

UNCLASSIFIED

Annual Budget Submission

FY 1984

CAPE VERDE

BEST AVAILABLE



June 1982

Agency for International Development
Washington, D.C. 20523

USAID/CAPE VERDE

ANNUAL BUDGET SUBMISSION

FY 1984

May, 1982

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE OF CONTENTS

1.	Table I - Long Range Plan	1
2.	Table IV - Project Budget Data	2-3
3.	New Project Narratives	4-8
4.	Table V - Proposed Project Ranking	9
5.	Proposed Program Ranking Narrative	10-11
6.	Workforce and Operating Expenses (To be submitted by USAID/Bissau)	12-14
7.	PL-480	15
	A. PL-480 Narrative	15
	B. Table XIII - PL-480 Title II	18
8.	Addendum	19
	Non-bilateral Funded Activities	19
9.	FY 84 Country Program Rational	20-28

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Country/Office USAID/Praia, Cape Verde

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD		
				1985	1986	1987
<u>Other DA Accounts</u>						
<u>Sahel Development Program</u>						
Grants	3500	2300	2200	3000	3200	3500
Loans	-	-	-	-	-	-
Total DA Accounts	3500	2300	2200	3000	3200	3500
<u>PL 480 (Non-Add)</u>						
*Title II	2190	2415	2565	2565	2565	2565
	(15000MT)	(15000MT)	(15000MT)	(15000MT)	(15000MT)	(15000MT)
<u>Total Personnel</u>						
USDH (workyears)	3	4	4	4	4	4
FNDH (workyears)	2	1	1	1	1	1

* Figures do not include transportation costs. Estimated figures for 1985-87 are based on projection of figures for earlier years.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA													Country/Office USAID/Praia, Cape Verde			
NUMBER	PROJECT TITLE	C/L	OBLIGATION DATE		LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/81	FY 1982		FY 1983		FY OBLIGATIONS			ITEM #		
			INITIAL	FINAL			OBL	EXP	OBL	EXP	1984 AAPL	FUNDED TO MO/YR	1985		1986	1987
<u>AGRICULTURE, RURAL DEV. AND NUTRITION</u>																
655-0001	Rural Works - Disaster Relief	G	75	80	400 400	19	-	-	-	-	-	-	-	-	7696	
655-0003	Tarrafal Water Resources	G	77	80	2200 2200	380	-	100	-	-	-	-	-	-	7700	
	APPROPRIATION		TOTAL GRANT		2600 2600	399	-	100	-	-	-	-	-	-		
					2600 2600	399	-	100	-	-	-	-	-	-		
<u>HEALTH</u>																
655-0004	Potable Water Supply (Mindelo)	G	77	77	600 600	60	-	-	-	-	-	-	-	-	7703	
655-0005	Sal Desalination and Power	G	78	81	525 525	525	-	-	-	-	-	-	-	-	7705	
	APPROPRIATION		TOTAL GRANT		1125 1125	585	-	-	-	-	-	-	-	-		
					1125 1125	585	-	-	-	-	-	-	-	-		
<u>SELECTED DEVELOPMENT ACTIVITIES</u>																
655-0005	Sal Desalination/Power	G	78	81	5765 5765	4716	-	3000	1716	-	-	-	-	-	7706	
	APPROPRIATION		TOTAL GRANT		5765 5765	4716	-	3000	1716	-	-	-	-	-		
					5765 5765	4716	-	3000	1716	-	-	-	-	-		
<u>INTERNATIONAL DISASTER ASSISTANCE</u>																
655-0001	Rural Works (Soil Water)	G	78	81	1030 1030	337	-	337	-	-	-	-	-	-	7698	
	APPROPRIATION		TOTAL GRANT		1030 1030	337	-	337	-	-	-	-	-	-		
					1030 1030	337	-	337	-	-	-	-	-	-		

FY 1984 ANNUAL BUDGET SUBMISSION

PROJECT		OBLIGATION DATE		LIFE OF PROJECT COST	CON PIPELINE AS OF 9/30/81	ESTIMATED U.S. DOLLAR COST (\$000)										ITEM #			
		OBLIGATION DATE				FY 1982		FY 1983		FY 1984		FY OBLIGATIONS		1987	1986		1985	1984	FUNDING TO MO/YR
		INITIAL	FINAL			OBL	EXP	OBL	EXP	1984 APL	1984	1985	1986						
SAHEL DEVELOPMENT PROGRAM																			
655-0003	Tarrafal Water Resources	77	80	800	375				257		118							7702	
655-0004	Potable Water Supply (Mindelo)	77	81	127	127				127									7704	
655-0005	Soil Desalination/Power	78	82	1500	900				800		700							7707	
655-0006	Watershed Management	79	87	4275	3621				1500		2000				1000			7708	
655-0008	Primary and Non-Formal Education	78	80	3000	1847				1077		770							7709	
655-0011	Food Crop Research	82	82								550							7712	
655-0012	Int. Fishery Dev. and Prod.	83	83								2300							7713	
TOTAL GRANT				3500	6870				3761		4138				2200				
TOTAL GRANT				3500	6870				3761		4138				2200				
TOTAL GRANT				3500	2907				2982		5954				2200				
TOTAL GRANT				3500	2907				2983		5954				2200				

Country/Office
USAID/Praia, Cape Verde

NEW PROJECT NARRATIVES

AID/Praia is proposing only one new project in FY 1983 - Sotavento Islands Fisheries Development. A project in artisanal fisheries has been under consideration for the past several years but the requisite statistical data for the fisheries sector did not exist to allow design of a specific intervention. Another problem is that other donor experience in fisheries in Cape Verde has been variable. Projects have experienced a variety of difficulties varying from poor design to implementation snafus. As the result of the positive findings a recent study done by an FAO technician on artisanal fisheries potential in Cape Verde, AID/Praia feels more comfortable about moving ahead with the identification of a specific project in this sector. AID is financing (from PM+R funds) a feasibility study of the project being proposed by the FAO technician. The team will address all of the issues which have plagued donors in the past including estimates of fishing potential, marketing and transportation problems, price incentives to the fishermen, etc.. AID/Praia expects that the team, which is due in Praia o/a June 1, will identify a project responsive both to the new emphases of the agency as well as the AID country strategy objectives. We expect that it will take the form of the new project narrative provided below.

There are no new projects being proposed in FY 1984. Instead the Mission proposes to redesign the Watershed Management Project (655-0006) during FY 1983 and add new FY 1984 money to it. The redesign will be based upon an evaluation to be held in October/November 1982 of the three on-going projects which have watershed management aspects. The contribution of each of the components of these projects to food production on Santiago Island will be judged and the results will be carried forward into the

redesigned project. This will probably require a Project Paper Revision during FY 1983.

Title and number: Sotavento Islands Fishery Development, 655-0012 (G)

Life of Project Funding: \$2,300,000

FY 83 Funding: \$2,300,000

Type of Funding: Grant

Appropriation Account: Sahel Development Program

Purpose: The purpose of the proposed project is to increase the supply of fish to Santiago Island from 2,600 tons to 3,600 tons, and to provide for increased fish exports.

Background: Cape Verde has a very large area of territorial waters within its 200 mile limit. Present fish production for all Cape Verde equals about 10,000 tons, some of which is exported. The supply varies by island. In some cases the catch exceeds local demand, and in other cases it is deficient. Santiago Island in particular suffers from a deficit calculated at 1,000 tons per year. Other nearby islands in the Sotavento group currently help supply Santiago, but even with that added supply the deficit is as stated. Conservative estimates of Cape Verde fishery potential indicate a figure of 20,000 tons, double the present amount. Besides the potential for increased consumption on Santiago, which now has the lowest consumption per capita of any island, there is a potential for exportation.

Fishing in the Sotavento Islands is largely in the hands of artisanal fishermen who use small boats, venture out only during months with good weather, and generally lack equipment and especially a good supply of bait.

The fishermen are generally rural people who happen to live near the coast. For many of the families involved, fishing represents a part of their income. The islands have a number of fishing villages generally oriented to protected harbors and the best fishing grounds. Proposed

approaches to increasing the catch in Sotavento are the following:

1. Motorizing of craft
2. Introduction of larger vessels
3. Development of marketing and processing
4. Development of landing facilities at fishing villages
5. Experimentation with new fishing technologies
6. Collection of data on fishing resources
7. Training of fishermen
8. Reorganization of the Directorate of Fisheries
9. Provide increased prices for fish

It is important that, whatever approaches may be undertaken, they benefit the target group, and in the process strengthen private enterprise. To accomplish these goals it is important to achieve full participation of the target group at each fishing port. The organization and/or recognition of pre-cooperatives in each village would provide the basis for dialogue between project management located in the Directorate of Fisheries, and the beneficiaries.

The PID needs to focus on identifying fishing villages on target islands, identifying present number of boats and fishermen, exploring types of assistance desired in each case from among the list presented, estimating the cost of providing the desired assistance, estimating fish resources and identifying the design and implementation problems that have plagued other fisheries projects in Cape Verde.

Initial estimates of project costs made by an FAO technician set the budget at \$1.3 million if activities were limited only to Santiago Island. Expanding this to the three other islands of the Sotavento group would increase the budget by approximately \$1.0 million.

This project will assist the GOCV in encouragement of growth of the private (artisanal) fishing sector. The organization of pre-cooperatives in the first phase is the key step in this regard. Later, as the larger elements of the fisheries infrastructure come on-stream, the private groups will have the leverage to participate in their management. The inevitable institutional development in transportation, marketing and processing as the fishing industry expands will thus end up in the private sector or at least with private participation.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE V . FY 1984 PROPOSED PROGRAM RANKING		Country/Office USAID/Praia, Cape Verde				
RANK	PROGRAM ACTIVITY DESCRIPTION	CYCLING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)	
					INCR	CUM
	<u>New and Continuing Projects</u>					
	1. PL 480 Title II (Food for Development Program)				(2565)	-
	2. 655-0006 Watershed Management	0	G	SD	2200	2200
	3. 625-0936.3 Sahel Manpower Development	0	G	SD	(500)	
	4. 625-0917 Sahel Water Data Network	0	G	SD		
	5. 625-0928 Regional Food Crop Protection/ IPN	0	G	SD		

Table V- Proposed Program Ranking Narrative

All of the bilateral projects funded from prior years are currently fully-funded. For FY 84 the priorities are first of all PL 480 Title II, then additional funding for the Watershed Management Project based upon a comprehensive redesign of that project but still treating it as an on-going activity. The non-bilateral projects are accorded lower relative priority as indicated in Table V, although all are considered high priority, as the Addendum on Non-Bilateral Projects itself indicates.

The food aid is accorded highest priority because of Cape Verde's chronic food deficit resulting from the drought now in its 14th year. The generated funds will be used to carry out labor intensive soil conservation and water resource development activities similar to those which are being implemented successfully under watershed management-type projects. The additional funding proposed for the Watershed Management Project in FY 84 has a similar purpose.

However, the entire USAID effort in watershed protection and management, to which a number of projects have committed funds over a five-year period will be evaluated in early FY 1983, having in mind a comprehensive redesign of this program. In carrying out the evaluation and redesign of these activities, the Mission will seriously address the needs for policy change in agriculture in order to encourage private sector growth, technology transfer, and institution building. This activity, encompassing both PL 480 proceeds and Watershed Management Project funding, will thus be able to continue forward by mid-FY 1983

on a basis that gives maximum possible encouragement to the growth of free enterprise and market-oriented development. The proposed non-bilateral projects are critical in this regard as they contribute either to the development of skilled personnel or are ancillary to the coordinated development of the agricultural sector.

In the meantime, the Mission is in the process of final design of a Food Crop Research and Production Project that will create the institutional basis for transferring modern agricultural technology to Cape Verdean farmers. It is also performing a feasibility study for a Fisheries Project, to be funded integrally in FY 1983, that is planned to contribute to the productivity of artisanal fishermen who represent one of the most significant private enterprise components of the Cape Verdean economy. In the design efforts on these two projects, both of which pre-date FY 1984, the Mission will give careful consideration to the new AID emphases as outlined by the Administrator. As the Fisheries Project FY 1983 initiative is clearly supportive of the private sector it should qualify Cape Verde for priority attention for program approval.

CAPE VERDE PORTION ONLY

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	242.3		242.3	4.0	281.1		281.1	4.3
F.N. DIRECT HIRE	9.6		9.6	1.7	4.6		4.6	1.0
CONTRACT PERSONNEL	10.8		10.8	XXXXX	19.0		19.0	XXXXX
HOUSING EXPENSES	73.8		73.8	3.0	77.7		77.7	4.0
OFFICE OPERATIONS	149.8		149.8	XXXXX	215.8		215.8	XXXXX
TOTAL	486.3		486.3	XXXXX	598.2		598.2	XXXXX
RECONCILIATION	(175.9)		(175.9)	XXXXX	(221.3)		(221.3)	XXXXX
MISSION ALLOWANCE	310.4		310.4	XXXXX	376.9		376.9	XXXXX

CAPE VERDE PORTION ONLY

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	259.0		259.0	4.0	259.0		259.0	4.0
F.N. DIRECT HIRE	5.3		5.3	1.0	5.3		5.3	1.0
CONTRACT PERSONNEL	23.3		23.3	XXXXX	30.8		30.8	XXXXX
HOUSING EXPENSES	86.4		86.4	3.0	86.4		86.4	3.0
OFFICE OPERATIONS	143.5		143.5	XXXXXX	243.0		243.0	XXXXXX
TOTAL	517.5		517.5	XXXXXX	624.5		624.5	XXXXXX
RECONCILIATION	(191.6)		(191.6)	XXXXXX	(191.6)		(191.6)	XXXXXX
MISSION ALLOWANCE	325.9		325.9	XXXXXX	432.9		432.9	XXXXXX

CAPE VERDE PORTION ONLY

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

FY 1984 PROPOSED				
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	259.0		259.0	4.0
F.N. DIRECT HIRE	5.3		5.3	1.0
CONTRACT PERSONNEL	30.8		30.8	XXXXX
HOUSING EXPENSES	86.4		86.4	3.0
OFFICE OPERATIONS	243.0		243.0	XXXXX
TOTAL	624.5		624.5	XXXXX
RECONCILIATION	(191.6)	XXXXX	XXXXX	XXXXX
MISSION ALLOWANCE	432.9	XXXXX	XXXXX	XXXXX

PL 480 NARRATIVE

"Under the best possible circumstances the ecological conditions of the Cape Verde Archipelago do not permit more than two-thirds, at most, of the population's food requirements to be covered by domestic agricultural production; and during the last five years, domestic production has never covered more than 20 percent of the overall requirements. The country is therefore heavily dependent on food imports."¹

For the past years Cape Verde has withstood a drought of record proportion. The 1981-82 cropping season has underscored the seriousness of the situation by giving Cape Verde one of its worst food deficits in recent years. For example, compared to an average year (Table 1) corn deficit of about 28,000 MT, the 81-82 deficit was 34,000 MT. Similarly, the bean deficit for 81-82 was 7,100 MT. In view of such massive shortfalls in food grains the U.S. Food Assistance Program is of critical importance to the well being, and in many cases, the survival of the country's poor.

Table 1. Summary of annual consumption needs and import requirements for basic food commodities - Cape Verde

<u>Commodity</u>	<u>Consumption needs (MT)</u>	<u>Production (MT)*</u>	<u>Deficit (MT)</u>
Corn	45,000	15-20,000	25-30,000
Beans	8,000	4,000	4,000
Wheat	12,000	-	12,000
Rice	6,000	-	6,000
Dry Skim Milk	3,500	-	3,500
Edible Oil	2,000	-	2,000

* Assumes favorable rainfall conditions. Because the country is extremely drought-prone, actual production has been considerably lower.

1. "Food and Agriculture Situation in the Republic of Cape Verde". Report to the FAO/WFP Mission. Rome, January 1982.

Cape Verde has been receiving food assistance under the Title II - Emergency Program since 1977. Approximately 15,000 tons annually of corn have been shipped for a total value of 14 million dollars. Revenue from the sales of this corn is being used to fund previously agreed to labor intensive rural works development projects mostly on Santiago Island but also includes similar activities on the Islands of Fogo, Brava and Santo Antao.

Given the chronic situation of the food shortage aggravated by the country's 14th year of drought, Cape Verde decided to request a multi-year food shipment program, Title II - Section 206 for FY 82-85. The Food for Development Project Paper proposal is now in its final phase of approval in Washington. In the interim of changing from an emergency to a multi-year program, revenues of food sales are being used to fund projects in the Food for Development proposal.

These, and similar activities, funded in conjunction with the Tarrafal Water Resources Project (655-0003), are serving to stabilize presently eroding land areas, check desertification and increase the total acreage of improved rainfed land, and class I irrigated lands. These activities also include the successful introduction of pigeon peas (congo beans) into many of the watersheds. This drought tolerant-high protein species is readily replacing the traditionally planted maize reducing erosion potential on steeply sloping rainfed lands. A high priority is being placed on the capacity of irrigated areas to increase Cape Verdean agricultural production in the coming years. The resultant activities of the new, multi-year Food for Development proposal

will be directly in line with the GOCV's agricultural strategy of increased food production, stabilization of the natural ecosystem, and creation of a maximum number of jobs. For more information on the GOCV strategy refer to the Cape Verde Country Program Rational for FY 84.

Additionally, to reduce the uncertainty of an annual food supply, the government has increased its food grain storage capacity on several islands. Present storage capacity for staple foods (grains and beans) is deemed adequate as it corresponds to half the country's annual food requirement.

The GOCV has also acted to insure that no disincentive to production results from food aid by implementing a program of increasing market prices of food to international price levels. In the summer of 1981 the government raised the price of corn and beans by 20 percent and 17 percent respectively. At the same time the GOCV is careful to maintain imported corn price levels below those of corn which is locally produced. This insures a market for the Cape Verdean corn and provides an incentive for the farmer who produces it.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II (Section 206)

I. Country Cape Verde

Sponsor's Name Government of Cape Verde

A. Maternal and Child Health..N/A.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total MCH		_____	_____

B. School Feeding..N/A.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total School Feeding		_____	_____

C. Other Child Feeding....N/A.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total Other Child Feeding		_____	_____

D. Food for Work..N/A.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total Food for Work		_____	_____

E. Other (Specify) Food for Development.....Total Recipients _____
(Utilization of local currency proceeds to finance Rural Works projects)

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
N/A	Corn	15000MT	2,565
_____	_____	_____	_____
Total Other		_____	2,565

II. Sponsor's Name Government of Cape Verde

NON-BILATERAL FUNDED ACTIVITIES

NUMBER	PROJECT TITLE	G/L	DATE STARTED	TERMINAL DATE	AID OFFICE WITH RESPONSIBILITY	ANTICIPATED LIFE OF PROJECT COST (000)	PRIORITY		
							HIGH	MED	LOW
625-0917	Sahel Water Data Network	G	FY 81	FY 86	USAID/NIAMEY		X		
625-0928.5	Regional Food Crop Protection	G	FY 79	FY 84	USAID/DAKAR		X		
625-0929	Planning, Management and Research	G	FY 79	Cont.	AFR/SWA	N/A	X		
625-0936.3	Sahel Manpower Development	G	FY 80	FY 87	SDPT/BAMAKO	3600	X		
625-0937.03	Cape Verde Renewable Energy (AIP)	G	FY 80	FY 83	USAID/PRAIA	500	X		
625-9901	Special Self-Help	G	FY 79	Cont.	AFR/SWA	N/A	X		
698-0384	African Manpower Development	G	FY 82	FY 85	AFR/RA	2100	X		

FY 84 COUNTRY PROGRAM RATIONAL

SMALL PROGRAM STATEMENT

I. Analysis

The Government of Cape Verde has recently made public an extract of its first National Development Plan for the four-year period, 1982-1985. The GOCV has organized a conference to be held in June 1982 to elicit donor support for the Plan to which AID and 50 other donor organizations are being invited.

The Plan appears to present a reasonably balanced analysis of the current economic situation of the country, the principal constraints to development and prospects for future growth. It depicts a situation in which continued economic growth is dependent upon population growth stabilizing at the current rate of 2.8%,^{*} prevention of an increased rate of urbanization, reduction of the under-employment/unemployment rate, continued high levels of investment, etc.. In the best case situation the economy is charted to grow at an average annual rate of 7.6% between 1978 and 2000. Whereas this may be optimistic given their heavy reliance upon uncontrollable factors such as remittances and foreign assistance levels, we agree it may be attainable.

The principal constraints to development identified in the Plan are listed below:

- A. Scarcity of qualified labor.
- B. Physical and geographic constraints. From a geographic standpoint the main constraint is related to the scattered nature

* Before emigration

of its territory which possess serious transportation problems. The climate characterized by frequent drought is another formidable constraint on crop and animal agriculture.

- C. Limited natural resources. Metal ores, arable land and exploitable water are all in short supply.
- D. Limited domestic market.
- E. Deficiencies in basic infrastructure including communications, transport, energy distribution, irrigation, etc..
- F. Management deficiencies which include limited planning capacity, over-centralization of planning functions, poor management and supervision of the public sector.

The country's resources, including human, are realistically inventoried, sectorial performance is analysed, statistics for investment by sector are catalogued, proposed development projects are described, and costs are estimated. Long-term development strategy is set forth with statistical projections to the year 2000. Specific goals by sector are stated, to which the detailed project proposals are linked.

The Plan represents an acceptable basis for projecting AID strategy for Cape Verde during the period under consideration. In comparing the Plan with the past, present and future USAID program as described up through the FY 83 ABS, it is clear that AID support has been remarkably well targeted to what the GOCV considers vital for the period 1982-85. AID's activities including our proposed projects have been in rural development, fisheries, energy and desalination and education. Contemplating this consonance of AID's past development assistance and plans for

future assistance with the GOCV Plan, we may conclude tentatively that minor modifications of assistance strategy are required at this time (see section II strategy below).

The GOCV believes that the Agrarian Reform Legislation is one important factor in unleashing the potential of the agriculture sector. Under colonial rule productive agricultural lands on certain islands such as Santo Antao were concentrated in the hands of relatively few landowners. The majority of rural workers on these islands had little incentive to increase their productive efforts. Through the Agrarian Reform Law which was passed by the National Assembly in March, 1982, the GOCV will institute the following major changes to the present system:

1. A ceiling will be established on the area of land that can be put under tenancy.
2. Expropriation (with compensation) of tenanted areas beyond the ceiling, but leaving utilization in the hands of the present cultivators.
3. Cultivation of private land would not be interfered with by the GOCV.
4. Measures to protect interests of special groups such as emigrants are guaranteed.

Because the Agrarian Reform is an important factor in the performance of the principal productive sector, AID/Praia has been watching its development quite closely. There were doubts at the initial announcement of the Reform as to what the impact might be, but it now appears to have gained broader public support. The private farmer certainly will

have greater access to the factors of production. While this condition will act as an added incentive to production, other agricultural sector policies will be as important in stimulating production, e.g. marketing and pricing policies, subsidies, etc.. AID/Praia will continue to analyse this situation over the coming year and adjust the strategy outlined below as new analytical data is generated on the agricultural sector.

II. AID Strategy

The early AID program in Cape Verde was concerned mostly with meeting immediate requirements of the newly independent government. Early programming decisions were complicated by the fact that the country was six or seven years into a serious drought that had devastated the rural areas. As a result AID financed a diverse set of activities including two desalination plants, the construction of sixty primary schools, watershed protection projects (employment generation), a water exploration project and a major training project.

The Small Program Statement for FY 1983 signaled AID/Praia's intention to refine its program focus somewhat by concentrating efforts on three sectors - Agriculture, Fisheries, and Energy. The first two sectors were directly supportive of an emerging strategy to help the target group - the rural poor. Assistance to energy was being proposed as a response to the overwhelming problems the GOCV was being confronted with in a rising fuel bill.

This present Country Program Rational proposes a redefinition of the strategy and a further concentration of the program. It is felt that given the modest resources available for Cape Verde, the development impact

of the program as a whole could be enhanced by concentrating on one problem area, i.e., increasing food production. As the Plan correctly projects, Cape Verde will probably never be capable of producing sufficient quantities of food to feed itself because of its meager agricultural resource endowment. Nevertheless, the rural sector, including agriculture, livestock and fisheries accounts for more than 46% of gainful employment. Therefore, it is difficult to talk about projecting growth for the economy as a whole unless improvements are made in the primary productive sectors. In addition, every increase in agricultural production reduces the dependence of the government on food donations and helps ease their balance of payments problem (from 1975 to 1979 the deficit grew from 352.5 million Escudos to 1180.2 million Escudos).

In pursuit of concentration to obtain more leverage on agricultural policy issues and impact on agricultural production per se, the following active projects will not be extended into additional phases:

A. Primary and Non-Formal Education (655-0008)	<u>Sector</u> Education
B. Mindelo Potable Water Supply (655-0004)	Water Resources
C. Sal Desalination and Power (655-0005)	Water Resources

In 1984 the following projects will remain in the portfolio and are considered directly supportive of the food production strategy:

A. Watershed Management	<u>Sector</u> Agriculture
B. Food Crop Research	Agriculture
C. Fisheries Development (Artisanal)	Fisheries
D. FFP Title II, Section 206	Agriculture

In addition it should be noted that the regional training projects which serve Cape Verde, the Sahel Manpower Development Project and the

African Manpower Development Project, will be used largely to support the food production strategy. The PL-480 counterpart fund is also used to support food production by continuing the local salaries of workers building the diking and terracing structures under the Rural Works Project (655-0001).

The evolution of a more concentrated program can be carried out without disruption to the present portfolio. Early termination of on-going projects is not considered desirable.

In FY 1982 AID/Praia will initiate one new activity, the Food Crop Research Project. Through this project AID will be assisting the Ministry of Rural Development to institutionalize its capacity to conduct agricultural research and disseminate research results to the farmers. Research is considered absolutely essential in the food production equation because of the unique agricultural conditions related to topography, farm size, climate, soils, etc., which face the Cape Verdean farmer. New methods must be found to improve traditional cultivation practices which are ecologically sound and increase productivity.

In FY 1983 AID proposes to initiate one new activity in artisanal fisheries which addresses the food supply problem but as an alternative to crop agriculture. It would be concentrated geographically in the leeward group of four islands which are the principal suppliers of the Santiago Island market (Praia), one of the least well supplied in the archipelago. Many of the fishermen in the leeward group are also part-time farmers, or have family members who farm. They are part of the target group of rural people, who happen to live near the coast. There have been a number of fisheries projects in Cape Verde in the past which

for a variety of reasons have experienced design and implementation difficulties. AID/Praia has agreed to finance a feasibility study of the principal artisanal fisheries project in the National Development Plan. It is expected that the study team will identify the principal constraints to production and marketing and provide clear guidance for development of the project. If the study identifies policy issues or other constraints which are not resolvable, this proposed activity will be dropped from program plans.

AID/Praia has three projects in its current portfolio which address watershed management problems on Santiago Island; the Rural Works Project (655-0001), the Watershed Management Project (655-0006) and the Tarrafal Water Resources Project (655-0003). The Rural Works Project terminates in FY 1982 and the other two projects terminate in FY 1983. AID/Praia is planning a major evaluation of the collective experience of these projects in October/November 1982. The purpose will be to analyze the effectiveness of the various watershed management techniques being carried out under the projects including terracing, dike construction, reforestation, aquifer recharge, irrigation, extension, etc.. The current Mission plan is to use the evaluation results to restructure and re-orient the Watershed Management Project. The end result would be a redesigned project extending the project life and AID activities in this sub-sector to other sectors of Santiago Island. For the purposes of the ABS this is not being considered a new project but rather an extension of the existing one.

III. New Emphases

AID's new emphases involve (1) seeking policy changes where needed to promote self-sustaining growth and social development, (2) expanding

work with the indigenous private sector, (3) strengthening public and private institutions, including through development of their human resources, and (4) sharing with developing countries the science, technology and management techniques developed by the United States.

(1) The principal policy reform contemplated by the GOCV in the area of rural development is the implementation of a comprehensive land reform. This will affect the land tenure patterns in all of the watersheds on Santiago Island where AID is assisting on watershed protection. The PL-480 Title II, Section 206 Project is also targeted at encouraging the GOCV to modify their agricultural pricing policies by increasing the producer price of corn.

(2) The artisanal fisheries project, if implemented as planned, will support the small fishermen who number in the hundreds, and who are essentially private entrepreneurs. Some of the benefits of the watershed protection structures will also accrue to small farmers in these watersheds.

(3) The Food Crop Research Project is designed to assist the GOCV in its plan to establish an integrated research institution. Likewise, the proposed Fisheries Project will enable the GOCV to set up more effective marketing structures. Training under the African Manpower Development Project will help the GOCV to staff public institutions with trained personnel.

(4) The Food Crop Research Project will be especially effective in providing Cape Verde with the benefits of U.S. science, technology, and management techniques. The GOCV plans to develop an extension service which will disseminate the acquired technology throughout Cape Verde's