed as good in relation to the Bank's Private Sector Development Strategy (2008, 2013). There is also a good level of alignment with the AfDB´s Energy Sector policy. The Bank´s strategic objectives and its portfolio in Cabo Verde are well aligned with the High5's, with a concentration of the Bank's portfolio in the crosscutting area of governance and power, followed by the improvement of quality of life for the people.

Most of the Bank´s portfolio with potential implications to reduce gender gaps in Cabo Verde was aligned to the third pillar of the Bank´s Gender Strategy (2014-2018): Knowledge Management and Capacity Building. Bank support for sex-disaggregated national statistics and a Country Gender Profile were important knowledge and capacity building tasks. Some support was provided to the second pillar (women's economic empowerment) in the country program, although the strategy missed the opportunity to set clear targets in its infrastructure and employment initiatives to close the gender gap in terms of women's access to basic services and economic empowerment. The evaluation did not find any information about work on the first Gender Strategy pillar (women´s legal status and property rights).

The two CSP correctly diagnosed the importance of Cabo Verde integration with neighboring countries but failed to mobilize the resources needed to implement a port upgrading program or to contribute to deeper regional integration through key ESW. Following the Bank's Regional Integration strategy for West Africa (2011–15), the CSP pipeline put a heavy emphasis on support for regional integration and plans had been made to undertake ESW on: (i) Impacts of the regional integration policy and integration into global economy; (ii) a study on the cost of insularity, and (iii) economic cooperation and Cabo Verde's integration into the ECOWAS region. Ultimately, none of these studies were conducted.

At design, the country strategy and portfolio included in the successive CSPs was ambitious as it proposed to mobilize additional concessional resources before the transition to MIC. The international financial crisis negatively affected this intent such that the program that was ultimately delivered was selective and focused. The CSPs identified interventions in many different sectors and sub-sectors, however ultimately, only two out of ten infrastructure operations (energy and transport interventions) included in the indicative pipeline were funded due to difficulties in leveraging additional resources and a high national debt which forced the GOCV to scale back its infrastructure development objectives. The strategic outcome of positioning Cabo Verde as a regional hub for transshipment continues to be a national policy priority, however the Bank was unable to bring sea port operations to fruition during the evaluation period, despite efforts made to attract private investors. The predictability of the indicative program for governance interventions was far better. The Bank was quite active in mobilizing grants from various Trust Funds, to support governance reforms, statistics surveys and small-scale climate change projects.

The ESW supported by the Bank was quite limited in relation to what had been planned, hindering the Bank's ability to draw on its own analytical work in program design and policy dialogue. Despite having highlighted the importance of ESW in all of the Bank's strategic documents, from the Completion Report 2005–07 to the mid-term review

Box 3: Cabeolica Wind Farm – A Highly Pertinent Intervention To Address The Energy Security Challenge

The only project in the portfolio funded through the Bank's private sector window was the Cabeolica wind farm project, a PPP. The project involved the construction, operation and maintenance of onshore wind farms on four islands of the Cabo Verdean archipelago (Santiago, São Vicente, Sal, and Boa Vista).

Most of the technical studies and main financial structuring arrangements were completed by the developers and prime investors before the Bank became involved. The company Cabeolica SA was founded as a PPP between the Africa Finance Corporation (AFC), Finnfund, InfraCo Africa[a], Electra and the GOCV. The project was identified by the Bank during a 2009 CSP preparation visit to Cabo Verde. In February 2010, the Bank was formally invited to appraise the project to provide senior debt financing alongside the European Investment Bank (EIB). The Additionality Development Outcomes Assessment (ADOA), performed by the Bank before approval, highlighted the high expected demonstration effect of the project. The Cabeolica project was to be a catalytic initiative and it was closely aligned with the government's objectives to increase the contribution of renewable energy in the energy mix[b].

Overall, project did help to expand renewable energy infrastructure while mobilizing private sector funding, hence reducing the government's direct infrastructure financing burden. Nevertheless, the evaluation found some weaknesses in the analytical and due diligence work done by the Bank as part of the preparation of the Cabeolica project transaction[c] with some of the assumptions included by the Bank at approval ultimately not holding true[d].

Despite these factors, the success of this project is recognized internationally and is frequently quoted as a positive example of PPPs helping to develop the renewable energy sector. Cabeolica is not yet contributing to a decrease of dependence on imported fossil fuels due to the low price of oil on global markets (see effectiveness section) and it is not clear that wind power will reduce raw energy supply costs for Electra compared to thermal power generation.

a InfraCo, the project developer, is a private infrastructure development company funded by IrishAid, Department for International Development (DFID) and the World Bank, as well as the Netherlands, Austria, Sweden and Switzerland.

b The objective of achieving 25% of generation using renewable energy (RE) by 2011 and 50% by 2020 was mentioned in the Cabeolica PAR but later reviewed by the government after realizing it was overambitious. For 2016, in terms of production, the share of renewable energy (wind and solar) was 18.8%. In terms of installed capacity, RE sources represent approximately 25% of total power supply, but renewable power sources are not used to full capacity because thermal plants are more competitive due to the current lower price of imported fossil fuels. The current renewable penetration rate in 2018 is below 30%.

c For instance, the Bank did not undertake: (i) an examination of other possible alternatives to the project, (ii) a value for money assessment; (iii) a public-sector comparator analysis, and (iii) a detailed analysis of the cost effectiveness of the project/investment. The concept of the Levelized Cost of Energy (LCOE) was not used for evaluating or comparing the project with other energy sources even though the unit costs of the Cabeolica investment were on the high side, (iv) a diagnosis of the absorptive capacity of the grid, (v) Power-Purchase Agreements (PPA) tariff and off-take and cost escalation considerations, and (vi) and an assessment of likely national impacts of the investment.

d The project assumed that there would be steady growth in the tourism industry leading to an equally steady increase in electricity demand. This was not the case for several years following the global financial crisis of 2008/2009.

for the 2014–18 CSP, none of the 14 ESW or technical assistance included in the pipeline in the CSPs on the infrastructure sector were ultimately approved. Similarly, none of the three TAs planned on regional integration were funded.

The quality of reporting on the consultation process, undertaken during CSP preparation, improved under the second program and subsequent reviews. While the first CSP did not refer to any consultation process, the second engaged additional Bank expertise to ensure an inclusive consultation process, notably a gender expert, and detailed the types of stakeholders effectively involved. The mid-term review of the CSP in 2017 also mobilize a good array of the Bank's specialists who could reach out to a variety of national stakeholders. In relation to the governance portfolio, although the appraisal reports of the last PBOs (PACE[20] and PAGEPPI[21]) made reference to the broad consultation process, the Bank could have proposed a stronger focus on the demand-side of governance (civil society/ check and balance institutions) to help them understanding PFM and budget processes.

The Bank made a solid contribution to improving energy infrastructure, both from the public and the private sector window, along with support provided by other key players. The co-financing of Cabeolica as a major PPP renewable energy project is assessed as a very relevant strategic choice, despite some challenges related to the costs of wind energy vis-a-vis energy derived from fossil fuels (See Box 3). There were, however, infrastructure interventions

whose relevance suffered from unrealistic assumptions. For example, the modernization of the Praia Airport required additional reforms beyond improving the existing infrastructure to attain the expected increase in movement of goods, services and people. Likewise, in order to attain the strategic objective of electricity cost reduction, additional interventions beyond expanding generation capacity were needed. The results of the reforms promoted by the Bank-supported budget support interventions (PAGEPPI I and II), in relation to the independence of the sector regulator, proved to not be fully sustainable with other donors eventually taking the lead in the restructuring of the main power sector SOE, Electra. In addition, according to interviews, the necessary complementary sector policy and institutional reforms were supported by other donors within the BSG. However, this agreement was not mentioned either in the Bank's CSP nor the Bank's energy and air transport PARs.

The Technology Park is a highly relevant project and is well aligned with key national development strategies. The Park responded well to the 2005 Information Society Strategic Program and the current national development framework (the PEDS), which aims to position Cabo Verde as a digital platform between Africa and the Portuguese speaking countries as well as to boost ICT research, skills development and innovation. This was the largest infrastructure project of the portfolio (UA 27 million) and entailed four components: (i) a DC and Business Continuity Plan (Disaster Recovery site); (ii) a Business Center; (iii) an Incubation Center; and (iv) a Training and Qualification Center[22].

The careful combination of lending and non-lending interventions (namely PBOs, grants and policy dialogue) in relation to governance objectives, was a key strength in the Bank's strategy in Cabo Verde The Bank drew on various Trust Funds to complement budget support operations[23] and strengthen Monitoring and Evaluation (M&E) as well as statistics capacities in the country, responding well to the CSP objectives and country priorities.

The analysis underpinning the country's compliance with PBO eligibility criteria is assessed as sound[24]. The assessment of fiduciary risk as moderate in these operations was well justified. All the project appraisal documents include a sound diagnosis and reference to government sector priorities. Each PBO comes with a Letter of Development Policy with references to existing sector development strategies to ensure strong commitment and ownership. In addition, the PBO PARs provide adequate references to laws and resolutions and other key measures passed by the government to support PFM and PSD.

PBOs have rightly been designed by the Bank and the government as a continuum of interventions and have evolved to reflect government's changing priorities. As the context shifted from counter-cyclical response to adjustment to new external financing realities, the focus of PBOs appropriately shifted from support for PFM reforms to a greater emphasis on fostering PSD. During the first period under evaluation, the Bank, along with other development partners, promoted an increase in the PIP for counter-cyclic purposes and to make the most of available lending at low interest rates during the transition period to MIC status. It was assumed that promoting good governance through PFM and supporting infrastructure development were likely to have positive multiplier effects on tourism and on the overall competitiveness of the economy. It was later recognized that the growth payoff to improved PFM measures will require some time to materialize. The Bank's strategic decision to switch its attention to improving SOE management and small enterprise development in the second half of the evaluation period was appropriate. It was also a direct reflection of greater partner concern regarding the sustainability of the country's macro-economic policy framework. The Bank's two CSPs have rightly focused on supporting business-enabling reforms in order to increase capacity and strengthen the competitiveness of the private sector. While the first strategic document encouraged the exploration of PPP and private sector as financing

options for infrastructure (enabling environment), the second proposed that emphasis be placed on operationalizing these reforms by strengthening the PPP unit, reforming business laws and regulations, tax system reform, and developing a pipeline of PPP projects.

To help tackle a weak labor market, the Bank put considerable emphasis on measures that could be taken to improve the performance of MSMEs in the second part of the evaluation period. This shift in focus is considered to be timely and highly relevant to the country's evolving needs. The AfDB ESW in 2012 recommended that the Bank's private sector financing should not be limited to a few major projects in infrastructure, transport and logistics, but should equally support the development of small Cabo Verdean entrepreneurs. The overall relevance of PBOs and various grants supporting MSME through improved access to financial services, skills and technology and tax reform were good. They are assessed as steps in the right direction but they do not have sufficient scale in relation to major country development challenges. This is the case of the business incubator grant or the employability pilot project. Other initiatives supported by the Bank did not work as expected, such as the support for MSME access to finance through a guarantee scheme with a local bank[25].

The Bank´s strategy to tackle mitigation of climate change effects and to enhance climate resilience was insufficient despite having included "green growth" as one of its main CSP outcomes. Water management issues are one of the most important and pressing challenges in this drought-prone archipelago. Only the watershed management project on the island of Santiago was sufficiently large to make a meaningful contribution to addressing this challenge[26]. The Bank only managed to approve three grants to address this outcome in 2015–2016: (i) a grant to develop mitigation projects in the energy and waste sector, (ii) a grant to explore blue economy as a potential new development path, and (iii) a feasibility study about a solar-powered water desalinization plant. These are steps in the right direction, but their contribution will be marginal if they are not accompanied by larger interventions which scale-up the successful elements of these pilots. The reaction of the Bank to the emergency caused by the volcano eruption in 2015 was pertinent but delays and changes in the activities and its original targeting strategy impeded its objective of providing immediate aid[27].

The evaluation found mixed results in relation to the intent of the Bank´s program to foster inclusive growth, one of its strategic objectives in Cabo Verde. Although GE and SI considerations were raised in the diagnostic sections of the CSP 2009–2013, the first AfDB CSP did not include any specific interventions or focus on fostering inter-island development balance, employment generation or supporting vocational training for specific population groups. The CSP 2014–2018 associated a senior gender expert and included a fairly robust analysis in its GE and SI design. It identified GE and SI outcomes in the infrastructure and governance pillars of the strategy and in specific interventions. However, although the second CSP refers to geographical inequalities, key challenges for inclusiveness and gender disparities, very little was specifically proposed to address these challenges. No specific action was identified to address unemployment challenges until 2016, when a pilot project to support the employability and integration of young people was approved. Specific interventions were highlighted as potentially addressing GE challenges, such as the support of sex-disaggregated surveys and a Gender Country Profile study. Unfortunately, the latter was not aligned with the elaboration of the CSP since it was only finalized in 2017. In addition, the reporting on results related to GE and SI merits improvement. The lack of sex-disaggregated indicators in monitoring and supervision reports of the program and portfolio makes it difficult to assess the contribution to reduce gender gaps in different sectors and operations.

Effectiveness of The Strategy and Program

Finding: Effectiveness of The Strategy and Program Received a Rating of Satisfactory.

Most of the main strategic outputs were delivered, while some outcomes proved to be more difficult to attain than originally expected. Additional measures required to achieve higher-level outcomes were not pursued, especially in the infrastructure portfolio. The participation of the Bank in the multi-donor Budget Support Group (BSG) yielded good results, especially in terms of supporting PFM reforms, although the Bank's role in setting the BSG agenda was fairly small despite the fact that it was the largest budget support contributor. The main results of the infrastructure pillar were concentrated in the power sector. Further efforts were needed to forge partnerships with other donors on issues of electricity sector institutional and policy reform, going beyond the already fruitful co-financing of the electricity projects. Little progress was made towards increasing the availability of arable land and water supply. Only the watershed management project on Santiago Island had significant results, although it should be linked to a broader agricultural value chain intervention if that project's broader rural development outcome objectives are to be met.

CSP Pillar 1 (Infrastructure)

Overall, the Bank was able to deliver the major strategic outputs that were planned in the infrastructure pillar, except for those related to maritime transport since no maritime projects were approved. Effectiveness of the Bank's electricity projects is assessed as satisfactory in light of the fact that the main project outputs have been delivered although the extent to which outcome targets were achieved is mixed[28].

The Bank made a good contribution to increasing the level of population with access to a reliable electricity supply, although more could have been done to ensure that the benefits of these investments can be sustained by ensuring that the power company was financially sound and viable, and that poor consumers were provided power at affordable tariffs. The Bank´s electricity projects contributed to improving the reliability and quality of raw energy supply provided to the grid operated by the national electricity utility, Electra.[29] Other performance indicators improved, such as the WB Ease of Doing Business index. Cabo Verde ranked 2 (from 0 to 8) in 2018 for "reliability of supply and transparency of tariff index", the average for Sub-Saharan Africa being 0.9. Nevertheless, some indicators are still far from their desired levels, such as network losses and duration of power outages[30]. Results are also modest in relation to the Bank´s contribution to tackle other sector bottlenecks such as commercial power losses, linked to consumers' electricity fraud, that have actually worsened over time[31]. As part of the division of labor among the partners within the BSG, power sector reforms were led by the World Bank and other partners, while the Bank was focused on reforms to improve the private sector enabling environment. The overall capacity of Electra is still assessed as weak and it is one of the candidate SOEs for future privatization.

The three electricity projects funded by the Bank contributed to increasing the role of renewable electricity in the energy mix. This was done by improving the generation, transmission and distribution network so that it was technically feasible to integrate the renewable energy[32] as well as by boosting production of wind energy directly from the Cabeolica wind farm project. Nevertheless, the effective substitution of thermal energy by clean energy, which was a key CSP outcome, was not realized. Despite good wind projections, a favorable sector framework and strong political will for the development of renewable energy sources, the role of wind energy is less than expected because its sales to the grid have been curtailed [33]. Since entering into operation, the average annual amount of energy sold by Cabeolica to the off-taker, Electra,

has been well below what was projected. This is due to technical restrictions of the off-taker, power demand not increasing as much as was expected, and the relatively low price of imported oil which inspired Electra to put more reliance on its own thermal/fuel plants. Nevertheless, owing to offtake and tariff agreements, the current less-than-full-capacity offtake situation has not adversely affected the financial performance of the project[34]. Despite these deficiencies, the Cabeolica wind farm project is still a success in terms of climate change mitigation and energy diversification. In the medium or long-run, wind and other renewable energy interventions could prove to catalyze energy independence and security of the archipelago, which is one of the long-term objectives of the GOCV.

The outcome related to the increase of public investment through PPPs and private sector investment, building on the success of Cabeolica wind farm, has not yet materialize. The evaluation could not find any official list of future PPPs in the power sector, with the only possible PPP project identified being a solar power pump storage operation. A Bank-funded Trust Fund grant contributed to improving an enabling environment for PPPs, while the African Legal Support Facility, hosted by the Bank, produced a country PPP profile in 2017 covering the PPP-related laws of Cabo Verde.

More efforts could have been made to improve power access to all and to lower the cost of electricity. The electricity access trend from 2006 to 2017 is positive, but it is difficult to assess the Bank's contribution in relation to other major donors working in the sector during the same period. The Bank´s monitoring and self-evaluation documents should improve their quantification of beneficiaries, by island and by sex of the household head, in order to be able to measure the inclusiveness of the Bank's support. The evaluation considers that the Bank should have promoted a more inclusive, pro-poor electricity usage by exploring the wider application of lifeline and other forms of social tariffs for the most vulnerable groups[35].

Physical capacity of the airport in Praia has improved thanks to the AfDB-funded project[36], although the actual growth in passenger arrivals and freight services is far below what was expected. The expected results in the number of annual passengers and the growth of annual aircraft movements were not met. Furthermore, annual air freight volumes stagnated instead of growing as expected. How much employment the project created is also largely unknown since this has not been regularly reported on in project supervision reports[37].

Similarly, outcomes related to the better access to technology for MSMEs and government agencies resulting from the construction of a Technology Park are far from being achieved due to the considerable delays in its construction. There is also little evidence that the Park's potential services have been actively promoted by either the Bank or the GOCV.

None of the infrastructure projects included a sufficient analysis of gender gaps and how they proposed to address them in their designs. In some of the projects, the expected benefits to women and youth are assumed but are not clearly defined and linked to specific project activities or justified with a good source of evidence. Others proposed a quota of women beneficiaries, but did not include sex-disaggregated project monitoring and reporting. However, some interesting practices to target vulnerable people were identified in the Santiago power plant project and the 6 Islands interconnection project. In both cases, grid extensions into poor and remote villages were funded with remaining resources, as per proposal of the executing agency, instead of being part of the original project design.

Unsatisfactory progress was made in terms of the Bank's objective of increasing the availability of arable land and water supply.

Box 4: Findings from an Ex-Post Evaluation of the Watershed Management Project, Eight Years After Completion

The UA 5.96 million watershed project was implemented from 2002 to 2010 in two watersheds of the island of Santiago with the objective to reduce rural poverty through soil conservation, mobilization of water resources, support to agricultural production and community capacity building.

The evaluation found that the project made a solid contribution to reducing soil erosion and that the mechanical works funded by the project were still functional[a]. Despite the fact that the majority of the 161 gabion dikes built under the project were damaged due to heavy rains, they are still functional and yield multiple benefits: protection of river margins and human settlements and the creation of new diversified fields of cultivation on the terraces. However, biological measures to fight erosion were less successful for the protection of the slopes.

The results in relation to water mobilization were less impressive[b]. The majority of the boreholes visited are not functional and some of the pumping equipment was no longer in use. The water reservoirs which were built with project resources worked during most of the evaluation period, although they were dry during the field visit of the evaluation due to the severe drought in 2017. The irrigation channels from the reservoirs to the farmers' plots were not finished by the project. The project did make a modest contribution to increasing irrigated lands (35 ha) although beneficiaries' perceptions about these improvements to their productivity were mixed.

The results of the livestock-related activities of the project were not positive according to project beneficiaries. Moreover, the credit scheme of almost 1 million USD only benefited 82 people and had a very low repayment rate. The reasons for the default rate included: (i) the long time that lapsed between the receipt of the micro-credit and the implementation of the rest of the project's activities, (ii) the high mortality of the improved breed animals bought with the credit, (iii) weak collection activities, and (iv) a lack of clarity on responsibilities among multiple institutions involved in the credit mechanism. The project delivered various sensitization and training sessions on soil conservation techniques and community organization. None of the interviewees recalled having participated although the executing agency noted that some of them found employment thanks to the training. The analysis of the economic effects of the project, undertaken in 2018, confirms the sustainability of some of its positive results and found that financial and economic returns of the investment were quite high.

Source: Evaluation on the basis of primary data collection, 2018 (see Annex B)

a According to the AfDB (2011a) and a recent thesis (Semedo, 2015, publicly available at the University of Cabo Verde), the project built 144 torrential correction dikes, 4 underground water screens; 9km of gabion walls.

b According to the AfDB (2011a) and Semedo (2015), the project delivered: 19 water points (boreholes); 31 reservoirs for human, irrigation and animal use; 16 capture dams, 11 km of works of water adduction (irrigation channels).

Only the watershed management project on Santiago Island has had major results, although it should be linked to a broader agricultural value chain intervention if it is to attain its rural development outcomes (See Box 4). The other grant developed a policy framework for water resources management, but its use is unclear. The agriculture grant in Fogo will likely deliver most of its outputs[38], but is unlikely to play much of an emergency relief role. The outcome of identifying climate finance sources has not yet materialized, despite the ongoing efforts of a grant funded through the ACCF.

CSP Pillar 2 (Governance)

Budget support operations, grants, policy dialogue and solid partner coordination contributed to the achievement of the vast majority of the PFM objectives set in the CSPs[39]. In the governance area, the AfDB has remained the largest budget support provider over the evaluation period[40]. The engagement of the Bank in multi-donor budget support and a robust BSG process was effective to focus participating development partners support on government's key public finance reforms[41]. Nevertheless, the Bank did not make the most of its ability, as the largest budget

Praia airport expansion and modernization project.

support contributor, to influence the content, focus or sequencing of partner-supported reforms (See Bank's performance section).

There have been strong achievements in PFM in some areas and less in others, although the reporting of development results of the PBOs and grants should be improved. Some PBOs were well-planned and achieved good results, such those in the public procurement and fiscal consolidation areas[42]. In addition, the Bank-supported Medium-Term Expenditure Framework (MTEF) has been rolled out to all sector ministries; the internal audit function has been expanded; new procurement rules have been operationalized; tax arrears were brought down; an integrated system of budgetary and financial management was being implemented; and e-filing for value-added tax (VAT) and other taxes is taking place. Not all reform areas, however, have proceeded at the same pace. For instance, further strengthening of internal and external control functions is required; and the functioning of the Court of Auditors and of the national systems for managing public investment need to be improved further. Moreover, due to delays in implementing the government's e-governance program, the CSP target to help digitalize and modernize public administration was not met[43]. Nonetheless,some positive results were noted in strengthening the government's capacity to regulate and govern SOEs, with a number of SOE performance contracts signed and improvements made in SOE oversight legislation. On balance, and with broad donor support, the quality of PFM systems continued to improve steadily, as shown in 2007 to 2016 PEFA PFM performance scores (See Table D.1 in Annex D).

The Bank made a distinctive contribution to helping the government improve the MSMEs business environment[44]. Progress was made in reducing the business tax burden and the adoption of a special fiscal and regulatory regime for MSMEs[45]. However, not all of the expected reforms proceeded at the same pace. For example, the improvement of MSME's access to finance thanks to a state credit guarantee scheme did not come to fruition. At the same time, efforts made to improve business services to MSMEs through business incubators has proceeded well but still needs to be scaled-up. Results-reporting in the MSME area was weak. There are no statistics available to show how the provision of state support to MSMEs has improved their development and survival. The evaluation did not find any evidence about the achievement of the business incubator grant on job creation or women's economic empowerment.

AfDB PBO support was more intermittent in the first part of the evaluation period. The move to multi-year operations in the second part of the evaluation period (with PAGEPPI and PACE) has allowed support for a better prioritized and sequenced set of reform measures over the 2013–16 period. This was appropriate in that institutional reforms take time to design, legislate and fine-tune in implementation. Building on its previous support[46], the Bank started including PPP-related outputs in its PBOs with PAGEPPI (2013). The Appraisal Report of that PBO considered that the 2005 law on PPPs was an important landmark in the PPP framework but had several weaknesses in the areas of institutional framework, bids review, projects preparation, protection of investors, status of unsolicited bids, disputes settlement. As per 2013, there was no institutional unit within the Ministry of Finance or the Ministry of Infrastructure to manage PPPs, nor did the Government have the necessary capacities and skills to negotiate large-scale public-private partnerships. As a result, the Bank has supported the creation and consolidation of the PPP and a privatization unit via a grant which also supported key activities related to the consolidation of a pipeline of PPP projects and privatization operations. While these reforms did support PPPs such as Cabeolica, and the consolidation of the State Business Monitoring Unit in charge of the management of privatization and PPP processes, the actual results of these reforms have been slow to materialize. The actual number of PPPs that have been approved remains small and losses incurred by SOEs continue to drain the budget.

Neither the PBOs nor the governance-related Trust Fund grants were gender-responsive. In general, the reporting on governance operations was not sex-disaggregated or differentiated across different population groups. Some exceptions can be found with a good analysis in relation to unemployment across sexes, islands, age groups and rural-urban population in the PAGF-RPS design. Unfortunately, the Project Completion Report did not follow up thus not reporting on gender or regional impacts. The governance interventions, both PBOs and Trust Fund grants, assume that these benefit women's quality of life without providing any evidence of this.

The Bank has also made a substantive contribution to strengthening the national statistical and M&E system through the launching of an agricultural survey and a household and income survey as well as a demographic and reproductive health survey. This support has positively contributed to capacity building at the INE and should help inform future policy-making, especially considering gender equality and social inclusion aspects, since all the surveys funded are sex-, age- and island-disaggregated.

Efficiency

Finding: Efficiency Received a Rating of Unsatisfactory

Severe delays negatively affected the implementation of the public infrastructure projects. Likewise, Trust Fund projects supporting governance and individual interventions addressing climate change mitigation, agriculture and water management exhibited long delays and a poor implementation performance. The BSG was a good practice to achieve governance reform results efficiently and to avoid additional transaction costs to the GOCV. Frequent staff changes, slow creation of project management units, capacity constraints in executing agencies, the lack of country presence and language challenges hindered efficient use of Bank resources. Some improvement was noted by stakeholders thanks to the delegation of supervision responsibilities to the Bank's Regional Office in Dakar.

CSP infrastructure public operations suffered from severe delays during implementation. Although these operations did not encounter serious timeliness problems until disbursement (see Table A.4 in Annex A), they required longer implementation time than expected. For example, the Santiago power plant project was initially approved for two years but needed an additional four years for completion (See Table 3). A similar timeline was proposed for the Technology Park and after five years of implementation, it is only now starting its civil works. Delays are not always a source of inefficiency, however. While the implementation of the Praia airport modernization and expansion was also delayed, the process did result in nearly a twenty-five percent cost-savings as a result of a detailed assessment of capital equipment bids, according to the executing agency. Savings on the total project budget, along with the purchase of the most expensive equipment for this type of projects after civil works, posed difficulties to the project as to their conform to the Bank's expected disbursement curve.

Delays of infrastructure operations were attributed to various factors. Delays were associated with flaws in project designs, including insufficient risk assessments and associated mitigation measures, as well as unrealistic project assumptions. A recurrent critique given in interviews and focus groups as to the lack of realism, or the timelines of big infrastructure projects, was related to the time required to import key construction materials, as well as transporting them to the different islands. In some cases, cost estimations were not realistic; procurement procedures of various financers were difficult to manage by executing agencies and the needed coordination among partners was not achieved as planned. The GOCV has recently created a Management Unit of Special Projects to improve the implementation of

big infrastructure projects funded by multilaterals banks. This is expected to help address delays that were attributed to a failure to timely create and properly staff project management units.

The bulk of the Bank's financial support was provided through budget support operations, and these resources were deployed efficiently. The GOCV received budget support each year, with the exception of 2008, and overall approval and disbursement time efficiency was positive (See Table A.4 in Annex A). It is worth noting, however, that the budget support disbursements were made in the last month of every financial year compromising the extent to which these funds could be counted on as a reliable budget financing source.

Start-up and implementation delays for Trust Fund projects are an issue in Cabo Verde. In some cases, they doubled the expected timeline at the moment of design. This echoes the findings of a 2013 IDEV evaluation about Trust Funds.[47] The main reason for poor implementation performance are delays in the creation and staffing of the project management unit. Elections and change of government in 2016 also caused some delay. Some stakeholders also felt that the Bank's rules and procedures were too complex for the small interventions funded by Trust Funds.

Problems of inefficiency were also observed in the use of the Special Emergency Fund[48]. One of the three emergency grants, covering housing for the affected people by the eruption of the volcano in Fogo island, was finally cancelled due to slow project processing between GOCV, the implementing agency (the United Nations Development Program) and the Bank. The government funded expected activities with its own funds and proposed others, which were finally rejected by the Bank due to their misalignment with the initial relief objectives of the grant. The other emergency grant to respond to the eruption of the volcano evolved to become a small development project instead of a quick-disbursing emergency grant. Lastly, a grant for a preparedness and response plan to fight the Zika virus outbreak had also a slow start.

Interventions aiming at improving water management and climate change adaptation/ mitigation also showed very low levels of resource use efficiency. All suffered from serious implementation delays. Moreover, limited efforts were made to work with other partners to leverage

Table 3: Fastest and Slowest Cases in the Portfolio

Stage	Interventions
From project concept note to Board approval	**Fastest:** Cabeolica Wind Power (0.5 months), Business Incubators Grant (1 month) **Slowest:** Santiago power plant project (8.5 months), Efficient tax and revenue administration (4.2 months)
From Board approval to loan agreement (legal signature)	**Fastest:** Public Finance Management and Private Sector Recovery Support, PAGF-RPS and PRSSP II signed the same day of approval, 6 Islands Transmission and Distribution Project and Praia Expansion and Modernization project (1 month) **Slowest:** Study on Water Resource Mobilization and Strengthening of the Integrated Management Framework (9 months), Cabeolica Wind Power (5 months)
From loan agreement to effective first disbursement	**Fastest:** PACE I (0.3 month), Cabeolica wind power (6.3 months) **Slowest:** Praia Airport Expansion and Modernization Project (10 months),[1] PAGF-RPS (11.5 months),

Source: Data from SAP (February 2018)

1 After finishing the technical studies, including a need to re-dimension some of the works, it was necessary to avoid some underground cables not identified previously, to improve existing buildings and to correct the estimations of materials in some of the bids. This was aggravated by the fact that the expansion/modernization works were done in an "operating airport", which according to some interviews, was not fully considered in the Bank's project design.

the relatively small volume of Bank support allocated to these areas. The project on management of catchment basins and the study on water resource mobilization required more than two additional years to close than what was included in their designs.

The age of the Bank's portfolio in Cabo Verde improved slightly from 2009 to 2017, with the best figures in 2012–2013 just before the approval of two public interventions that showed implementation challenges during the rest of the period. The average for the portfolio age, 3.5 years, is similar to that of the whole Bank portfolio for 2013, as quoted in the Country Portfolio Performance Reports. The high number of PBO operations disbursed in one or two years helped to decrease the portfolio age.

A number of institutional factors influenced the Bank's ability to support efficient use of AfDB resources, including: (i) lack of country presence; (ii) frequent staff changes (in government and the Bank), (iii) limited incentives or resources for analytic work; and (iv) language and communication issues. Delays in procurement, disbursement, and task manager response to non-objections were also cited as a source of delays and a concern for several country stakeholders.

There is evidence that the Bank's supervision improved once projects started to be monitored from the Regional Office in Senegal in 2006, although some projects, such as the Technology Park, continued to be managed from Abidjan. Project stakeholders reported an improvement in the frequency of contacts and availability of the task managers, however, being a regional office, the Bank's staff covers a large portfolio in various countries and therefore continues to experience limitations to conduct field missions. Budget constraints to conduct supervision missions are more acute for Trust Fund grants[49]. In some cases, the design of the grant did not include budget to finance the Bank's supervision, for instance, in the employability pilot project. This is related both to high transaction costs of these small projects as well as to the incentives facing Bank Task Managers who must deal simultaneously with supervising ongoing loans, the preparation of a new pipeline and supervision of small grants, TAs and studies[50].

Portfolio indicators improved over the evaluation period, according to the Bank´s self-evaluation (completion report of CSP, annual portfolio reviews and mid-term review of the CSPs). According to these sources, there were no problem projects nor projects classified at risk during the period. Nevertheless, the Technology Park has been flagged in the Portfolio Flashlight of the Bank since the beginning of January 2017 due to its low disbursement since approval.

Sustainability

Finding: Sustainability Received a Rating of Satisfactory

The CPSs included a robust analysis of factors that were likely to affect the sustainability of Bank support but failed to implement key mitigation measures. Sustainability prospects of individual electricity interventions and the governance reforms are good, while the expected benefits of the Technology Park and the Praia airport projects may be difficult to sustain unless measures to enhance their financial viability are put in place. The two public electricity projects did not address in a timely manner the Bank's social safeguards in terms of identification and compensation of adversely affected persons (land acquisition). The reporting on the implementation of agreed environmental mitigation measures of infrastructure projects was deficient, hampering the extent to which the sustainability of these measures could be assessed.

Sustainability concerns were recognized in country strategies, but more could have been done in practice to mitigate sustainability risks. The Bank identified several potential risks to the sustainability of its program: (i) the country's growing national debt; (ii) potential economic shocks and a slowdown of the global economy; (iii) limited government human and institutional capacity; and (iv) climate change

vulnerability. The notion that private sector investment and other sources of financing would compensate for a hardening of aid terms did not materialize as planned. The Bank aimed to help the government achieve sustainable public debt management although the debt was considered under control at the time of the first CSP. While the Bank's strategic focus on improved debt management was highly relevant, its support in this area was too-short-lived to be considered as significant. Through its participation in the BSG the Bank contributed to the policy dialogue on public debt management, but other donors took the lead in this area. The debt situation continues to be a serious issue for the sustainability of the program and the overall development of the archipelago. The efforts of the Bank to help build national institutional capacities were quite modest although weak institutions were regularly acknowledged as a serious impediment to program and economic performance. Finally, climate change and its effects on water availability and an increase in the frequency of extreme climate events were well known to be a major threat to sustainability. Bank support in this area has only materialized in recent years through small grants which will require a substantial scaling-up if they are to help mitigate climate change risks.

Operations in the power sector and in the governance areas are likely to be sustained, while those in ICT and civil aviation have sustainability challenges. The demand for public-sector power projects remains high, and mechanisms for equipment maintenance are in place, however, Electra's financial performance needs to be urgently improved. The Windmill project is well managed and is governed by an offtake agreement that ensures that financial returns are sufficient to keep it operating. Sustainability considerations could be a problem with the airport expansion and the Technology Park. The former did not yet inspire significant additional traffic or freight since the expected government reforms to make tourism more attractive on Praia did not take place. The latter may be difficult to sustain unless more aggressive efforts are made to market its services. The pre-feasibility Technology Park study in 2012 included a benchmarking exercise with eight technology parks, but limited analysis was done on possible competition, especially with those in West Africa.[51] Moreover, various ministries and other agencies are developing their own DC instead of either using the existing facility or waiting for a new one[52]. This could jeopardize the future viability and sustainability of the Technology Park.

Ownership of governance reforms is strong and relations with the development partner community are very good. Despite a change in government in 2016, the broad reform direction continues largely unchanged. When delivering non-concessional aid, more attention should be paid to debt sustainability concerns. The results in relation to the support of the MSMEs in terms of easing tax burden and improving their access to business services needs to be reinforced by a broader set of complementary measures (finance, technology, training etc) to have a greater impact on MSME startup, productivity and survival.

Sustainability for two of the completed agriculture and water management operations is positive. The main benefits of the watershed management project have continued several years after completion. The benefits of the Fogo grant are likely to continue thanks to a strong commitment from the Ministry of Agriculture as well as the activities of other donors in the area. Interviews with potential project beneficiaries also indicate their willingness to pay for water.

Environmental and social measures related to the Bank´s safeguard policies were identified, both strategically and in operations, but follow-up during implementation often fell short. The information reported about the implementation of the environmental management plans agreed with the Bank for the three electricity projects is scant and sometimes incomplete. The mitigation of the social impacts of the Bank´s interventions shows serious flaws in the two public electricity projects. The Santiago power plant project closed without compensating the persons adversely affected by the project, although this was flagged in several supervision reports. The reason reported in the self-evaluation was not corroborated by this evaluation[53]. A similar situation

was found in the 6 Islands electricity project which is soon to close and has not provided compensation for adversely affected families identified[54].

The Bank's Performance

Finding: Bank's Performance is Assessed as Satisfactory

The Bank has managed to leverage effective partnerships, especially through its participation in the BSG for the governance pillar and co-financing of the power sector interventions. Nevertheless, the Bank did not fully exploit its position as the largest contributor of the BSG to play more of a leading role in support of governance reform. Moreover, more efforts are needed to ensure positive synergies between the public and private windows of the Bank, as well as to foster complementarity between the different pillars of the strategy so that higher-level outcomes can be achieved. Economic and Sector Work has been too limited to inform the Bank's interventions in the country, and management for development results has been more solid for governance than for Bank support for infrastructure. Quality assurance and management for development results have showed mixed results across the portfolio.

Forging effective partnerships has been critical to the Bank's support to GOCV, partly because of resource constraints and partly because of the importance of focused policy dialogue to the success of the program. Support for governance operations, has taken place within a well-focused multi-partner dialogue process coordinated by the BSG. Nearly all of the major infrastructure and water resource investments have leveraged Bank resources with those of other donors to meet the investment financing requirements. In the power sector, Bank support for generation, transmission and distribution has directly complemented interventions in electricity generation supported by several other development partners.

Support for governance operations, which accounts for half of the Bank's portfolio, has taken place within a well-focused multi-partner dialogue process coordinated by the BSG. The AfDB has been part of the BSG since 2006, which has proved to be an effective instrument for policy dialogue, as donors speak with one voice to senior interlocutors in government[55]. These biannual meetings were expected to prevent the phenomena of "mission fatigue" in a small country like Cabo Verde, by trying to respond to all donor requests individually. In practice, this arrangement did not completely overcome a lack of GOCV capacity to respond to all donors' individual requests during appraisal, consultation and supervision missions of budget support operations[56]. The BSG has helped provide greater transparency in the reform process, as joint statements were made to the press. On the negative side, civil society organizations are not invited to participate in BSG reviews; and the decision to halt bilateral meetings between the BSG with key government institutions since late 2016 has both reduced the depth of dialogue, as well as made the BSG less inclusive.

The Bank did not fully capitalize on its strategic position as the largest contributor to budget support operations. The Bank could have been better prepared to contribute more to the budget reform process, through policy analysis and dialogue, given that it was the largest contributor of the BSG.[57] Understanding the comparative advantages in staffing and skills mix, this may have been appropriate, but it has weakened the degree to which the AfDB's PBO financing could have reinforced the Bank's operations in infrastructure, climate change and other areas. Moreover, the Bank's participation in the BSG process was hampered by high staff rotation and internal division of labor at the AfDB between PBO task managers and the country economist. Only in 2017 did the Bank volunteer to chair the BSG.

Practically all the major infrastructure investments have leveraged resources of other donors to meet investment financing requirements. In the power sector, Bank support for generation, transmission and distribution has complemented interventions in electricity generation supported by several other development

partners, including JICA[58], BDEAC[59] and EIB[60], both with public and the private sector interventions.

There was insufficient collaboration with external partners in the energy sector to capitalize on the catalytic investments in the power sector, especially in the public sector. The World Bank has taken the lead on energy policy reform with modest Bank involvement, however, communication between the largest partners to the sector could have been better. The evaluation found that neither the WB nor the French Development Agency (AFD) managers of electricity projects were aware of the AfDB´s interventions in the sector. Moreover, the Bank's reporting did not mention the results of contemporary and similar interventions in the energy sector. By contrast, the Cabeolica project was well aligned with the policies and strategies of other partners active in Cabo Verde, including WB, the European Union, Dev Lux[61], and AFD[62], and can be considered as a good example of synergy with another significant partner in the sector, the EIB.

Quality assurance across the project cycle has been mixed with the absence of detailed project designs and other readiness measures contributing to project delays. Project supervision has been challenging, both because of Cabo Verde's island geography and because of the lack of Bank staff with local language skills. The Bank's Regional Office in Senegal's growing involvement in monitoring the Cabo Verde's portfolio helped reinforce project supervision and has encouraged more regular consultations with stakeholders. The team of experts in Dakar has also helped to foster close dialogue with the Government and other development partners. Supervision quality was satisfactory, although the time taken to resolve project problems was often excessive according to some executing agencies.

ESW to inform policy dialogue, program and project design was far too limited during the evaluation period, especially for a program that was designed to support major programs of policy and institutional reform. The only planned and approved ESW were two general studies in 2012 and a study of the private sector profile. The latter was used in various strategic documents but was never published. Their analysis informed CSP, AfDB programs and projects, as well as GOCV decision making. The Bank also prepared a Gender Country Profile which informed the mid-term review of the current CSP. Other key studies were never approved[63].

A number of factors arising from the way AfDB is staffed and managed to support GOCV affected its performance, including: (i) its reluctance to play a leadership role in BSG prior to 2017; (ii) high staff turnover and rotation (six governance officers and/or senior economists between 2009 and 2017; (iii) poor quality handover processes; (iv) lack of clarity on the internal division of labor between governance task managers and the country economist, which sometimes resulted in duplication of efforts on the GOCV side (regarding the response to requests and missions); (v) insufficient analytical work/ESW; and (vi) few staff able to communicate in Portuguese since this is not an official Bank language.

Management for development results was better in the governance area, where the BSG process meant that performance indicators were regularly tracked and reported on to all BGS members, than in the areas where the Bank had stand-alone operations. Nevertheless, governance indicators were mainly focused at policy and intermediary level, while the lack of statistics at national level hampered development results-based monitoring at impact level. The Bank's support of a number of initiatives aimed at strengthening data collection capacities and production of key statistics could help in the future. Moreover, it is also expected that the support for GOCV to shift to better prioritization and results-orientation in the government's public investment program will also improve management for development results in all sectors. ■

Roadside laying of cables, Electricity transmission and distribution network development project.

Conclusions, Lessons and Recommendations

This section summarizes the main conclusions about the performance of the Bank in designing and implementing its strategy and program in Cabo Verde over 2008–2017. It also presents the lessons and recommendations that could be considered in future programming.

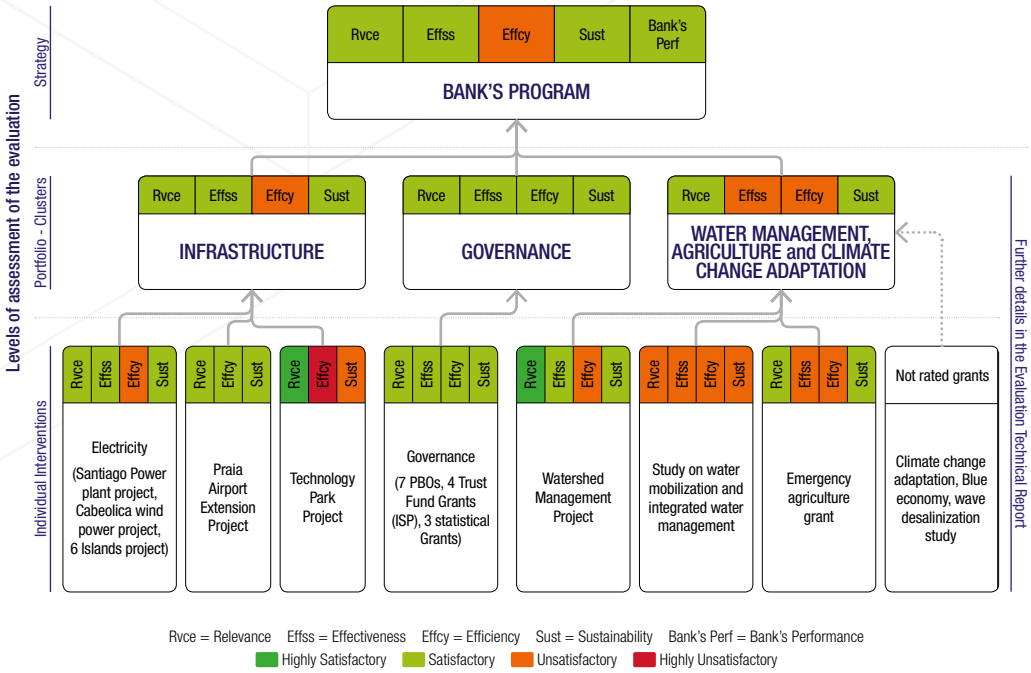
Overall, the Bank's performance in support of Cabo Verde is assessed to be satisfactory. The Bank's actions in Cabo Verde over the period were generally satisfactory regarding relevance, effectiveness and sustainability, with challenges in parts of the portfolio in relation to efficiency. Figure 4 shows how the ratings were aggregated by evaluation criteria for the three levels of assessment of the evaluation.

The Bank's support for Cabo Verde performed very well in some areas, and less in others. Table 4 below summarizes some of the key strengths and weaknesses identified.

The following lessons have been distilled from the analysis of the strategy, portfolio and individual interventions designed and implemented in Cabo Verde from 2008 to 2017:

1. **Solid progress was made on governance reforms, but the desired outcomes in terms of fiscal consolidation and higher levels of inclusive growth were not fully achieved.** Getting policies and institutional

Figure 4: Overall Ratings Against the Evaluation Criteria for the Three Levels of Assessment



arrangements right is important, but the supply response depends on international market conditions as well as other factors, beyond Bank control. A hardening of aid terms and Cabo Verde's rising public debt levels have also limited room for fiscal maneuver.

2. **The physical infrastructure to expand power generation, distribution and transmission was delivered, but the extent to which these will actually contribute to making electricity more accessible, affordable or climate-friendly also depends on sector policies and institutional reforms.** In practice, the Bank made a valuable contribution to expanding physical capacity in the power sector but other donors took the lead to assist the Government to put in place supportive policies and institutional arrangements to make electricity more accessible to the poor to ensure sustainability of the main power sector SOE, within the arrangements of the BSG.

3. **Establishing more realistic designs, implementation schedules and outcomes of infrastructure projects at appraisal is needed**. Project implementation of large infrastructure projects have suffered serious delays because the Bank did not ensure the

Table 4: Conclusions of the Evaluation of the Bank´s Strategy and Program in Cabo Verde (2008–2017)

Strengths	Weaknesses
▌Alignment with national development priorities and AfDB corporate priorities, although more could have been done to support regional integration. ▌The actual portfolio that was approved was highly selective and focused on governance and infrastructure. ▌The focus of governance interventions was appropriately modified in response to changes in the country's economic context. ▌Multi-donor budget support process with achievement of key reforms, especially in PFM, helped ensure coordinated and cohesive support for a manageable, prioritized and well sequenced reform agenda. ▌Most of the main project and strategic outputs were achieved. Some outcomes were achieved but others proved too ambitious. ▌Co-financing and partnership both in electricity and governance sectors. ▌Sustainability prospects of individual interventions in the power and governance sectors are good. ▌Innovation of second CSP design in terms of gender analysis and consideration of social inclusion.	▌Over-ambitious strategic intent for infrastructure in CSP design. ▌Insufficient actions to tackle water management and climate change adaptation and mitigation. ▌Additional measures to achieve strategic outcomes were missing (e.g. reforms in electricity sector, civil aviation). ▌Although being the largest contributor to budget support, the Bank only played a supporting role in the BSG. ▌Partnership in the electricity sector did not extend to Bank involvement in policy and institutional reform. ▌Economic and Sector Work was far less than what was planned, despite the need for new knowledge and capacities to guide economic and sector reforms. ▌Delays in all public infrastructure investment projects, Trust Fund grants, and water management projects reduced the efficient use of scarce Bank resources. ▌Limited support for mitigation measures to ensure the sustainability of the Bank´s program results. ▌Implementation of environmental and social safeguards requirements in the two public electricity projects was incomplete. ▌Lack of sex- and island-disaggregated indicators making it difficult to measure the Bank´s contribution to inclusive growth.

availability of feasibility studies at approval and underestimated the time involved in procurement and importing construction materials across islands. Infrastructure projects should incorporate more detailed sensitivity tests given that the demand in Cabo Verde is often driven by rapidly changing global market conditions.

4. **Participating in multi-donor BSG and using PBO are good practices for donor harmonization and to encourage national ownership to implement key reforms.** The Bank managed to build a productive dialogue with the GOCV through the PBOs and its participation in the BSG process. This contributed to a good sequencing of interventions with realistic measures and time frames adapted to an evolving agenda and well harmonized with other partners.

5. **Delivering emergency assistance following the strict timelines to provide the expected relief after the eruption of the volcano of Fogo was challenging.** In settings in which many actors are trying to be responsive, there is a risk that grants may not be used for their intended purposes. Careful targeting and less complex interventions which take into consideration additional challenges posed by the insularity of the country are needed to increase the chances of speedy delivery expected from the Bank's Emergency Relief Fund.

6. **There is a need to ensure compliance with the Bank's Environmental and Social Safeguards requirements.** The Bank has not ensured timely compliance with its own safeguards policies for the two public electricity projects, especially in relation to the compensation of affected stakeholders. The Bank has a solid framework in place to protect the environment and vulnerable communities since the approval of its policy on the environment in 1999 (upgraded in 2004) and the policy on involuntary resettlement (2003). This framework has been consolidated with the approval of the Integrated Safeguards System in 2013. Although the responsibility of implementing the mitigation measures is mainly on the borrower's side, the Bank is meant to supervise their compliance and to provide assistance, if necessary.

7. **Program sustainability needs to be both understood and acted upon.** The Bank was well aware that the sustainability of the program would hinge on getting the public debt situation under control, but little was done to address this. Likewise, national institutional capacity and climate change were understood to be risks but investments and actions in these areas were modest. Country strategies need to better articulate how mitigation measures will be supported, if perceived risks do materialize.

The evaluation proposes the following recommendations based on the evidence provided:

1. **The Bank should continue to support government-led reforms aimed at boosting inclusive growth and fiscal sustainability, but this should be underpinned by a better understanding of binding constraints.** A decade of reform programs has been supported by the Bank and other partners. While much has been accomplished, Cabo Verde's economic growth and employment generation remain tepid. A robust ESW program and thorough stakeholder consultation should inform the new CSP and future policy reform support.

2. **The new CSP should identify ways to maximize synergies across the Bank's pillars.** The new CSP should articulate reinforcing support between to the infrastructure sector and its governance operations. Likewise, opportunities for synergies between Bank public and private

sector operations should be exploited. The new CSP should specifically ensure that investments in the energy sector can be sustained by supporting partner efforts to put Electra on a sound commercial footing.

3. **Strategic results should be agreed upon with the national authorities and be regularly tracked.** The results reporting framework, including impediments and enablers of higher-level objectives, should be used to assess whether reforms and strategic investments have achieved their intended outcomes. This would contribute to improved policy dialogue and would help the Bank play more of a knowledge broker role. It would also help to prioritize and sequence the reform agenda.

4. **The new strategy should put more emphasis on project quality and sustainability.** There is a need to ensure that infrastructure project designs are realistic, that detailed design work and land acquisition is conducted early-on, and that proper attention is paid to implementing environmental and social safeguards. Consideration should be accorded to providing Technical Assistance support to the Information and communication technology (ICT) Center and the Airport to put in place strategies to ensure that they can effectively market their services.

5. **Scale-up MSME interventions and reforms to boost employment and to make the growth process more inclusive.** Future MSME support should include a combination of lending and non-lending instruments. It should build on the results attained in ongoing interventions, while providing a more holistic approach to improving access to financial and non-financial services for MSMEs, linking these with national employment and ICT programs, and making them more inclusive by targeting women and youth.

6. **Make watershed management programs more sustainable by integrating agricultural value-chain development and mainstreaming climate change adaptation/mitigation.** The Bank could build on previous work in watershed management on the Santiago Island by promoting agricultural value chains to serve the tourist market. This would help farm communities make the transition to a more commercial farming system and raise the returns of watershed management investments. In addition, the Bank should help the GOCV to mobilize resources to scale-up recently approved climate change grants.

7. **Strengthening the Bank's in-country presence for policy dialogue is encouraged, at least with a Portuguese-speaking focal point based in Praia.** The experience of working with a long-term consultant to support the role of chair of the BSG since 2017 could be expanded. This should improve the interaction with the government, while also helping to accelerate the implementation of governance-related grants which currently suffer from implementation delays. ■

Breaking the ground for cabling, Electricity transmission and distribution network development project.

Annexes

Annex A — AfDB´s Portfolio, Geographic Distribution of Projects and CSP Strategic Objectives

Table A.1: Approved Operations Between 2008–2017

Projects and Studies Covered by The CSPE In 2017	Type	Source	Approval Date	Amount (UA million)	Status	Disbursement Ratio
Energy						
Electricity transmission and distribution network development project 6 islands	Public	ADF -loan	3/11/11	8.42	Ongoing	78.17%
Power generation, transmission, distribution capacity building project - Santiago island	Public	ADF -loan	19/12/07	4.82	Completed	100%
Cabeolica wind power	Private	ADF -loan	19/5/10	12.83	Ongoing[1]	100%
Transport						
Praia airport expansion and modernization project (PEMAP[2])	Public	AfDB -loan	22/5/13	24.55	Ongoing	55.87%
ICT						
Technology park project	Public	AfDB loan	24/7/13	27.02	Ongoing	3.67%
Water and sanitation						
Project preparation – wave 2.0 powered desalination system (reverse osmosis)	Public	SEFA grant	2015	0.64	Ongoing	0.70%
Study on water resource mobilization and strengthening of the integrated management framework	Public	AWF-grant	4/1/12	1.2	Completed	100.%
Project of management of catchment basins (Santiago island)	Public	ADF -loan	2002	5.96	Closed	97.16%
Social						
Population and reproductive health survey	Public	AfDB loan	13/10/15	0.47	Ongoing	63.28%
Pilot project for employability	Public	MIC-TAF	22/08/16	0.80	Ongoing	22.13%
Emergency assistance to support Cabo Verde preparedness and response plan to fight the zika virus outbreak	Public	SRF	1/9/16	0.69	Ongoing	0.00%[3]
Agriculture						
Urgency aid for Fogo island - restoration of livelihoods and increase of households' resilience	Public	SRF	22/4/16	0.69	Ongoing	0.00%[4]
Blue economy study (TA for a national plan of investment on blue economy)	Public	MIC-TAF	17/10/16	1	Ongoing	0.00%
Governance						
Support to agriculture survey	Public	ADF -loan	25/6/14	0.78	Ongoing	70.75%
Household expenses and income survey	Public	MIC-TAF	25/6/14	0.8	Completed	100%
Support for promoting economic efficiency and investment through privatization and PPP (P&PPP)	Public	ICF and MIC Fund	15/10/14	0.79	Ongoing	53.32%

Projects and Studies Covered by The CSPE In 2017	Type	Source	Approval Date	Amount (UA million)	Status	Disburse-ment Ratio
Budget support to the Poverty Reduction Strategy – additional (PRSSP I initial loan)	Public	AfDB loan	22/12/08	5	Closed	100%
Budget support to the Poverty Reduction Strategy (PRSSP II), 1st trench of add. loan	Public	AfDB loan	28/10/09	34.3	Closed	100%
Public finance management and private sector recovery support prog (PAGF-RPS)	Public	AfDB loan	7/12/2011	21.39	Closed	100%
Public corporate governance and investment promotion support prog. (PAGEPPI)	Public	AfDB loan	9/10/13	12.83	Completed	100%
Efficient tax and revenue administration for improved business life-cycle services project	Public	MIC-TAF	16/8/13	0.77	Completed	100%
Public corporate governance and investment promotion support prog. II (PAGEPPI II)	Public	AfDB loan	15/10/14	12.83	Completed	100%
Economic growth support program (appui croissance economique) PACE I	Public	AfDB loan	26/11/15	12.83	Completed	100%
Economic growth support program (appui croissance economique) PACE II	Public	AfDB loan	19/10/17	17.11	Ongoing	100%
Capacity building grant for micro & SME development through business incubators	Public	MIC-TAF	8/3/13	0.77	Completed	100%
Climate change						
Strategic tools to support mitigation activities in key sectors in Cabo Verde	Public	ACCF Grant	2016	0.34	Ongoing	0%

Source: Compiled by evaluation based on Bank´s internal data base - SAP, February 2018.

1 UA= USD 1.4571 = EUR 1.169

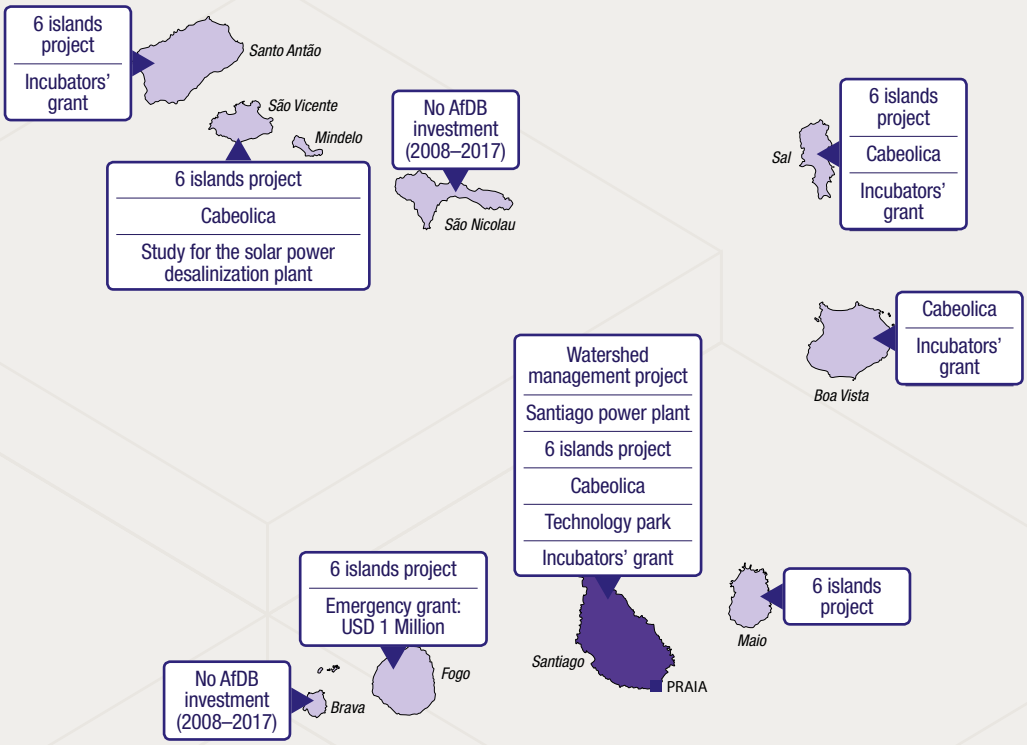
1 The Cabeolica project has already reached 100% disbursement. It is considered as ongoing because it is a private sector project, which remains open and with frequent Bank's supervisions until the last repayment (expected in 2026).

2 PEMAP: Praia Airport Expansion and Modernization Project

3 100% according to Mid-Term Review (MTR), 2017

4 100% according to MTR, 2017

Figure A.1: Distribution of the 2008–2017 AfDB's Investments Across the 9 Inhabited Islands



Source: Self-elaboration using Bank's projects data base

Table A.2: AfDB's Objectives/Outcomes and Interventions of Pillar 1 (Infrastructure)

CSP 2009–2012	CSP 2014–2018	Bank's interventions (Portfolio 2008– 2017)
Objective 2.1. Enhance transport infrastructure development ("modernize and develop air and maritime transport sector" in Results Monitoring Matrix).	**Outcome 1.1**. Consolidating territorial integration and facilitating movement of goods, services and people.	Modernization of Praia Airport, PEMAP (2013)
	Outcome 1.2. Positioning Cabo Verde as a regional hub for transshipment and improving maritime connection to mainland.	No project approved.
Objective 2.2. Reduce energy production deficit through infrastructure development (and cutting energy production cost).	**Outcome 1.3**. Improving Access to renewable energy.	Electricity production in Santiago island (2007). Electricity interconnection of 6 islands (2011) Cabeolica Wind power project (2010)
Objective 2.3: contribute to mitigating effects of climate change and mobilize water resources.	**Outcome 1.4**. Enhancing climate resilience. (water supply and sanitation improvement and fight against climate change in Results Monitoring Matrix)	Catchment basins project (2002), Grant: Study on water resource mobilization (2013), Grant: Strategic tools to mitigation activities (2015), Grant: Study on the blue economy (2016) Grant: Solar desalinization plant, preparation project (2015)
No gender objective.	**Outcome 1.5**. Gender is mainstreamed in infrastructure operations.	No intervention identified.

Table A.3: Bank's Objectives/Outcomes and Interventions of Pillar 2 (Governance)

CSP 2009–2012	CSP 2014–2018	Bank's interventions (Portfolio 2008– 2017)
Objective 1.3. Improve the business climate and enhance competitiveness.	**Outcome 2.1**. Enhancement of overall private sector competitiveness, entrepreneurship and skills development.	Budget support interventions: Poverty Reduction Strategy Support Program PRSSP I (2008) and II (2009), Public finance management and private sector recovery support program PAGF-RSP or PRSSP III (2011), Public Corporate Governance and Investment Promotion Support Program PAGEPPI (2013) and PAGEPPI II (2014). Grant: Capacity building, business incubators (2013) Grant: efficient tax and revenue administration for improved business life cycle services (2013) Grant: Support for promoting econ. efficiency and investment through privatization and PPP (P&PPP) (2014) Grant: Pilot project for employability (2016)
Objective 1.2. Strengthening of PFM and the fiduciary framework.	**Outcome 2.2.** Fiscal Consolidation, Public Investment Management and Service Delivery Improvement, including improvement of SOE.	Same budget support interventions as listed above Economic growth support Program, PACE I (2015) - Budget Support and PACE II (2017)
Objective 1.1. Support to Government's modernization.	No formal outcome in the text. Results-based Matrix: increased importance of ICT in the economy.	Some of the budget support interventions listed above Technological park in Praia (2013).
No objective mentioned.	**Outcome 2.3**. Resource mobilization (in Monitoring Matrix: proportion of public infrastructure inv. financed through PPP).	Grant: Support for promoting econ. efficiency and investment through privatization and PPP (P&PPP), (2014)
No objective mentioned.	**Outcome 2.4**. Gender sensitive M&E system developed.	Grant: Support to agriculture survey (2014), Grant: Population and reproductive health survey (2015). Grant: Household expenses and income survey (2016) Non-lending/study: Country Gender Profile

Table A.4: Timeliness of Operations

Projects and Studies Covered by the CSPE in 2017	Total Amount (UA million)	PCN Date	
Infrastructure			
Electricity transmission and distribution network development project 6 islands	8.42	26/07/2011	
Power generation, transmission, distribution capacity building project - santiago island	4.82	1/04/2007	
Praia airport expansion and modernization project (pemap)	24.55	3/05/2013	
Technology park project	27.02	4/07/2013	
Average public infrastructure			
Private infrastructure: Cabeolica wind farm project	12.83	4/05/2010	
Public small-project: Management of catchment basins	5.96		
PBOs			
PROG appui a la strategie reduction de la pauvreté (PRSSPI I) initial loan	5	1/10/2006	
PROG APPUI a la strategie reduction de la pauvreté (PRSSP II), 1st tranche of additional loan	34.3	1/10/2009	
Public finance management and private sector recovery support PROG (PAGF-RPS)	21.39	9/09/2011	
Public corporate governance and investment promotion support PROG. (PAGEPPI)	12.83	1/09/2013	
PAGEPPI II	12.83	30/09/2014	
Economic growth support program (appui croissance economique) (PACE I)	12.83	11/11/2015	
Economic growth support program (appui croissance economique) (PACE II)	17.11	5/10/2017	
Average PBOs			
ISP			
Pilot project for employability	0.80	1/07/2016	
Support for promoting economic efficiency and investment through privatization and PPP (P&PPP)	0.79	1/07/2014	
Efficient tax and revenue administration for improved business life-cycle services project	0.77	1/05/2013	
Capacity building grant for micro & sme development through business incubators	0.77	1/02/2013	
Average ISP (Institutional Support Projects)			
Statistics			
Population and reproductive health survey	0.47	1/09/2015	
Support to agriculture survey	0.78		
Household expenses and income survey	0.8		
Average statistics			
Studies			
Project preparation - wave 2.0 Powered dessalination system (reverse osmosis)	0.64		
Study on water resource mobilization and strengthening of the integrated management framework	1.2	1/11/2011	
Blue economy study (technical assitance for a natoinal plan of investment on blue economy)	1	2/10/2016	
Strategic tools to support mitigation activities in key sectors in cape verde	0.34	26/10/2015	
Average studies			

Source: Compiled by evaluation based on Bank's internal data base - SAP, February 2018.

1 UA= USD 1.4571 = EUR 1.169

	Board Approval Date	Loan Agreement	Effective First Disbursement	PCN to Board Approval	Board Approval to Loan Agreement	Loan Agreement to Effective First Disbursement
	3/11/2011	8/12/2011	15/06/2012	3	1.2	6.2
	19/12/2007	22/04/2008	12/12/2008	8.5	4.1	7.3
	22/05/2013	25/06/2013	29/04/2014	0.6	1.1	10.1
	24/07/2013	30/09/2013	21/04/2014	0.6	2.2	6.7
				3.2	**2.2**	**7.6**
	19/05/2010	14/12/2010	22/06/2011	**0.5**	**5.1**	**6.3**
	18/09/2002	20/12/2002	10/02/2005	**n/a**	**3.0**	**25.6**
	22/12/2008	6/01/2009	27/02/2009	26.4	0.5	1.7
	28/10/2009	28/10/2010	9/12/2010	0.9	0.3	1.4
	7/12/2011	8/12/2011	23/11/2012	3	0	11.5
	9/10/2013	8/11/2013	29/11/2013	1.3	1	0.7
	15/10/2014	20/10/2014	17/11/2014	0.5	0.2	0.9
	26/11/2015	30/11/2015	8/12/2015	0.5	0.1	0.3
	19/10/2017	6/11/2017	30/11/2017	0.4	0.6	0.8
				4.7	**0.4**	**2.5**
	22/08/2016	24/11/2016	18/05/2017	1.7	3	5.8
	15/10/2014	16/12/2014	26/02/2016	3.3	2	14.3
	16/08/2013	8/11/2013	14/11/2013	4.2	2.7	0.2
	8/03/2013	10/05/2013	17/07/2013	1.2	2	2.2
				2.6	**2.4**	**5.6**
	13/10/2015	9/11/2015	10/02/2016	1.4	0.9	3
	25/06/2014	16/12/2014	7/04/2015	n/a	5.8	3.3
	25/06/2014	16/12/2014	18/03/2015	n/a	5.8	3
				1.4	**4.2**	**3.1**
	18/012/2015	3/03/2016	19/06/2017	n/a	2.5	15.5
	4/01/2012	3/09/2012	28/02/2013	2	9	5.8
	17/10/2016	28/04/2017	15/01/2018	0.5	6.4	8.4
				n/a	n/a	n/a
				1.3	**6.0**	**9.9**

Annex B — Methodology, Evaluation Criteria and Questions, Theory of Change and Rating Scale

Evaluation design: a theory-based evaluation comprising three levels of assessment

The evaluation is theory-based. The theory of change (ToC) of the program was constructed based on a desk review of the past two country strategies and project documents (See Figure B.1). Two other ToC were also constructed to evaluate the two main clusters (infrastructure and governance), which cover 94% of the Cabo Verde portfolio. They are included in the Technical Report of this evaluation (available on demand). The results of some infrastructure projects and governance grants could not be fully assessed as these are at an early stage of implementation, but their relevance, efficiency and sustainability prospects were included.

The evaluation included three levels of assessment (strategy, portfolio and individual interventions). The evaluation assessed actual against planned outputs and outcomes of the completed interventions, drawing on, inter alia, the Bank´s monitoring and self-evaluation documents. The analysis was completed with the latest available information received from the implementing agencies, national authorities and other donors' reports, and triangulated with interviews with key stakeholders.

For the watershed management project, the evaluation team conducted a site visit during the scoping mission with a local firm collecting primary data on project performance in the project area. A survey to capture the perceptions of the population about the project effects was applied to a random sample of some 1200 people, complemented with 400 people from two comparison zones in the same basins. A team of experts did field verifications of the main works funded by the project. Finally, a cost-benefit analysis and model scenarios were established for the various financial and economic indicators based on Monte Carlo simulations.

The Gender Equality and Social Inclusion (GE & SI) criterion analyzed the quality of the information about the consultation process at design and the inclusion of GE & SI in different sections of the CSP design and its reporting. The evaluation also assessed the alignment and contribution of the strategy and portfolio in Cabo Verde to the pillars of the AfDB's Gender Strategy and reviewed the robustness of the designs and results reported of individual interventions in terms of GE & SI.

The detailed list of evaluation questions that were used to guide the data collection of the evaluation are summarized in Table B.1. The approach paper which guided the data collection phases of the evaluation contains an expanded version of the evaluation matrix, including indicators, judgment criteria, sources, data collection and analysis methods for each question. It can be found at http://idev.afdb.org/en/document/cabo-verde-country-strategy-and-program-evaluation-2008-2017

Table B.1: Evaluation Criteria and Questions

Evaluation Criteria	Evaluation Questions
I. Relevance	1. To what extent were the AfDB Country Strategy Papers pertinent in responding to the needs of the country as a MIC, and its population? 2. To what extent the AfDB CSPs have been aligned to government strategies and AfDB's policies and strategies? 3. To what extent the specific interventions have been relevant to answer the needs of the country?
II. Effectiveness	4. To what extent were the main CSP strategic objectives achieved? 5. To what extent did the Bank interventions achieve its outputs (actual vs. planned) and outcomes and contributed to country development objectives?
III. Efficiency	6. To what extent are the Bank's interventions implemented in a timely manner and in compliance with operational standards? 7. To what extent the Bank and its partners ensured an overall efficient implementation of the strategy? 8. To what extent were the Bank's interventions delivered in an efficient manner?
IV. Sustainability	9. To what extent sustainability issues were considered during the design of the strategy and its monitoring? 10. What is the likelihood of continuation of benefits of specific interventions after project completion? 11. How did the Bank ensure the application of the environmental and social safeguards?
V. Bank's performance	12. To what extent the Bank's was effective in promoting partnerships, co-financing, and aid coordination? 13. How well did the quality assurance processes worked at project design and during implementation, both at intervention and portfolio level? 14. How well the Bank managed its portfolio to ensure development results?
VI. Gender equality and social Inclusion, GE & SI (not rated)	15. To what extent the AfDB strategy to Cabo Verde has been designed to promote GE&SI? 16. To what extent the AfDB strategy to GOCV has been implemented to promote GE&SI? 17. What are the main contributions of Bank's specific interventions to GE&SI?

Mixed data collection and analysis approach

The data collection phase took place in June 2017 and in November 2017, with a total of more than 3 weeks of field work. The evaluation used mixed data collection methods, including interviews, focus groups, site visits, document and literature review, an e-questionnaire,[64] consultations at the inception stage, a workshop with key national executing agencies, and direct observation of the dynamics of the Budget Support Group and the Mid-Term Review of the CSP. Over 216 persons were consulted, the vast majority of whom were in Cabo Verde (See Table B.2).

Table B.2: Overview of Key Informants

Government Institutions, Central and Municipalities	#	Private Sector and Civil Society, Researchers	#	Beneficiar-ies/ Island	#	Devel-opment Partners	#	AfDB	#
Ministry of Finance	12	Private Sector	11	Santiago	8	Budget Support Group[1]	9	Headquar-ters	14
Ministry of Economy and Employment	6	Civil Society and others	9	Fogo	15	Others[2]	30	Dakar Regional Office	16
Other Ministries[3]	33			São Vicente	1				
SOE and other public-sector entities[4]	33			Boavista	7				
Municipalities	7			Santo Antao	5				
Total	**91**	**Total**	**20**	**Total**	**36**	**Total**	**39**	**Total**	**30**
Overall total: 216									

1 EU Cooperation, World Bank, Grand-Duché of Luxembourg, Portugal.

2 AFD Senegal, EIB Senegal and headquarters, JICA Senegal, FAO Cabo Verde, MCC and MCA teams in Cabo Verde, EU Energy expert in Morocco office, World Bank Office in Senegal and headquarters, UNDP, Spanish cooperation agency.t

3 Ministry of Health; Ministry of Infrastructure, Ministry of Energy; Ministry of agriculture, water and environment.

4 NOSi, ADEI, AMP, ARE, Tradeinvest, ENAPOR, CERMI, Chamber of Commerce, Casa do Cidadão, audit court, INE, DGCI, Electra.

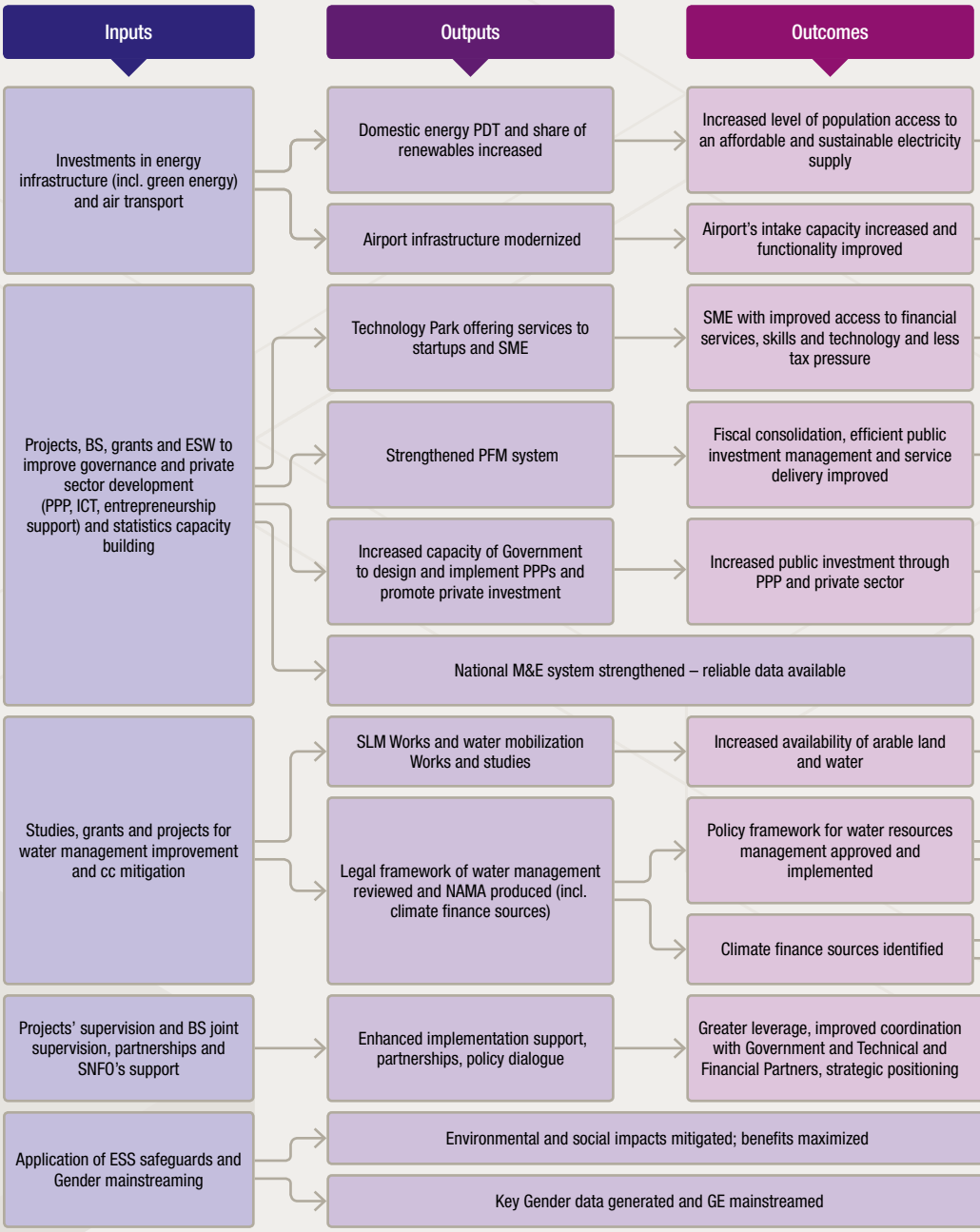
The findings at intervention level were aggregated at cluster and strategic level based on multiples lines of evidence using a Theory of Change (ToC). The ToC shows what the Bank actually provided (inputs), what goods and services the Bank has directly produced (outputs) and proposes plausible impact pathways through outcomes linked to the indirect impact of promoting inclusive and green growth. The evaluation tried, as much as possible, to isolate the contribution of the Bank from other actors and context factors detailing the robustness and credibility of the evidence to support a contribution story for the findings. Further details of the analysis are included in the Evaluation Technical Report. Data from the portfolio and strategic level were assessed to provide an overall four-point rating for the four evaluation criteria of relevance, effectiveness, efficiency and sustainability (See Table B.3). The Bank's performance is rated separately.

Evaluation Governance and Documentation

The evaluation benefitted from a Reference Group that provided comments on the approach paper and successive draft versions of the evaluation report. Various IDEV internal reviewers and an external peer reviewer offered feedback to help finalize the reports. The lack of a country presence and the heavy work load of the Bank´s staff at the regional office made it difficult to validate emerging findings at the end of the second field mission. The representatives of the Evaluation Reference Group have been kept informed via e-mail throughout the evaluation process. The technical report is available from IDEV upon request. Reports based on individual stakeholder interviews are not disseminated to ensure confidentiality for individual informants.

Figure B.1: Reconstructed ToC of the AfDB Country Strategy and Program During the Evaluation Period

Context: Resource-poor lower MIC with high environmental vulnerability and dependency from the global economy, low territorial cohesion and high infrastrucutre costs, difficulties to leverage new financing sources, mobilize private sector and find new drivers of growth based on high value-added services.



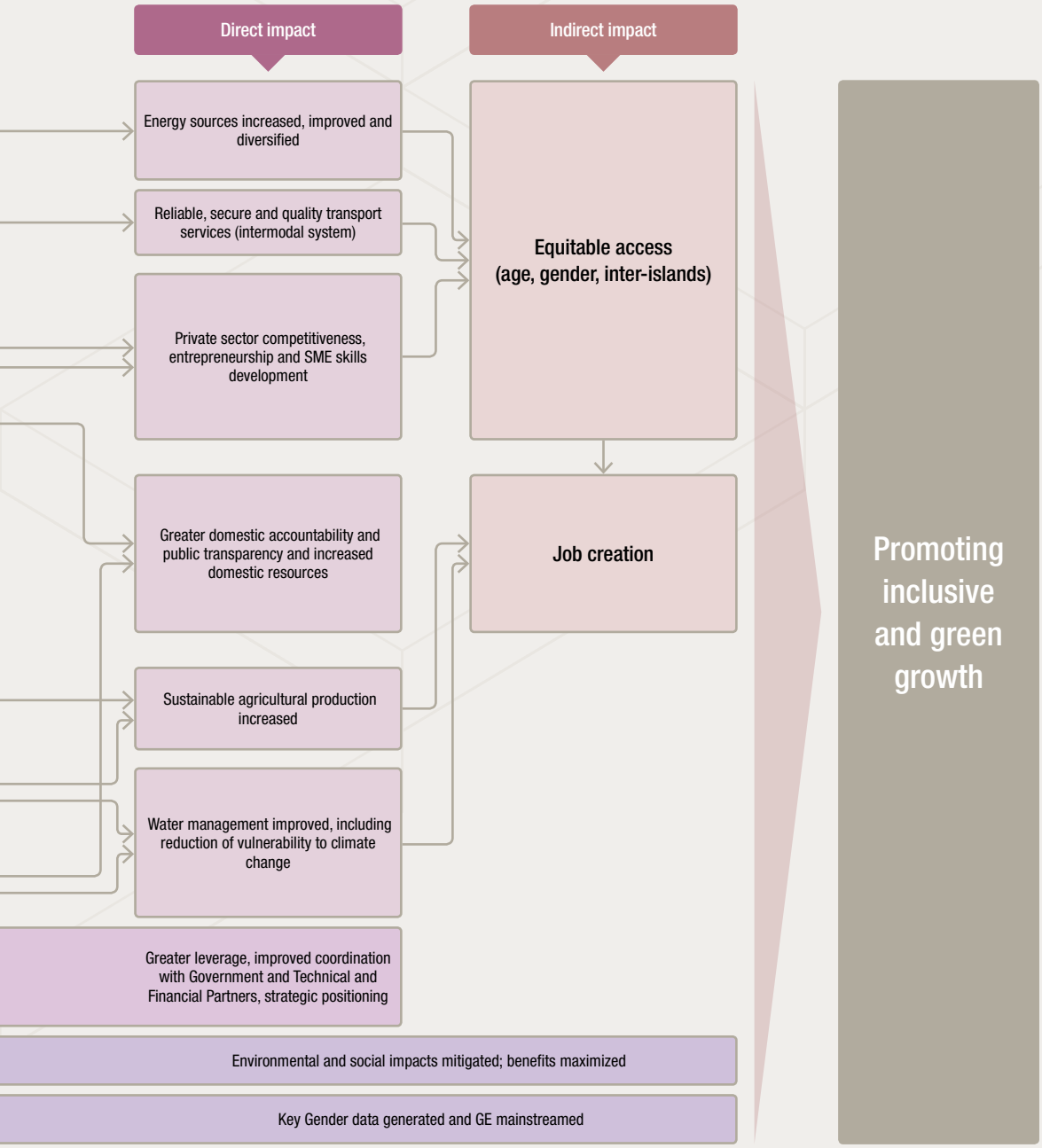

Direct impact
Indirect impact
Energy sources increased, improved and diversified
Reliable, secure and quality transport services (intermodal system)
Private sector competitiveness, entrepreneurship and SME skills development
Greater domestic accountability and public transparency and increased domestic resources
Sustainable agricultural production increased
Water management improved, including reduction of vulnerability to climate change
Greater leverage, improved coordination with Government and Technical and Financial Partners, strategic positioning
Equitable access (age, gender, inter-islands)
Job creation
Promoting inclusive and green growth
Environmental and social impacts mitigated; benefits maximized
Key Gender data generated and GE mainstreamed

Table B.3: Rating Scale and Criteria

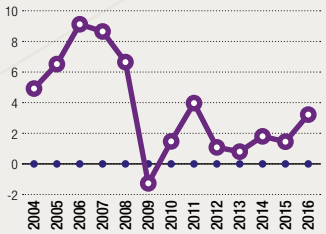
Score Rating/criteria to be taken into consideration	1 Highly Unsatisfactory	2 Unsatisfactory	3 Satisfactory	4 Highly Satisfactory
Relevance ▌Portfolio/project alignment with government priorities ▌Consultation with beneficiaries during design and results evaluation ▌Portfolio/project alignment with AfDB's corporate strategies ▌Selectivity of areas of intervention and consistency throughout the evaluation period (for strategic level) ▌Clarity and realism of program/project internal logic or quality of risk assessment ▌Complementarity between sectors, use of mix lending and non-lending products, including ESW and policy dialogue	Very poor design Limited or non-existent alignment Poor selectivity and complementarity across the portfolio/program	Poor design Limited/ flawed alignment Mixed selectivity and complementarity across the portfolio/program	Fairly solid and appropriate design Significant alignment Mixed selectivity and complementarity across the portfolio/program	Very solid and highly appropriate design Total alignment Very good selectivity and complementarity across the portfolio/ program
Effectiveness ▌Level of achievement of outputs as set in the strategy and individual interventions ▌Level of achievement of outcomes as set in the strategy and individual interventions. ▌Qualitative considerations emerging from the contribution analysis, both of lending and non-lending portfolio	Expected outputs not achieved in most cases. None or very few of the expected outcomes are achieved.	Expected outputs achieved with considerable gaps. Few of the expected outcomes are achieved	Expected outputs achieved in most cases. Key of the expected outcomes are achieved or likely to be achieved.	All expected outputs and outcomes are achieved.
Efficiency ▌Timeliness of approval and launching of interventions ▌Implementation progress and extent of inefficiencies ▌Level of aid coordination and strategic partnerships	Very low performance in project management Wide gap between expected and actual implementation timeframe. Low level of aid coordination and strategic partnerships	Low performance in project management Gap between expected and actual implementation timeframe for certain interventions/ clusters. Some aid coordination and strategic partnerships	Good performance in project management Reasonable gap between expected and actual timeframe. Good aid coordination and strategic partnerships for certain interventions/ clusters	Very good performance in project management Little/no gap between expected and actual implementation. Very good aid coordination and strategic partnerships
Sustainability ▌Assessment of prospects of sustainability (technical, financial and economic, institutional, political, environmental and social) ▌Adequacy of the mitigation measures considered in design and their implementation.	Mechanisms to ensure viability (on the technical, economic, financial, institutional, partnership, environmental and social fronts) are not guaranteed.	Mechanisms to guarantee viability (on the technical economic, financial, institutional, partnership, environmental and social fronts) are hampered by significant risks.	Mechanisms to guarantee viability (on the technical economic, financial, institutional, partnership, environmental and social fronts) are generally provided, with certain risks.	Mechanisms to guarantee viability (on the technical economic, financial, institutional, partnership, environmental and social fronts) are provided in full.
Bank's performance ▌Level of partnerships promoted, co-financing, aid coordination. ▌Quality at entry of project design and supervision of the portfolio ▌Quality of management for development results	Very low Bank performance	Low Bank performance in most of the areas assessed	Good Bank performance in at least 2 areas assessed	Very good Bank performance in all areas assessed

Annex C — Country Context: Economic and Development Indicators

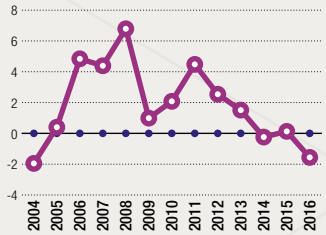
Table C.1: Cabo Verde: Selected Macroeconomic Indicators

Indicators	Unit	2000	2008	2014	2016	2017(e)	2018(p)
National Accounts							
GNI at current prices	Million US $	263	1,563	1,701	1,565	…	…
GNI per capita	US$	600	3,230	3,310	2,970	…	…
GDP at current prices	Million US $	571	1,789	1,858	1,767	1,837	1,941
GDP at 2000 constant prices	Million US $	571	969	1,047	1,097	1,138	1,184
Real GDP growth rate	%	7.3	6.7	1.8	3.2	3.7	4.1
Real per capita GDP growth rate	%	5.0	6.1	0.5	2.0	2.5	2.8
Gross domestic investment	% GDP	34.6	48.5	37.0	45.9	43.6	40.5
Public investment	% GDP	5.8	11.0	7.2	3.5	2.9	2.9
Private investment	% GDP	28.8	37.5	29.8	42.4	40.7	37.5
Gross national savings	% GDP	18.2	26.6	28.3	34.4	36.1	37.9
Prices and Money							
Inflation (CPI)	%	-2.4	6.8	-0.2 (a)	-1.6 (b)	0.8	1.6
Exchange rate (Annual Average)	local currency/ US $	119.7	75.3	83.1	98.9	98.9	98.6
Monetary growth (M2)	%	70.2	9.6	6.5	6.5	…	…
Money and quasi money as % of GDP	%	91.5	116.9	151.7	152.1	…	…
Government Finance							
Total revenue and grants	% GDP	25.1	28.6	24.5	26.2	27.4	26.0
Total expenditure and net lending	% GDP	32.5	29.6	30.1	30.7	29.0	27.9
Overall deficit (-)/ surplus (+)	% GDP	-7.4	-0.6	-7.5	-3.3	-3.0	-1.9
External Sector							
Exports volume growth (Goods)	%	25.2	-61.9	54.3	5.4	-3.5	8.6
Imports volume growth (Goods)	%	-5.8	3.4	12.4	10.5	-1.9	5.0
Terms of trade growth	%	17.7	179.3	-6.6	-9.9	6.7	…
Current account balance	Million US $	-59	-245	-169	-128	-161	-163
Current account balance	% GDP	-10.3	-13.7	-9.1	-7.2	-8.8	-8.4
External reserves	Months of imports	1.0	3.5	5.0	6.3	…	…
Debt and Financial Flows							
Debt service	% exports	27.8	8.5	10.2	11.2	11.7	11.8
External debt	% GDP	58.5	49.6	99.3	118.2	123.6	119.2
Net total financial flows	Million US $	119	267	240	…	…	…
Net official development assistance	Million US $	94	222	231	…	…	…
Net foreign direct investment	Million US $	43	209	135	119	…	…

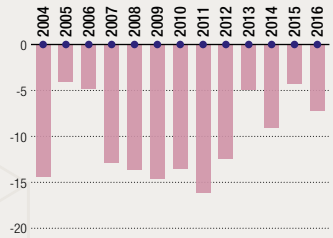
Real GDP Growth Rate, 2004–2016



Inflation (CPI), 2004–2016



Current Account Balance as % of GDP, 2004–2016



Source: AfDB Statistics Department Database, October 2017

Notes: ... Data Not Available; (e) Estimations; (p) Projections.

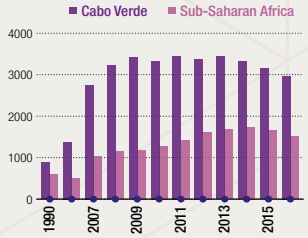
Data discrepancies: (a) -0.25 According to Cape Verde Statistical Yearbook INE, 2017 (b) -1.4 According to Cape Verde Statistical Yearbook INE, 2017

Table C.2: Comparative Socio-Economic Indicators (Latest Available Indicator)

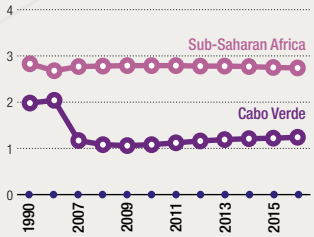
	Year	Cabo Verde	Sao Tome and Principe	Lower middle income	Sub-Saharan Africa
Basic indicators (source)					
Area ('000 Km²)[b]	2 016	4,030	960	23,351,531	24,291,144
Total population (millions)[b]	2 016	0.539[1]	0.199	3,012. 92	1,033. 10
Urban population (% of Total)[b]	2 016	66.2[2]	65.6	39.6	38.3
Population density (per Km²)[b]	2 016	133.9[3]	208.2	130.1	43.7
GNI per capita (US $)[b]	2 016	2,970.0	1,730	2,079	1,505
Labor force participation* - Total (%)[b]	2 016	68.6	60.6	58.4	69.4
Labor force participation** - Female (%)[b]	2 016	53.5	45.4	37.9	62.8
Africa gender equality Index (c)	2 015	66.8 (9th)	50 (32th)	…	54.30
Human develop. index (Rank among 188 countries)[d]	2 015	0.648 (122nd)	0.574 (142nd)	0.568	0.498
GINI index (World Bank estimate)		46 (2015)[e] 42 (2015)[f]	30.8 (2010) (b)	...	...
Demographic Indicators					
Population growth rate - Total (%)[b]	2 016	1.2	2.2	1.4	2.7
Population growth rate - Urban (%)[b]	2 016	2.2	3.1	2.6	4.1
Population < 15 years (%)[b]	2 016	30.7[4]	43.2	30.8	42.9
Population ≥ 65 years (%)[b]	2 016	4.4[5]	2.9	5.3	3.1
Dependency ratio (%)[b]	2 016	54.1	85.6	57.5	85.8
Sex ratio (per 100 female)[b]	2 015	103.0[6]	103.0	107.6	103.9
Female population 15–49 years (% of total population)[b]	2 016	26.9	23.7	25.7	23.7
Life expectancy at birth - Total (years)[b]	2 015	72.4	66.4	67.7	59.9
Life expectancy at birth - Female (years)[b]	2 015	74.5[7]	68.6	69.6	61.6
Crude birth rate (per 1,000)[b]	2 015	21.1[8]	34.3	22.8	36.7

	Year	Cabo Verde	Sao Tome and Principe	Lower middle income	Sub-Saharan Africa
Crude death rate (per 1,000)[b]	2 015	5.6	6.8	7.5	9.5
Infant mortality rate (per 1,000)[b]	2 016	18.2	26.2	38.3	53.3
Child mortality rate (per 1,000)[b]	2 016	21.4	33.8	50.7	78.3
Total fertility rate (per woman)[b]	2 015	2.4	4.5	2.8	4.9
Maternal mortality rate (per 100,000)[b]	2 015	42.0[9]	156.0	254.0	547.0
Women using contraception (%)[a]	2 016	63.1	42.4	32.8	31.3
Education indicators					
Gross enrolment ratio (%)					
Primary school - Total[b]	2 015	109.9[10]	113.6	104.3	98.43 (2014)
Primary school - Female[b]	2 015	106.9[11]	111.1	105.8	94.77 (2014)
Secondary school - Total[b]	2 015	92.9[12]	84.9	68.3	42.74 (2014)
Secondary school - Female[b]	2 015	98.3[13]	89.3	67.9	39.54 (2014)
Primary school female teaching staff (% of Total)[b]	2 015	69.2	55.5	57.4	44.91 (2014)
Adult literacy rate - Total (%)[b]	2 015	86.8[14]	…	75.8	…
Adult literacy rate - Male (%)[b]	2 015	91.7[15]	…	82.5	…
Adult literacy rate - Female (%)[b]	2 015	82.0[16]	…	69.0	…
Percentage of GDP spent on education[b]	2 013	5.0	5.9	3.41 (2012)	4.5
Environmental indicators					
Land use (arable land % of total land area)[b]	2 014	13.6	9.1	17.4	8.9
Agricultural land (as % of land area)[b]	2 014	20.8	50.7	44.1	42.1
Forest (as of land area)[b]	2 015	22.3	55.8	25.5	25.7
Per capita CO2 emissions (metric tons)[b]	2 014	0.9	0.6	1.5	0.8

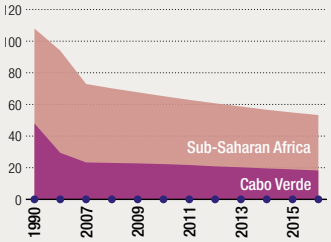
GNI Per Capita US $



Population Growth Rate (%)



Infant Mortality Rate (Per 1000)



Sources:

(a) AfDB Statistics Department Databases, October 2017; (b) World Bank: World Development Indicators , October 2017; (c) AfDB African_Gender_Equality_Index_2015; (d) UNDP: Human Development Database, 2015; (e) European Union: Cabo Verde DECRP III, April 2017; (f) INE, 2017

Data discrepancies: From Cabo Verde Statistical Yearbook INE, 2017 (1) 531.239 According to INE, 2017, (2) 66.9 According to INE, 2017, (3) 131.72 According to INE, 2017, (4) 27.1 According to INE, 2017, (5) 5.9 According to INE, 2017, (6) 100.5 According to INE, 2017, (7) 79.9 According to INE, 2017, (8) 20.14 According to INE, 2017, (9) 47.0 According to INE, 2017, (10) 92.7 According to INE, 2017, (11) 90.8 According to INE, 2017,(12) 71.2 According to INE, 2017, (13) 75.6 According to INE, 2017, (14) 87.4 According to INE, 2017, (15) 91.4 According to INE, 2017, (16) 83.5 According to INE, 2017.

Table C.3: Sector Contribution To GDP

Description	2014	2015	2016	2017
Real GDP Growth Rate	2.04	3.06	3.55	3.97
Sectoral Contribution to GDP				
Primary sector (%)	9	9	9	9
Secondary Sector (%)	20	20	20	20
Tertiary Sector (%)	71	71	71	71
Gross Domestic Savings (%of GDP)	16	21	21	29

Sources: AfDB, WDI, IMF

Table C.4: Total ODA[65] Net (Millions of USD)

Institutions	2014	2015	2016
Portugal	137.4	50.1	30.8
Luxembourg	15.2	15.2	10.9
Japan	11	18.2	10.1
United states	6.6	11.8	18.9
Total DAC Countries Total	179.9	104.4	75.9
EU Institutions	17.4	21.4	35.8
International Development Association (IDA)	21.3	12.5	-3.7
African Development Bank (AfDB)	0.2	2.1	1.3
African Development Fund (ADF)	0.7	0.2	-1.5
Arab Bank for Economic Development in Africa (BADEA)	5.1	5.1	

Source: OECD data, 2018

Table C.5: OECD Figures for Total Receipts Net (ODA + Other Official Flows + Private)

Institutions	2014	2015	2016
Portugal	88.1	43.0	-8.91
African Development Bank (AfDB)	18.7	20	2.6
International Bank for Reconstruction and Devpt (IBRD)	23.5	5.6	1.7

Source: OECD data, 2018

Table C.6: Governance and Fragility Indicators for the Period 2014–2016

Indicators: Cabo Verde	Source of Data	2014	2015	2016	Sao Tome and Principe (2016)
Control of corruption	Worldwide governance indicators[1]	0.94	0.95	0.88	-0.06
Rule of law		0.63	0.59	0.35	-0.69
Regulatory quality		-0.18	-0.26	-0.30	-0.81
Government effectiveness/governance performance		0.07	0.15	0.10	-0.68
Political Stability - Absence of violence		0.35	0.87	0.88	0.23
Voice and Accountability		0.96	0.96	1.02	0.45
DB- Economy distance to frontier[2]	Doing Business	58.34	58.25	55.66	46.75
Transparency Index[3]	TI	57	55	56	56
CPIA Scores[4]	WDI	3.9	3.8	3.7	3.1

1 The six aggregate indicators are reported in their standard normal units, ranging from approximately -2.5 to 2.5, with higher values corresponding to better outcomes.

2 Economy's distance to frontier is on a scale from 0 to 100, where 0 is the lowest performance and 100 the frontier.

3 The Transparency Index range from 0 (highly corrupt) to 100 (very clean)

4 The CPIA consists of 16 criteria grouped in four equally weighted clusters: Economic Management, Structural Policies, Policies for Social Inclusion and Equity, and Public Sector Management and Institutions. For each of the 16 criteria, countries are rated on a scale of 1 (low) to 6 (high).

Table C.7: Transition Towards Green Growth

Country: Cabo Verde	Sources	Cabo Verde 2008/Most Recent (2015)	Sao Tome and Principe 2008/ Most Recent (2015)	Sub Saharan Africa 2008/ Most Recent (2015)	Africa 2008/Most Recent (2011)
Building Resilience and adapting to a changing environment					
The number of people who are hungry and malnourished (% of population)	WDI	15/13.7	10.4/13.5	20.91/20.15	20.89/21.12
Managing natural assets efficiently and sustainably					
Agricultural Land (%)	WDI	19.35/19.60	51.04/50.72	44.59/42.18	
Promoting sustainable infrastructure, reducing waste and pollution					
CO2 emissions (kt)	WDI	469.37/491.37	84.34/113.67	754,971.3/ 822,819.03	
CO2 emissions (metric tons per capita)	WDI	0.95/0.93	0.50/0.59	0.90/0.84	
Renewable energy consumption (% of total final energy consumption)	WDI	27.61/26.19	46.03/41.59	70.89/70.19	

Table C.8: Progress Towards Achieving Inclusive Growth

Country: Cabo Verde	Sources	Cabo Verde	Sao Tome and Principe	Africa
Economic inclusion				
GDP per capita (current US$)	AfDB	3,638.9 (2008)/ 2,997.8 (2016)	1,126.5 (2008)/ 1,714.7 (2016)	1,285.9 (2008)/ 1,464.1 (2016)
Income inequality (GINI Index)	WDI	47.2 (2010)	30.8 (2010)	
Poverty headcount ratio at national poverty lines (% of population)	WDI	26.6 (2007)	66.2 (2010)	
Poverty headcount ratio at US$1.90 a day (2011 PPP) (% of population)	WDI	8.1 (2007)	32.3 (2010)	46.9 (2008)/ 41 (2013)
Share of population with access to electricity (%)	WDI	74.7 (2008)/ 90.2 (2014)	58.3 (2008)/ 68.6 (2014)	31.7 (2008)/ 37.4 (2014)
Improved water source (% of population with access)	WDI	87.6 (2008)/ 91.7 (2015)	92.1 (2008)/ 91.1 (2015)	61.2 (2008)/ 67.5 (2015)
Improved sanitation facilities (% of population with access)	AfDB	60.2 (2008)/ 72.2 (2015)	30.6 (2008)/ 34.7 (2015)	27.7 (2008)/ 29.8 (2015
Social inclusion				
Literacy rate, adult total (% of people ages 15 and above)	WDI	85.3 (2012)/ 86.8 (2015)	69.5 (2008)/ 90.1 (2012)	
Youth unemployment rate (%)	ILOSTAT[1]	10.9 (2008)/ 10.3 (2017)	15.7 (2008)/ 13.4 (2017)	7.1 (2008)/ 7.2 (2017)
Political Inclusion				
Mo Ibrahim Index of African Governance (scale, 0 low – 100 high)	AfDB	72.5 (2008)/ 72.2 (2016)	58.7 (2008)/ 61 (2016)	49.8 (2008)/ 50.8 (2016)

1 ILO: International Labor Organization

Table C.9: Additional Disaggregated Data About Gender Equality and Social Inclusion

Country: Cabo Verde	Sources	Rural	Urban	Women-headed households[1]	Men-headed households
Electricity access	ICIEG[2] 2016 data	75.5%	88.7%	83.8%	85.1%
Water access through the public network		49.7%[3]	66.9%	57.1%	62.9%

1 The evaluation acknowledges the limitation of using the concept of household head because it is usually self-reported and implies that there is no man in the household, which is not the case for men-headed households which usually have two partners providing income or unpaid work to the family. Nevertheless, not being able to collect primary data, the analysis had to rely on available national statistics.

2 ICIEG: Instituto Cabo-verdiano para Igualdade e Equidade de Género

3 An important social exclusion factor in Cabo Verde is related to the very different price levels of water in different islands and locations. This applies especially to potable water. The most vulnerable families are not connected to the public network, accessing therefore to more expensive water through fountains or water trucks. Similarly, water for agriculture use has very different prices in different islands and in different parts of the same island.

Table C.10: Progress Towards Achieving Targets of High-5s

Country: Cabo Verde	Sources	Baseline 2008	2016	2017	Africa 2017
Light up and power Africa					
Production of electricity from renewable sources (GWh)	WDI	7	7*	34.4**	157,018.9**
Total production of electricity, GWh	WDI	270	287*	349.4**	794,370.9**
Feed Africa					
Labour productivity, output per worker (GDP constant 2010 US$)	ILO estimate	9,952	9,240	9733	5398
Labour productivity, output per worker (GDP constant 2011 international US$ in PPP)	ILO estimate	17,508	16,256	16278	12879
Under Five mortality rate (per 1000 live births)	UNDP	27.7	27.3*	25.2**	
Industrialise Africa					
Gross fixed capital formation (constant 2010 US$ Million)	WDI	693.69	796.59*	531.83***	334,338**
Industrial gross domestic product (constant 2010 US$ Million)	WDI	319.07	326.12		448,640****
Industry, value added (% of GDP)		21.74	19.60	19.98	30.29
Tax revenues (percentage of GDP)	WDI	21.28	18.42 (2009)		16.10***
Integrate Africa					
Trading Across Borders - Cost to export (US$ per container)	AfDB	1,200	1,379**		
Trading Across Borders - Cost to import (US$ per container)	AfDB	1,000	2,267**		
Improve the quality of life for the people of Africa					
Poverty headcount ratio at national poverty lines (% of population)	WDI	26.6 (2007)			
Poverty headcount ratio at $1.90 a day (2011 PPP) (% of population)	WDI	8.1 (2007)			
Improved water source (% of population with access)[1]	WDI	87.6	91.7		
Improved sanitation facilities (% of population with access)[2]	WDI	60.2	72.2		

*2011 data; **2014 data; ***2013 data; ****2016 data

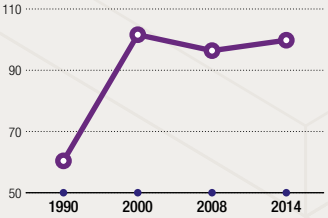
1 The most recent year is 2015.

2 The most recent year is 2015

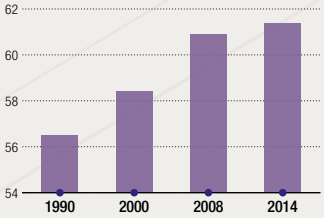
Table C.11: Progress Towards Achieving the Millennium Development Goals by SDG Categories

	SDG Goal	1990	2000	2008	2014	2016
Goal 1: Eradicate extreme poverty and hunger						
Employment to population ratio, 15+, total (%)[b]	SDG 1 & 8	...	56.5	58.4	60.9[1]	61.4[2]
Poverty headcount ratio at $1,9 a day (PPP) (% of population)[b]	SDG 1	...	16.0	8.1	...	...
Prevalence of undernourishment (% of population)[a]	SDG 1 & 2	...	18.7	13.0	10.0	...
Goal 2: Achieve universal primary education						
Literacy rate, youth female (% of females ages 15–24)[a]	SDG 4	86.4	...	98.0	98.7	98.6*…
Literacy rate, adult total (% of people ages 15 and above)	SDG 4	...	79.99[a]	….	86.8[b]	87.6*...
Primary completion rate, total (% of relevant age group)[a]	SDG 4	60.4	101.9	96.4	99.8	..
Total enrolment, primary (% net)[a]	SDG 4	..	97.2	92.1	98.2	92.7*..
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliaments (%)[a]	SDG 5, 10 & 16	12.0	11.1	18.1	20.8	23.6
Ratio of female to male primary enrolment[a]	SDG 4, 5 & 10	97.4	97.8	94.6	94.5	…
Ratio of female to male secondary enrolment[a]	SDG 4, 5 & 10	106.6	107.4	111.4	113.5	…
Goal 4: Reduce child mortality						
Immunization, measles (% of children ages 12–23 months)[b]	SDG 3	79.0	86.0	96.0	93.0	92.0
Mortality rate, infant (per 1,000 live births)[b]	SDG 3	48.0	29.5	23.1	19.6	18.2
Mortality rate, under-5 (per 1,000)[b]	SDG 3	62.5	36.0	27.5	23.0	21.4
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)[b]	SDG 3	..	88.5	74.6	..	..
Contraceptive prevalence (% of women ages 15-49)[a]	SDG 3	27.5	53.6	60.9	62.6	63.1
Maternal mortality ratio (modeled estimate, per 100,000 live births)[b]	SDG 3	256.0	83.0	57.0	44.0	…
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
Incidence of tuberculosis (per 100,000 people)[b]	SDG 3	…	160.0	149.0	138.0[3]	47.0[4]
Prevalence of HIV, female (% ages 15–24)[b]	SDG 3	0.6	0.9	0.5	0.4	0.5
Prevalence of HIV, male (% ages 15–24)[b]	SDG 3	0.4	0.5	0.3	0.3	0.3
Prevalence of HIV, total (% of population ages 15–49)[b]	SDG 3	0.5	1.1	0.8	0.8	0.8
Goal 7: Ensure environmental sustainability						
CO2 emissions (kg per PPP $ of GDP)[b]	SDG 3 & 13	0.3	0.2	0.2	0.1	…
Improved sanitation facilities (% of population with access)[b]	SDG 6	…	43.6	60.2	72.0	…
Improved water source (% of population with access)[b]	SDG 6	…	82.4	87.6	91.7	…
Goal 8: Develop a global partnership for development						
Net total ODA/OA per capita (current US$)[a]	SDG 8 & 17	…	11.3	19.9	17.0	…
Internet users (per 1000 people)[b]	SDG 9 & 11	0.0	18.2	140.0	402.6	481.7
Mobile cellular subscriptions (per 1000 people)[b]	SDG 9 & 11	0.0	44.6	572.9	1 21.,9	1 220.2
Telephone lines (per 1000 people)[b]	SDG 9 & 11	2.3	12.4	14.8	11.6	11.6

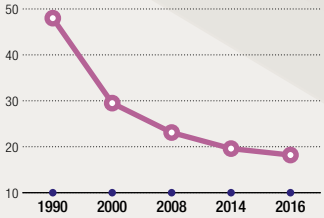
Primary completion rate, total
(% of relevant age group)



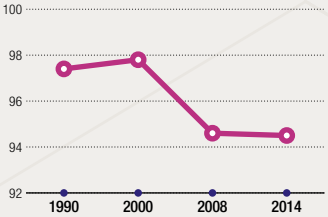
Employment to population ratio,
15+, total (%)



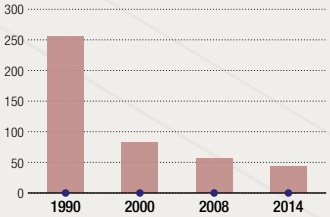
Mortality rate, infant
(per 1,000 live births)



Ratio of female to male primary
enrollment



Maternal mortality ratio
(per 100,000 live births)



Sources: (a) AfDB Statistics Department Databases, October 2017; (b) World Bank: World Development Indicators , October 2017.

Data discrepancies: From Cabo Verde Statistical Yearbook INE, 2017 (1) 84.2; (2) 85.0; (3) 2015 figure; (4) INE, 2017

Note: ...: Data Not Available

Annex D — Evolution of key PFM and Doing Business Indicators

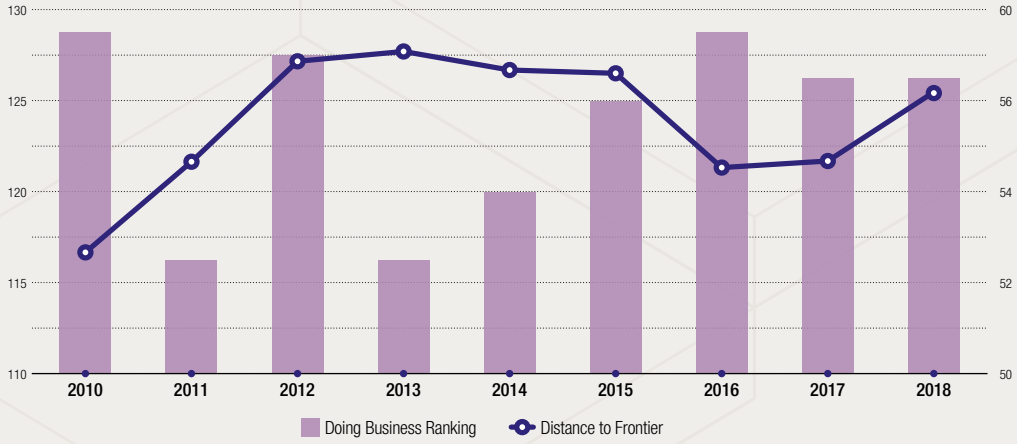
Table D.1: Evolution Of Public Expenditure And Financial Accountability (PEFA)[66]

Performance Indicator (PI)	2007 Score	2015 Score
A - Credibility of the budget		
1. Aggregate expenditure out-turn compared to original approved budget	A	C
2. Composition of expenditure out-turn compared to original approved budget	B	C+
3. Aggregate revenue out-turn compared to original approved budget	B	D
4. Stock and monitoring of expenditure payment arrears	B+	A
B - Comprehensiveness and transparency		
5. Classification of the budget	B	A
6. Comprehensiveness of information included in budget documentation	A	A
7. Extent of unreported government operations	B	B+
8. Transparency of inter-governmental fiscal relations	B	A
9. Oversight of aggregate fiscal risk from other public-sector entities.	D+	D+
10. Public access to key fiscal information	C	B
C - Budget cycle policy-based budgeting		
11. Orderliness and participation in the annual budget process	B+	A
12. Multi-year perspective in fiscal planning, expenditure policy and budgeting	C+	B
Predictability and control in budget execution		
13. Transparency of taxpayer obligations and liabilities	B	B
14. Effectiveness of measures for taxpayer registration and tax assessment	A	A
15. Effectiveness in collection of tax payments	D+	D+
16. Predictability in the availability of funds for commitment of expenditures	C+	C+
17. Recording and management of cash balances, debt and guarantees	C+	B
18. Effectiveness of payroll controls	B+	B+
19. Transparency, competition and complaints mechanisms in procurement	B	C+
20. Effectiveness of internal controls for non-salary expenditure	B+	A
21. Effectiveness of internal audit	D+	C+
Accounting, recording and reporting		
22. Timeliness and regularity of accounts reconciliation	B+	B+
23. Availability of information on resources received by service delivery units	D	A
24. Quality and timeliness of in-year budget reports	C+	B
25. Quality and timeliness of annual financial statements	C+	C
External scrutiny and audit		
26. Scope, nature and follow-up of external audit	D+	C
27. Legislative scrutiny of the annual budget law	B+	B+
28. Legislative scrutiny of external audit reports	D+	D+

Performance Indicator (PI)	2007 Score	2015 Score
D - Donor practices		
D-1 Predictability of Direct Budget Support	B+	D+
D-2 Financial information provided by donors for budgeting and reporting on project and program aid	D	D
D-3 Proportion of aid that is managed by use of national procedures	D	D

Sources: 2008 PEFA; 2016 PEFA

Figure D.1: Ease of Doing Business Index (Ranking and Distance to Frontier) 2010–2018



Source: Doing Business Data (2018)

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Endnotes

1. ISP: Institutional Support Projects
2. Although the first CSP under evaluation was approved in 2009, the evaluation includes operations approved in 2008 because they were not covered in the previous CSPE which covered 1996–2007 operations.
3. This report presents the aggregated ratings at the level of strategy and program. As depicted in Figure 4 in the Conclusions section, those ratings were informed by the ratings of individual interventions and clusters, using the same evaluation criteria, which are further analyzed in the Technical Report of the evaluation
4. For more detailed socio-economic data, see Annex C.
5. The Planning Law was approved in 2014. However, according to the BSG June 2017 report, the Budget Framework Law; the Court of Auditors Law and the Law on Public Debt had yet to be approved. PACE II (October 2017) appraisal report does not report on any progress made in this respect.
6. Since late 1990's, Cabo Verde has implemented a comprehensive and private-sector led reform program aimed at liberalizing the economy and encouraging private sector investment. GOCV started to pilot PPP in the electricity, water, and sanitation sectors since 2006, including strengthening the regulatory framework on tariff regulations, licensing, and decision-making procedures for the Agência de Regulação Económica (ARE), the multi-sector regulatory agency. These were designed to improve the sustainability of private sector arrangements and to ensure the good performance of private utilities.
7. The DTF score captures the gap between an economy's performance and a measure of best practice across the entire sample of 31 indicators for ten Doing Business topics. DTF is on a scale from 0 to 100, where 0 is the lowest performance and 100 the frontier.
8. Marone, 2016. This is also corroborated by national statistics (INE, 2012- Relatório do módulo Uso do tempo e trabalho não remunerado em Cabo Verde): the weekly time devoted to reproductive care activities is about an hour for women against 36 minutes for men. The gender gap is bigger for households with lower levels of comfort or income. Similarly, the MDG National Report of 2014, using data from the 2010 Census, reported that 22.5% of female respondents mentioned family tasks as a limiting factor in their access to the labor force..
9. The youth unemployment rate was the highest in 2013 and 2014 due to global crisis effects. According to INE, the islands most adversely affected by unemployment are São Vicente and Brava.
10. WB, 2010 and UNIDO-ECREEE, 2011
11. Electricity losses reached 27.3% of total production in 2016, being 38% in the island of Santiago. Water losses reached more than 3 million m³ (44.9% of total production in 2016), at a similar level to the African average of 45-50%. The national goal is to reduce water supply losses to 20% and ensure a minimum access of 40 liters of quality water per person per day.
12. FAO, 2018.
13. Cabo Verde Ministry of Environment, 2014.
14. The distribution of portfolio by pillars and by AfDB´s strategic objectives is in Annex A.
15. As a blend borrower country – AfDB non-concessional resources and ADF concessional resources - the sustainable ceiling of funding to which it was entitled from 2010-2013 was estimated of UA 98 million. At the same time, the country gained full access to the current balance of UA 7 million from ADF XI. Source: AfDB website and African Economic Outlook.
16. One of the interventions was co-financed by the MIC TAF and the ICF.
17. The analysis of the geographical location of the Bank's investment could be done for 10 interventions (around 82 million UA, 40% of the portfolio).
18. Economic Transformation Strategy (2003); GPRS (2004-2007, 2008-2011, 2012-2016); PEDS 2016-2020; the Strategic Transport Plan (2008-2010); and the 2011 master plan for renewables and the 2015 National Action Plan; and the Energy Policy (2013-2022); and the 2011 master plan for renewables and the 2015 National Action Plan,), among others.
19. The CSPs mention the intention to involve the large Cabo Verdean diaspora as potential development investors. ESW was planned but finally not funded. The Bank has informally explored this avenue recently but have not found interesting prospects.
20. PACE: Economic Growth Support Program
21. PAGEPPI: Public Corporate Governance and Investment Promotion Support Programs
22. The Bank´s project expands the existing DC, previously funded by China and Portugal and adds additional infrastructure and services.
23. Three grants were approved in 2013 and 2014 to boost the MSME business incubators, to improve the tax and revenue administration and to support the PPP&P Unit to promote economic efficiency and investment. Another one is piloting an intervention to address youth unemployment.
24. Government commitment to reforms; macroeconomic stability; satisfactory fiduciary risk assessment; political stability and harmonization, according to 2012 Bank's PBO policy and subsequent guidelines.
25. According to several key informants, the main constraint of MSME in Cabo Verde is not just the limited access to credit or registration but the lack of good projects, which are convincing and based on well-identified market opportunities. Looking more broadly, young entrepreneurs interviewed also noted that the issue of the informal sector needs to be addressed in a holistic way, by addressing education, economic, health and social issues in an integrated manner.
26. The intervention in the island of Santiago was very pertinent as part of a bigger national effort to strengthen water resources management, supported by other partners such as Millennium Challenge Cooperation (MCC) and BADEA. On the other side, the grant to improve the legal and normative framework for water resources management was overly ambitious. It could have played an important role but did not due to changing

government priorities. Likewise, efforts to design a large follow-up project in water resources mobilization, mainly funding the dams whose studies were funded with the Bank grant, did not succeed.

27. Originally, the grant was designed to directly benefit the displaced population who previously lived in the nearest villages to the crater. Several changes explained in the technical report expanded the type of potential beneficiaries for the boreholes to be built or rehabilitated in various municipalities of the island, on the basis on information provided by national authorities. The borehole in Chã das Caldeiras will however directly impact the original beneficiary population, i.e. those who are still living in the risk-prone area.
28. Although these strategic objectives are aligned with the overall ToC of the complete Bank strategy in Cabo Verde (Figure 6 in Annex B), a specific ToC for the electricity sector was also elaborated. The full details are included in the Technical Report.
29. Both reliability (number of service and blackouts or load shedding) and quality (voltage stability of the electricity provided) improved. The Santiago power plant project conducted a satisfaction survey (2014) at completion which also confirmed the decrease in electricity interruptions.
30. The 6 Islands project was meant to contribute to reduce network losses to 5-10% and the duration of power outages to less than 100 minutes/ year. For the first one, the last available national figures are still 25.6% in 2017 while the value of the duration of outages is 642.6 minutes (average of 2017 figures of 8 islands) and 575.5 minutes for the 6 islands targeted by this project. While São Vicente and Santiago have managed to reduce the duration of load shedding to 178 and 187 minutes respectively, Maio and Brava continue to present high power outages (1,833 and 21,400 minutes).
31. While the target by 2015 in the Santiago power plant project was 12%, the PCR reported for the same year 30.9% (32.3% according to Electra figures for 2015). The situation in 2017 worsened, with the figure reported for the Santiago island at 36.3%, and 25.6% nation-wide. These figures do not coincide with the ones reported elsewhere: Monitoring project of the WB-funded electricity sector project in April 2017 and the ECREEE 2017 study.
32. Baseload power also needs to be increased if the potential of using alternative energy sources, such as wind power, which are of an intermittent nature, is to be boosted.
33. Curtailment is a reduction in the output of a generator from what it could otherwise produce given available resources, typically on an involuntary basis. Some causes could be transmission congestion or lack of transmission access, excess generation during low load periods, voltage, or interconnection issues (National Renewable Energy Laboratory, 2014). Because most renewable projects are financed and contracted using power-purchase agreements (PPAs) structured around generated electricity, reducing total output can create significant financial risks. This factor is not always considered in the financial calculation of projects that usually only take into account projections of wind resources and probabilities based on the average number of hours that will be available in a given year. In the case of Cabo Verde, the lower than expected demand growth in tourism sector and transmission problems (wind farm project causing grid trips needing compensation units not previewed originally) was not reported to have caused curtailments (non-published evaluation of Cabeolica, IDEV, 2017).
34. The four wind farms of Cabeolica (in the islands of Santiago, São Vicente, Sal and Boavista) commissioned between the end of 2011 and the first quarter of 2012, produced a cumulative output of 430 GWh at the date of October 2017. Nevertheless, over these last 6.5 years of operation, the average annual amount of energy sold to the off-taker (Electra) has been approximately 66 GWh against the projected 92 GWh. Therefore, the maximum load is frequently less than the (unit) capacities of the wind turbines. This translated into a 21% curtailment of Cabeolica output in the first semester of 2016. Negotiations about the contractual annual indexation of 3.5% of the off-take tariff between the company and the lenders were ongoing during the data collection mission. Efforts are being made to boost the competitiveness of wind power vis-à-vis conventional power sources.
35. The National Economic Regulation Agency is considering implementing special tariffs for water and electricity for vulnerable groups. ARE is establishing a "cadaster" that will be used to map and identify vulnerable groups who could benefit from social tariffs. This will also be accompanied by an information and sensitization campaign.
36. Physical capacity of the airport in Praia has improved thanks to the AfDB-funded project , although the actual growth in passenger arrivals and freight services is far below what was expected.
37. The evaluation could only find a draft version of a recent report where it was stated that job creation targets were not met and the activity of some of the MSMEs operating stalls in the airport appear to have been disrupted during construction works, entailing temporary income losses.
38. This included equipment of 4 drilling boreholes, which was half of the target due to the higher than expected price of received offers - one of them being near the volcano crater- and the rehabilitation of water tanks. The planned adduction tubes to bring water to the farmers' plots and the drip irrigation systems will not, in the end, be delivered due to budget constraints.
39. Although these strategic objectives are aligned with the overall ToC of the whole Bank strategy in Cabo Verde (Figure 6 in Annex B), a specific ToC for the governance sector was elaborated. The full details are included in the Technical Report.
40. For example, in 2017, BS commitments were €15m for the AfDB, €7m for the EU, €2m for Luxembourg and €0.5m for Portugal.
41. The Bank and other donors frequently chose the same prior actions or triggers. This approach has been effective in ensuring that the majority of outputs/ measures would be achieved and that a small government wouldn't be saddled with multiple or even contradictory reform targets. This, in turn, allowed for fast and consistent disbursement.
42. In the area of public procurement, support was first focused on the adoption of a new procurement code (PRSSP I) and later on its operationalization (PRSSP II, PAGFP-RSP). However, in 2011 the country's procurement system assessment did raise concerns over the country's procurement framework, but these concerns were not taken up in PAGEPPI (2013). Although the Bank has been using the SIGOF since 2014, some reports and audits have been produced with delays and are still not fully aligned with AfDB's or international financial reporting standards. The GOCV is still in the process aligning its domestic procurement practices to accepted international procedures.
43. Recent BSG aide memoires have warned about the need to ensure PFM reforms and ICT developments are kept synchronized, and to improve the performance of the collaboration between Ministry of Finance and NOSi.
44. As confirmed by a review of the matrix of measures from the WB and the EU, which did not include policy measures specifically focusing on MSMEs development.

45. Interviews during the field visit confirmed that the adoption of a special regime for MSMEs has been beneficial, with statistics from the Citizen House showing that the number of companies that registered under this regime increased exponentially to reach 3,220 in 2017. Nevertheless, its efficacy and that of the e-filing program is deemed to be mixed.
46. The Bank helped GOCV in formulating a strategy for the electricity sector that allowed the government to identify areas for improvement to create a PPP enabling environment and leverage private investments.
47. AfDB (2013a)
48. The guidelines of the Special Relief Fund for emergency interventions expect the Bank to implement those grants in 6 months. This was not the case for any of them.
49. AfDB (2011b) states that while it "will not be obligatory to schedule separate supervision missions for MIC TA Fund activities, Bank staff both from headquarters and Field Offices will ensure that the activities are followed-up during missions to the countries concerned".
50. This was expressed by stakeholders, corroborating findings of AfDB (2013a)
51. The Bank is financing one in Senegal, and there are two in the Ivory Coast and Ghana. The comparison of key 2011-2016 ICT indicators for Cabo Verde and comparators (Botswana and South Africa), such as penetration and use of ICTs, network readiness index, knowledge economic index, do not show a clear trend to confirm the current comparative advantage of the Technology Park in Praia (International Telecommunication Union, 2017; World Economic Forum, 2017). High electricity costs will, in any event, make it difficult to compete with other Technology Parks in the region.
52. Some of the ones mentioned are the one for the regulatory agency, the National Assembly, Operations Center for Maritime Safety and others foreseen such as the safe city project.
53. The completion report of the Santiago power project justified the non-compensation of PAPs due to the lack of land titles. The ongoing work funded by the Millennium Challenge Account (MCA) to finalize the cadaster was mentioned as a possible solution, although the evaluation found that MCA was never meant to work in the Santiago island.
54. Compensation did not happen yet, as confirmed with interviews with the national authority in charge (General Directorate of Heritage and Procurement of the Ministry of Finances). The July 2017 Environmental and Social Management Plan of the 6 islands distribution and transmission project also warned about the Electra´s noncompliance to inform about electrical hazards to neighboring populations, especially children, through public meetings and/or distribution of information leaflets before switching on the new power infrastructure. Moreover, it was reported that some sites were not properly rehabilitated after the works and some key training and other measures to ensure the safety of workers had not occurred. According to interviews with the executing agency, these problems were addressed, but the Bank's supervision missions have not documented this.
55. The BSG members – initially AfDB, the WB, the European Union, Portugal and Luxemburg - signed a Memorandum of Understanding (MoU) in order "to harmonize bilateral aid programs, strengthen cooperation between the government and its partners to increase the effectiveness and efficiency of external aid, while supporting institutional development and improving governance" (BSG MoU, 2016).
56. The evaluation confirmed in the two field missions that the GOCV responds to all multilaterals through one person, the Director General of Planning, which despite being of unquestionable capacity cannot manage such volume of work. Furthermore, the lack of coordination between different ministries is still a concern.
57. According to the interviews and the direct observation of the exchanges of the BSG in June 2017, the division of labor is the following: Macroeconomy (WB, AfDB, EU), PFM (EU/AfDB); SOE/Infrastructures (WB, AfDB, EU, Portugal), Economy, employment, energy (AfDB, Luxembourg, EU); Security and Peace (Portugal); Technical and Vocational Education and Training System - TVET and water and sanitation (Luxembourg).
58. JICA: Japanese International Cooperation Agency
59. BDEAC: Development Bank of the Central African States.
60. EIB: European Investment Bank
61. LuxDev: aid and development agency of the government of Luxembourg.
62. AFD: French Development Agency.
63. A study about how to transform diaspora transfers into productive assets and investment: Profile for Cabo Verde Migrants, Economic cooperation and GOCV integration into the ECOWAS region, Growth and Poverty Reduction in Cabo Verde, Opportunity cost of gender inequalities to the GDP, and various proposed studies about PPP and concessions contracts renegotiation.
64. A total of 11 individuals from project implementation units in GOCV and 15 AfDB staff members answered the e-questionnaire. The questionnaire covered questions on AfDB's performance in Cabo Verde at the level of: a) Response to the needs of the country as a MIC; b) Individual project's implementation and results; c) Factors affecting positively and negatively AfDB project; d) AfDB support during implementation; e) Gender and social inclusion in AfDB operations; f) Climate change and environmental vulnerability; and g) AfDB value added in Cabo Verde and h) Recommendations.
65. Official Development Assistance
66. The performance of each indicator and dimension is measured against a four-point ordinal scale from A to D. The highest score, A, is warranted if evidence clearly demonstrates that an internationally-recognized level of good performance is achieved. A D score indicates that performance is below the basic level.

IDEV

Independent Development Evaluation
African Development Bank

An IDEV **Country Strategy Evaluation**

About this Evaluation

This report summarizes the findings of the independent evaluation of the Country Strategy and Program of the African Development Bank (the Bank) in Cabo Verde, from 2008–2017. The evaluation aims to inform the forthcoming Country Strategy Paper by providing an assessment of development results and identification of key lessons.

During the period 2008–2017, the Bank's portfolio in Cabo Verde amounted to UA 210 Million (USD 297 Million). It supported interventions that strengthened economic governance and infrastructure development. Interventions to address the high drought vulnerability of the country were also part of the Bank's portfolio.

This summary report is derived from a technical report that includes a detailed assessment of individual interventions and a portfolio review. It presents evidence of the achievements and challenges of the Bank's experience in Cabo Verde ahead of the development of the next Country Strategy Paper. The Cabo Verde experience also provides valuable lessons to the Bank for future engagement with other Middle-Income Countries and Small Island Developing States.

IDEV

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