

**Annual Budget
Submission**

FY 1990

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I. Overview of the Environment for Development

It is dangerous to generalize about Cape Verdian economic prospects. Three major influences, rainfall, foreign assistance and the level and financial consequences of emigration, are almost completely exogenously determined. Applied to the small absolute sizes in all macroeconomic variables, historically realistic change in external assistance, rainfall and/or emigration can, in certain combination, sharply change the country's prospects in a short period of time.

A. Economic, political and social environment:

The island economy of Cape Verde enjoys a number of important advantages in comparison to other economies which are potential export markets. It is a comparatively low-cost economy. All major traded inputs are priced at or near world market prices. Price inflation has been controlled in most years through a combination of wage suppression and monetary policy. The exchange rate is maintained in floating parity with a basket of currencies of the country's major trading partners. There is no black market economy. In 1975 the country gained independence from Portugal peacefully, avoiding any destruction of what little infrastructure existed. It inherited a significant number of experienced administrators at independence in comparison to other former Portuguese colonies. It enjoys political stability marked by an absence of tribalism and negligible corruption. It does not have an external debt management problem, has not been to the IMF for assistance, and records an over-all external payments surplus in most years.

Cape Verde is composed of ten dispersed islands (plus other, uninhabited bits of land) some 400 miles off Senegal in the North Atlantic Ocean (15 degrees north latitude). Total land area is only 1,552 square miles, about the size of Rhode Island. The islands are volcanic in origin. They vary in size and topography, from a spectacular volcanic cone rising from the sea to a sandbar-like island worn almost flat by wind and sand erosion. Rainfall is sparse on the flatter islands to the north, rising in direct proportion to elevation on the four mountainous islands. In general, the islands lie in the Sahelian climatic zone. Winds carrying dust from the Sahara sweep the islands for several months of the year.

In economic as well as in physical terms, Cape Verde is a distinctive country. The economy is notable for both extraordinary openness to the world economy and the large proportionate role of the public sector. Receipts from domestic exports cover only some 3 - 7% of import costs. The country has no mineral or petroleum deposits. Food imports account for 70% - 90% of consumption. Aid inflows from about 30 international assistance programs plus family remittances sustain the massive trade deficit. The country's GDP has been significantly less than GNP for many years, being only 74% of GNP in 1981, at the extreme. The over-all budget deficit has been one-half of GDP in some years, attributable almost entirely to capital expenditure (public investment), which has not been lower than 41% of GDP since 1980. Aid finances almost all government investment. GDP in 1986, at market prices, was roughly \$145 million. Total estimated population was 350,000. (Current informal estimates are 360,000 a/o early 1988. Correspondingly, GDP/capita was about \$415 in 1986. (As always, such data is useful only for comparative purposes. Cape Verde's data base is very weak.)

B. The Potential for Development:

Projections by the IBRD, the IMF, the Government of Cape Verde (GOCV) and other donors all conclude that within the next few years, if present trends continue, the country will have to restrain internal demand even further in order to maintain macroeconomic equilibrium. The key problems cited are declining remittances, slowing rising debt service, accelerating population growth and continuing (albeit necessary) financing of highly capital-intensive, long-gestation projects. All projections assume a continuing strong net inflow of concessional external assistance. The GOCV neither wishes to restrict growth nor to accept indefinite dependence upon external assistance. It perceives that the people of Cape Verde, both at home and settled abroad, are the country's major assets. The keys to the long-term prosperity of the islands lie in increasing the productivity of the labor force, and in at least sustaining the remittances of expatriate Cape Verdians to their homeland. The current plan, 1986-90, is to be used to prepare the economy for a sustained increase in labor productivity. It is believed that remittances can play an important part to the extent that new funds are attracted to investments in the islands, initially in residential construction but increasingly in private and mixed-ownership entrepreneurial ventures.

The effort to increase labor productivity in the current five-year plan underlies the three reform programs being publicized by the GOCV: agrarian reform, administrative reform and educational reform. These programs are aimed at improving the performance of existing systems. Agrarian reform, having redistributed former Portuguese plantations and capped rents payable by tenants, advocates consolidation of scattered plots through the slow processes of survey and registration. Reform of the public administration takes place against a background of a decade long erosion in real wages payable to the civil service and a slow decline in absolute numbers of civil servants. The civil service, not visibly corrupt and relatively (by African standards) capable, is to be reorganized and redirected towards greater efficiency. Education has been very rapidly extended to the population, so that some 90% of children ages 7 - 10 are enrolled, but literacy is low (40%) implying a great need for adult literacy programs and for reducing both the high drop out rate in the first four compulsory grades and an improved continuation rate in the student population beyond simple basic literacy skills. Qualitative improvements focus upon teacher training.

The drought which commenced in 1968 may have been broken in 1986, as in that year and in 1987 rains were adequate and fell in the traditional patterns. To date in 1988, unseasonable but welcome rains have fallen. (A recent infestation of desert locusts, unless controlled, could easily wipe out any gains.) This development is important for rural employment and incomes, but in fact Cape Verde will not be able to grow in the country more than roughly one-half of required staple foods, regardless of rainfall. The GOCV, recognizing that "self-sufficiency" means the ability to purchase required foods, has recast its major agricultural objectives in terms of incomes and population dynamics, rather than in terms of production. The government wishes to promote agricultural development in order to preserve the agricultural ecology, to slow the rural-to-urban drift of the population (by protecting rural incomes and land values) and to increase domestic resources available for export.

To these ends watershed development will be continued (as it serves both income and ecological objectives and tends to stabilize or increase land values over time); local maize monoculture will be discouraged, especially on steeper slopes, in favor of intercropping with a variety of more nutritious, higher value crops for local consumption and; export cropping in response to world demand conditions will be promoted.

As shown in the statistical table on page five, Cape Verde registered strong overall growth during the prolonged drought. GDP increased an average of 5.9% during 1980-86 (1980 prices). The sectoral composition of GDP has slowly shifted towards commerce and transport services, although this change has been coincidental with the prolonged drought and the GOCV's emphasis during the first plan period (1982-87) on the building up of basic infrastructure on each of the islands as appropriate to the individual topography, rainfall and population. Agriculture (including livestock and forestry) was not dramatically displaced in relative importance during the recent drought. About 40% of the active population is employed, at least seasonally, in agriculture. In sum, there has not been a structural change in the Cape Verdian economy over the past decade, but the base is being laid.

The country has registered notable successes in the social sectors. As noted, earlier successes in primary education form the basis for a strong current effort to expand adult literacy. Health conditions in Cape Verde are good in comparison to other countries at similar per capita income levels. Life expectancy is among the highest (63 years) of any country in this category. Infant (70/1000) mortality is fairly low and the ratio of doctors/1000 population is well above the norm. There is little malaria and few other tropical diseases. Most illness is related to the scarcity of water for agriculture (protein-calorie malnutrition) and for sanitation, and to the dusty, dry environmental conditions.

The GOCV is expected to elaborate a national family planning program fairly soon. A weak data base, rapidly changing mores and volatile emigration patterns severely complicate development of such a policy. However, the GOCV has not been reluctant to address the many complex issues involved. The natural rate of population increase has varied considerably due to the changing size and age/sex profile of emigration. The natural rate is estimated at a fairly high 2.7%, a rate which the GOCV would like to reduce to 1.7% by 2000. Population planning is severely complicated by effects of emigration, which has taken about 15% of the population in the past two decades. As one consequence, the islands show a very skewed population age profile (46% of the population is under age 15), since few youngsters have emigrated. As another, absolute fertility rates are reduced due to low sex ratios (63 males for every 100 females, ages 20 - 45, estimated 1980). The World Bank estimated contraceptive prevalence to have been between 9 and 15% of potentially fertile women in 1985. This rate would have to increase to about 50% for the GOCV to reach the goal of 1.7% by 2000, the Bank estimated. Since 1985 family planning measures have been advocated with increasing sophistication by the authorities, so that the population growth rate may be significantly lowered. The other major variable, emigration, is profoundly influenced by economic conditions and legal restrictions in several countries. The World Bank calculates that some

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TABLE I (Contd.)

Cape Verde: Gross Domestic Product by Major Sectors, 1981-85
(In millions of Cape Verde escudos, except as indicated)

	1981	1982	1983	1984	1985 Est.
Agriculture, livestock and forestry	803	1034	1122	1328	1622
Fisheries	266	313	481	301	433
Mining	14	19	56	48	54
Manufacturing	181	250	360	283	378
Construction	944	1503	2042	1499	1730
Commerce and transport	1540	2205	2747	5000	5245
Public services	767	939	1202	994	1352
GDP at current market prices	4515	6263	8010	9453	10814
Annual rate of growth	28.2	38.7	27.9	18.0	14.4
GDP at 1980 prices	3762.5	4313.4	4558.9	4719.4	4908.8
Annual rate of growth	6.8	14.6	5.7	3.5	4.0
GDP deflator (1980=100)	120.0	145.2	175.7	200.3	220.3
Annual rate of growth	20	21	21	14	10
(In percent of GDP)					
Agriculture, livestock and forestry	17.8	16.5	14.0	14.0	15.0
Fisheries	5.9	5.0	6.0	3.2	4.0
Mining	0.3	0.3	0.7	0.5	0.5
Manufacturing	4.0	4.0	4.5	3.0	3.5
Construction	20.9	24.0	25.5	15.9	16.0
Commerce and transport	34.1	35.2	34.3	52.9	48.5
Public services	17.0	15.0	15.0	10.5	12.5
Total	100	100	100	100	100

Sources: Data provided by the Cape Verdean authorities; and World Bank and staff estimates

Note: The consumer price index computed by the Bank of Cape Verde is used as a proxy for the GDP deflator.

emigration will be essential if the GOCV is to limit the population level to 420,000 in 2000, as targeted in the First Development Plan. To illustrate the volatile nature of Cape Verde's population dynamics, it is noted that, if emigration simply continued at the 1970-80 rate and composition, and the GOCV succeeded in inducing a rapid decline in the total fertility rate, the country's population would start to decline soon after the year 2000.

C. Key Development Problems:

Permanent employment is difficult to come by in Cape Verde. About 40% of the adult labor force is unemployed. Underemployment is the normal condition for an additional 30%. The IBRD estimates that the shadow wage rate for unskilled labor is one-fourth to one-fifth the wage paid to food aid workers, who get \$1.50/day in rural areas, \$3.00 in the cities, except during the three-month agricultural season, when there are unskilled labor shortages. As during previous periods of recurrent drought, notably during the 1940s, emigration of males was high throughout the 1970s, taking pressure off the local employment market. Emigration does have a price, as emigrants are comparatively highly skilled. There is no evidence that high rates of emigration plus accelerated implementation of public works projects have served to drive up unskilled workers wages. Wage adjustments have lagged well behind price inflation for many years.

The macroeconomic significance of Cape Verde's external debt has been increasing rapidly. Debt servicing increased by 21% in 1987, to \$8.7 million equivalent. The great majority of the external debt is owed by parastatals for infrastructure put in place by the mid-1980s. The World Bank estimated the debt service ratio for that debt contracted and programmed but not yet committed in 1981 will be between 16 and 22% of exports of goods and factor services by 1990. By the end of 1985 public debt had increased by 74% over end-1981, to the equivalent of \$162 million equivalent (disbursed and undisbursed). The GOCV has continued to contract external debt and to guarantee external debts of parastatals, for unclear but reportedly significant amounts, since 1985.

Fiscal, monetary and aid policies will need to be modified in order to finance private investment. Public investment in infrastructure has been the economy's engine of growth since independence in 1975. Private investment has been the step-child of public policy. The problem has not been an excess in government current expenditures, which have been tightly controlled so that the budget of the central government has either shown a slight surplus on current account, or a small deficit. Rather, public investment consistently uses all, or almost all, loan and grant aid receipts. Given this, and the fact that aggregate consumption consistently exceeds GDP, private investment must be financed by transfers from abroad. If not, effects of credit expansion to the private sector will almost immediately result in a decline in foreign exchange reserves. During the mid-1980s (1982-85, for which period data is available), about two-thirds of domestic bank credit was extended to parastatals and mixed public/private enterprises, one-fifth went to private sector trade finance, leaving perhaps 10% for strictly private sector investment credit. Under the circumstances this was prudent demand management. (Note that, as opposed to remittances on current account, little private long-term capital comes into Cape Verde.) The potential for a continuing crowding out of private by public (including parastatal)

investment continues into the current planning period. Public infrastructure investment is to play a major role in the current plan period, concentrated in inter-island transport and communications, health, education and water resources, and substantial mixed public-private investment is anticipated in fisheries and tourism.

D. Other Donor Roles in the Economy:

Official development assistance, (ODA) grants and concessional loans, accounts for 40% (some say 50%) of GNP, one of the highest levels in Africa. This assistance comes from some 20 bilateral programs (including the EEC), 7 UN agencies and 5 multilateral lending agencies (ranging from the IBRD/IDA to the OPEC Fund for International Development). Bilateral programs range from the Nigerian "Peace Corps" through soft loans from Eastern bloc countries, through major bilateral programs, PVO programs financed by bilateral ODA, to sector and industry specific grants, e.g. Icelandic support for fisheries. The USAID program has usually placed fourth or fifth in annual bilateral program level rankings. A review of projects in the agriculture sector alone suggests that virtually every traditional development problem that exists is being addressed (although not resolved due to levels of investment and inefficiencies). The nature of these investments varies from major (for a mini-economy, about \$15.0) infrastructural projects (water, power, ports, airports, etc) to localized integrated development projects (less than \$100,000) to sector concentrations, e.g. \$20,000,000 in fisheries from a variety of soft loan, UN and bilateral sources. Food aid and some recent grants provide balance-of-payments type support. The ODA environment in Cape Verde is very complicated and economically significant and forms the somewhat volatile background against which USAID strategy and program must be placed. The variety and levels of ODA respond to the GOCV's policy of non-alignment and efficient use of aid, but poses problems in coordination, "cost-of-aid" implications (time demands on limited staff and on many systems to deal with) and predictability of ODA flows and emphases. The GOCV explicitly rejects formal coordination structures among donors, but staff and time limitations inhibit its ability to manage the process in a completely satisfactory way.

II. Analysis of Major Problems in the Cape Verdian Economy

Section I (C) above identified three major problems facing the economy of Cape Verde in the years immediately ahead. These are; employment, debt service and private investment. The three are closely linked and lead directly into USAID's assistance strategy of working with the GOCV to increase the productivity of the country's private sector. The extensive roles played in support of the public sector by numerous other donors have been recorded immediately above.

A. Sustain of the External Payments Position:

Cape Verde's balance of payments on current account has been in annual deficit since independence. About one-half of the excess of imports over exports has been offset by income from bunkering and stores for transiting ships and aircraft, plus remittances. The remaining current account deficit has been about 45% of GDP: It has been financed by official grants and by net official capital inflows. Prudently, the authorities have built up official reserves slowly over the years (run a small over-all balance of payments surplus), so that reserves were adequate to cover 27 weeks of imports at end 1985. The GOCV has been able to finely tune the country's external position, given strict foreign exchange controls and the absence of private banks. (For further background, see the summary balance of payments table, page 7.)

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TABLE 2

Cape Verde: Balance of Payments, 1981-85 1/
(In millions of SDRs)
(Calendar Years)

	1981	1982	1983	1984	1985
Current account balance	-36.0	-45.0	-48.1	-53.3	-51.3
Trade balance	-67.7	-84.2	-96.0	-77.4	-88.0
Exports, f.o.b.	5.3	3.4	1.8	2.6	2.9
Imports, c.i.f. 2/	-73.0	-87.6	-97.8	-80.0	-90.9
Services (net)	0.4	10.2	15.4	11.7	16.8
Freight and insurance	-0.1	-0.6	-0.2	-2.4	1
Other Transportation 3/	10	15.8	22.5	17.2	19.2
Travel	-1	-0.8	-0.7	-0.5	-0.4
Investment income	-0.4	-3.2	-4.5	-1.2	-1.1
Other services	-8.1	-1	-1.7	-1.4	-1.9
Private transfers	30.4	29.0	32.5	21.1	21.9
Capital movements (net)	33.5	50.2	160.4	47.9	50.7
Official transfers	17.8	32.2	36.3	37.8	36.8
Private capital (net)	-0-	1.3	0.3	0.1	0.2
Official capital (net)	15.7	16.7	123.8	10	13.7
Net errors and omissions	2.9	5.2	5.5	2.1	2.7
Overall balance	0.5	10.4	7.7	5.4	2.1
Reserves and related (increase)	-0.5	-10.4	-7.7	-5.4	-2.1
Memorandum item:					
Current account deficit (-)/ GDP	46.1	46.2	46.1	41	44.1
Reserves in weeks of import	23	23	23	29	27

Source: International Monetary Fund.

Cape Verde's balance of payments is vulnerable to a number of exogenous shocks, such as fluctuations in energy or food prices or oscillating rainfall patterns on the expenditures side, and changing transport patterns or remittances, or fish catches, on the earnings side. This is well understood by the country's many external partners, who have collectively shown a sustained interest in assisting when such uncontrollable factors affect the small island economy. The major variable over which the country does have control, and which shows signs of undermining the overall balance of the external accounts, is debt service payments.

The underlying cause for concern in the external accounts is the inability to date of the country to finance appreciable investment from domestic resources. The GOCV's new five year plan clearly signals the authorities understanding that the economy must increase in productivity. The mix of projected public investment is designed to address the problem of low productivity from a number of aspects. However, many of the investments to date and projected are in long gestation, basic social and physical infrastructure activities. Grant assistance exclusively should be used for their financing. The pattern to date whereby public investment has borne the entire burden for sustaining growth, is only appropriate to the extent that the tenuous balance in the external accounts is not disrupted by the GOCV.

Major domestic resources influencing the balance of payments have been the country's hard-working people (via remittances), the country's location (bunkering and stores), politically stable and progressive leadership (underlying large assistance flows), agriculture and fisheries. The country has a large structural deficit in agricultural production, a common situation for island economies. The food deficit is met by imports provided on a grant basis, often under arrangements which are de facto balance of payments support. The donated foods are sold to local parastatal millers and wholesalers, and the sales proceeds are used for investment which uses almost exclusively local labor and materials. Monetary effects of the increased wage payments are offset by the grant food imports. The investment which is financed by food assistance is largely directed towards increasing agricultural productivity. However, the land and water resources of Cape Verde are severely limited. As per capita incomes rise, effective demand for imported foods will increase. Cape Verde will always be a deficit food producer.

Fisheries output is handicapped by the limited fishing grounds around the islands. There are a number of donors assisting in the effort to increase catches. However, the program to date has not emphasized private investment in artisanal fishing. Parastatal investment has been ineffective. Fisheries exports have been fluctuating in a narrow range for several years.

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Investment to exploit the country's locational advantages has been high on the list of public investment priorities. Receipts had more than doubled to about one-fifth of import payments although recent South African Airways decision to drastically reduce number of stopovers in Cape Verde will mean significant foreign currency losses for the country. Progress is expected with the development of tourism, but the GOCV rightly does not anticipate spectacular net results in this area, considering the heavy investment costs of tourism and the high import content of any Cape Verdian tourist industry.

The major variable remaining for development in the short run is the people of Cape Verde. The GOCV is attempting to induce remittances through a number of financial programs. This is an excellent initiative which deserves full support. The GOCV also clearly recognizes that the residents remaining in Cape Verde can do more to compete on the international economy. This tentative, emerging program probably holds the greatest potential for enabling the Cape Verdian economy to develop from an increased domestic resource base of private initiative.

In summary, the GOCV is shifting its attention from developing basic infrastructure within the domestic economy outward to the world economy. External assistance has made it possible for this newly-independent country to devote a decade and a half to an inward-looking program of basic development. The clearest sign that this phase is passing is the mounting external debt. The balance of payments, Cape Verde's ledger sheet with the outside world, is threatened on the payments side by mounting debt service requirements, which the GOCV can largely control, and is constrained on the earnings side by a severe shortage of physical resources. The most dynamic possibility for increasing external earnings is through encouragement of the individual initiative of the people of Cape Verde.

B. Employment and the Labor Force:

Cape Verde's dependency ratios are among the highest in Africa. In 1980 there were approximately 109 persons between the ages of zero and fourteen and over 65 for every 100 persons between 15 and 64. Of those between 15 and 64 (the labor force) about one-third are permanently employed and about 40% are underemployed. Over one-fourth of the labor force is completely unemployed, being supported by family members, either in Cape Verde or through remittances from abroad. Female un- and under-employment rates are roughly twice as large as those for males. Manufacturing and construction accounts for only about ten percent of employment, with the balance in agriculture, fisheries and mineral extraction (about 50%), services (35%) and trade and banking (10%).

During years of normal rainfall, wages more than double during the three-month peak agricultural season, suggesting that present agricultural practices are excessively labor-intensive (in the aggregate) considering that inputs complementary to labor (water in particular) are very scarce. In the circumstances, an additional unit of labor likely adds less than its shadow wage to the value of output. Furthermore, given present agricultural practices, farm output in good years may be constrained by seasonal shortages of unskilled labor. Much of the off-season employment in agriculture is provided by the food-assistance-financed public works programs in watershed conservation, reforestation and flood control.

The employment problem has two temporal aspects. In the short run, jobs must be created which are productive enough to be competitive on the world economy (small and medium scale industry, financial and other services, tourism, fisheries, transport and communications, for example). In the longer term, the number of entrants into the labor force needs to be curtailed through family planning. As noted earlier, Cape Verde is well aware of the need to decrease the fertility rate.

In addition to aggregate effects on numbers, family planning can assist in ameliorating the employment problem by reducing population pressure on the land, thereby slowing rural-to-urban migration and environmental degradation. In this context it is essential that agricultural practices be modified towards less labor intensive methods in the aggregate but even more labor-intensive methods should probably be used on the limited, highly productive sites. Without these changes, rural families will continue to view additional children as economic assets to the farm household. Family planning can also assist the effort to improve the Cape Verdians' employment prospects by making it feasible for urban women to participate in the labor force.

D. The Critical Need for Private Investment:

Cape Verde is a low productivity economy. It faces two overwhelming constraints: shortage of water and shortage of energy. The one natural advantage in the world economy for the islands is location which has been exploited for nearly 500 years yet today earns only about the equivalent of one-fifth of imports. One asset with dynamic potential remains, its people, both in the islands and living abroad. Compared to the populations in potential export markets in Africa, its people are relatively healthy, are on a rising curve educationally, are capable, honest administrators and are proven to be adaptable and enterprising. The most pressing domestic problem is un- and under-employment. The external accounts are under pressure from rising debt service requirements and stagnant export receipts from traditional sources (agriculture, transport services and fisheries). Public (including parastatal) investment has been running at very high levels, financed by foreign assistance. In the current plan period, public investment is expected to decline in relative importance and to be concentrated in social sectors and basic infrastructure.

Private investment, driven by market forces to be competitive on the world economy, can be assumed to be more productive in the short and medium-term than public investments in basic infrastructure and social services. Investment competitiveness will need to be based primarily on the quality of the low-wage (by world standards) labor force which can be employed, and on a very favorable policy environment. (Note: A recent study suggests that labor costs and adaptability are less advantageous than Southeast Asia or Mauritius at present.) It appears that significant employment can be created through appropriate investment without driving wages, the price of labor, above levels in potential competitive markets. Recent economic history presents examples of resource-poor economies which have grown very rapidly through the harnessing of their peoples' skills. Hong Kong, Taiwan, Singapore and Mauritius, all island economies, may be cited. Productive, competitive private investment, sustained in a favorable policy environment, can contribute to the external payments position, increase the productivity of labor, reduce un- and under-employment, and make a significant contribution to macroeconomic growth.

For these reasons, the GOCV has decided, having considered appraisals by several external agencies, that the private sector must become a major agent for change. The authorities are trying to induce remittances to flow into productive investments. This has proven to be a difficult task when countries have lacked a dynamic private sector (Portugal, Turkey).

The basic policy of the GOCV concerning the private sector is to create a favorable environment for private investment. The GOCV plans to promote mixed ownership enterprises, so that public productive investment will be made in collaboration with private interests. Establishment of wholly private industries will be encouraged, particularly when oriented toward export markets. Overall, the industrial sector is expected to lead growth in the Second National Development Plan period. This outcome is to be realized with private investment which, to the extent possible, will be mobilized from the flow of remittances. Ideally, incremental remittances will be induced.

The problem is that the GOCV is not accustomed to working with private interests. While the economy is open to the world, public policy has been inward looking, to consolidate the position of the government and to coordinate, direct and control the course of economic change. Consequently, the public sector is of overwhelming importance in Cape Verde. New initiatives have been taken up to now by parastatals or by mixed-ownership enterprises operating within a tight code of governmental direction. An expanding private sector cannot be financed solely through domestic credit creation without nearly immediate, deleterious effects on the balance of payments. New, overseas financing, either from private sources or from assistance programs, will have to be mobilized. Since the GOCV has made use of nearly 100% of foreign assistance flows to date, collaboration with the private sector will require the authorities to adopt a new approach to allocating aid funding. Rhetorically, the GOCV has opened the window to such collaboration. Implementation may prove to be difficult. New financing institutions (or at least methods) will be

needed, numerous modifications to the policy environment will evidently be called for, and perhaps a new political consensus will need to be found.

III. The Strategy of USAID/Cape Verde

A. The Problem:

USAID sees the basic problem of the Cape Verdian economy as lack of foreign exchange earnings as a result of its poor resource base and the low productivity of labor. Unemployment and underemployment are at very high levels at the low wages rates which the economy can sustain. In fact, wages have remained static or have declined in this decade. The islands' labor force will grow sharply in the next fifteen years. Trends in overall population growth are impossible to predict, due to the dynamics of emigration and an aggressive family planning policy, but certainly the economy should not be expected to support additional persons at present low productivity levels. In agriculture, fifteen percent of GDP is produced from the effort of about 50% of the labor force. Traditional agricultural practices are low-yielding, labor intensive and do not produce appreciable marketable surpluses. Total consumption consistently exceeds GDP, remittances are not routinely invested; in short, Cape Verde does not generate domestic savings for investment. A major proportion of public investment is, of necessity, made in long-term, low pay-off infrastructure for social services and in rock-carrying, pick-and-shovel activities designed to contain and reverse the environmental damage of several hundred years of exploitation and climatic degradation of the land. The long-term balance in the external accounts is threatened by stagnant export earnings which exacerbate the effects of rising debt service payments. The best prospect for increasing export earnings, employment and labor productivity lies in aggressive development of a complex of private sector export industries. However, the government will find the opening to the private sector difficult to implement.

B. Resources to Address the Problem:

To address the problem, the GOCV has articulated a second five year plan (1986-90) which has the potential to be a transitional phase during which the groundwork for an export-oriented economy may be laid. Social infrastructure investment ("aimed at building a true development society") will improve the quality of the labor force. Agricultural investment will stress diversification into higher value crops and continuation of efforts to stabilize the islands' ecology. In transport and communications the stress is on integration of the domestic market. Collaboration with private interests is stressed in fisheries, industry and tourism.

Two years into the Second National Development Plan period, the reaction of the private sector may be characterized as actively interested in defining with the GOCV the nature of the planned collaborative relationship between public and private sectors. Discussion focuses on plans for development of entrepot trade, and upon tourism. Collaborative development of the fisheries industry is advancing slowly.

Other donors are coming to somewhat the same conclusions. For example, the UNDP proposes to provide an International Trade Center expert, and the French an industrial development expert, to the industrial Promotion Unit within the Ministry of Industry and Energy. World Bank and other sources have financed a series of entrepot, transshipment, industrial processing, etc. studies, responsive to GOCV intentions in the Second National Development Plan. These GOCV-sponsored initiatives have been used as background in developing USAID's "export development" approach but if this government strategy is to be successful over time, most of the needed investment capital for export development will need to come from private, local and offshore, capital.

USAID intends to orient the U.S. assistance program towards assisting the GOCV in its efforts to improve the productivity of the country's major asset, its people, as the shortest and surest route to enabling the economy to compete on world markets. Principal activities will be coordinated to this end, and a fourth added.

First, to stabilize Cape Verde's Sahelian environment, generate employment and increase its agricultural productivity, USAID will consolidate previous project assistance in food crop research and watershed development. Future assistance will include technical assistance and training that builds more coordinated approaches (research, extension and soil/water conservation) to the phased development of watersheds and encourages the more active participation in development of the populations living in the individual watersheds. Future phases of project assistance will be focused on maximizing the returns to labor from the extension investment in soil and water conservation, flood control and reforestation and crop research. Included in the program will be investigation and promotion of the integration of export and cash crops into the smallholder production systems.

Second, the ongoing Food for Peace program will be required for the foreseeable future, until Cape Verde is able to import commercially without placing impossible strains upon its external accounts. The food aid program will continue to function as balance of payment support, enabling non-inflationary domestic investment to continue in the well-established watershed development and natural resources preservation programs. Additional food and other commodities aid, of the type and quantities which can be absorbed, may also be directed to a revolving credit facility for small and export-oriented businesses.

Third, broad training programs will continue to support human and natural resource-based development with increasing emphasis on third- and in-country training, the private sector and government staff and institutions required to manage the process.

Modest assistance to Cape Verdian family planning programs will continue, with strict controls to ensure that no assistance directly or indirectly goes to support or facilitate abortions. The emphasis will be on gap filling after considering other donors activities. The family planning program likely will focus upon training, IE&C (information, education and communication) activities, policy development and innovative service delivery approaches such as social marketing of contraceptives. The latter activity will also provide opportunity to contribute to AIDS prevention.

A new activity designed to assist the GOCV efforts to mobilize the private sector as a means to develop export earnings will be closely coordinated with USAID-assisted efforts to orient Cape Verde's limited agriculture towards world markets. It is unclear at this point exactly what configuration the new activity will take but current opportunities appear to lie with Free zone/transshipment, teleport, investment credit financing mechanisms, fisheries, tourism and institution and management development support for private sector and public organizations promoting export development. Options to be considered during design will include assistance to the financial sector to improve mobilization of remittances (especially from Cape Verde's large emigrant population in the United States), facilitation of the GOCV - private sector dialogue, and seed financing for small scale and agriculture-based export initiatives.

Projected USAID staffing of two direct hire, two U.S. contract/PIT staff and six FSNs will be just adequate to carry out the tightly integrated program spelled out above. It is essential that long gaps in filling positions be avoided. USAID will require additional operating expense funds to rationalize its office space. This will also offer the possibility of additional FSN professional staff support. The present building has an excellent location, adjacent to the U.S. Embassy. Rents on the building have been escalating, so that the rational course is acquisition. Furthermore, an additional floor must be constructed on the building in order to relieve severe office space shortages and a lack of appropriate storage.

C. Implementation of Strategy:

The strategy seeks to accomplish three objectives:

- increase the productivity of the Cape Verdean labor force
- promote private domestic savings for investment and encourage foreign investment in export (foreign exchange earning capacity) diversification and expansion
- improve the agriculture and natural resource base to maximize agricultural exports and enhance the "platform" on which other export development activities can occur.

The current program consists of four projects or project sets:

1. Food Crop Research Project (through FY90)
Institution building, training and the development of adoptive research packages;
2. Watershed Development Project (through FY90)
Employment generation, soil and water conservation, enhancing agricultural sites and institution building;
3. PL-480 Title II Section 206 Program (through FY90)
An integral part of Watershed Development which serves as balance of payments support;
4. The (regional) Training projects (Sahel Manpower Development, Sahel Human Resources Development AFRAD and Human Resources Development for Africa) (through FY95 and beyond)
Human resource development, management and institution building;
5. Sahel Population Initiatives, (and Family Health Initiatives II) (through FY91 and beyond)
Institution building and addressing the critical person/land ratio

The future program will consist of some new and continuing activities:

1. Export Development Services Project (FY89 - 93)
Institution and capacity development to enhance investment decision making in foreign exchange earning enterprises. Another related element (but not necessarily part of the project) would support, through a PVO, the development of small scale and agriculture-based enterprises;
2. Watershed and Applied Research Development Project (FY90 - 94)
Continuing employment generation, strengthening local development institutions, research linked to soil and water conservation measures and optimizing agricultural production on improved sites and institution building;
3. PL-480 Title II, Section 206 (and Section 416(b)) (FY91-95)
To meet structural food deficits, and provide balance of payments support, with local currency generations applied to employment generation (watershed development), investment credit financing and strengthening local organizations.

Under this scenario, the program, from FY90 through, roughly, FY95, should be concentrated in:

Two ongoing regional (buy-in) activities:

Family planning support (gap filling) to address person/land and quality of life issues.

Training and Human Resources Development to improve the productivity of labor and strengthen institutions in the private and public sector.

Two "major" projects:

Watershed and Applied Research Development Project to continue support to programs and institutions which have worked well, provided employment, protected Cape Verde's fragile ecology and contributed to improving its limited agricultural base.

Export Development Services Project to enhance Cape Verde's foreign exchange earning capacity through studies and services to improve investment decision-making and institutional capacity.

A possible PVO grant to develop small scale businesses supporting export and agriculture production (if not included as an element of another project).

PL 480 programs to meet structural food deficits, provide balance of payments support, generate employment enhancing the environment, provide investment credit and support the development of local institutions.

This is essentially a modest evolution which adds a critical element, foreign exchange earning and private sector development, to tested and productive investments in natural resource and agricultural development. It is conservative in that it supports Cape Verde's opening to the international economy by maximizing export potential of other investments (other donors, private capital, etc.) without engaging much additional bilateral program resources. It supports a democratization process in the economy and through local organization development and it offers a broad range of opportunities for policy dialogue.

D. Measuring the results of the strategy:

Effective execution of the strategy through its component activities and ongoing policy dialogue should produce the results set forth below. Since much of the investment is directed toward institution building, is a relatively small part of total investment in Cape Verde (i.e. important, but marginal in terms of resource transfers) and Cape Verde's economy is so subject to exogenous factors (e.g. weather, the state of the world economy), identifying impact or success in quantifiable terms will require serious study.

Despite these caveats, it is expected that specific indicators of the strategies success will include:

- an articulated and effective export development and private sector policy;
- increased remittance flows and investment by Cape Verdean emigrants, especially Cape Verdean Americans;
- modification of financial policies, institutions and markets mobilizing domestic savings and foreign investment;
- increased volume and value of transshipment business;
- an increase in agriculture-based exports;
- increased labor productivity on lands improved by watershed development and applied research in crop and cultural methods;
- increased labor productivity as a result of training and organizational improvements in production units, private and community-based;
- implementation of a coherent and effective national family planning program;
- an improved natural environment, less susceptible to negative external factors such as drought.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT
(\$000)

655 - CAPE VERDE

	FY 1987 ACTUAL	FY 1988 ESTIMATE	FY 1989 CP ESTIMATE	FY 1990 AAPL	PLANNING PERIOD			
					1991	1992	1993	1994
SAHEL DEVELOPMENT FUNDS								
TOTAL	1,000	---	---	---	---	---	---	---
GRANTS	1,000	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---
AFRICA DEVELOPMENT FUND (SAHEL)								
TOTAL		2,500	2,500	3,000	3,000	3,000	3,000	3,000
GRANTS		2,500	2,500	3,000	3,000	3,000	3,000	3,000
LOANS	---	---	---	---	---	---	---	---
TOTAL DA ACCOUNT								
TOTAL	1,000	2,500	2,500	3,000	3,000	3,000	3,000	3,000
GRANTS	1,000	2,500	2,500	3,000	3,000	3,000	3,000	3,000

PL 480								
TITLE I	(---)	(---)	(---)	(---)	(---)	(---)	(---)	(---)
TITLE III	(---)	(---)	(---)	(---)	(---)	(---)	(---)	(---)
TITLE II	2,166	1,395	1,590 <u>a/</u>	1,590 <u>a/</u> / 1,725 <u>b/</u>				

TRAINING								
TOTAL	400	750	700	620	500	500	500	500
GRANTS	400	750	700	620	500	500	500	500
LOANS	---	---	---	---	---	---	---	---

a/ AID/W prescribed planning figures. Does not reflect increase beginning FY89 to 20,000MT corn equivalent from PL-480 Title II, Section 206 and Section 416(b) sources.

AFRICA BUREAU TABLE I
FY 1990 ANNUAL BUDGET SUBMISSION
1987
DFA AND FOOD AID REPORTING MATRIX
(\$000)

SECTOR/SUBSECTOR	TOTAL	PROGRAMMING MODALITIES*			
		POL REF	NPA	WID	PRIV SECT
<u>DFA :</u>					
NATURAL RESOURCES MGT.	2,166				
BIODIVERSITY	200				
TROPICAL FORESTS					
FACULTIES OF AGRICULTURE	800				
AGRICULTURAL RESEARCH					
AGRICULTURAL MARKETING					
AGRICULTURE, N.E.S.					
POPULATION					
HEALTH					
AIDS					
CHILD SURVIVAL					
PRIMARY EDUCATION					
SECONDARY EDUCATION					
VOCATIONAL EDUCATION					
Other EDUC/HRD					
DEVELOPMENT MANAGEMENT					
FINANCIAL MARKETS					
INFRASTRUCTURE					
ENTERPRISE DEVELOPMENT					
OTHER					
TOTAL DFA	<u>1,000</u>	_____	_____	_____	_____
<u>FOOD AID:</u>	<u>2,166</u>	_____	_____	_____	_____
TOTAL DFA/FOOD AID RESOURCES	<u>3,166</u>	_____	_____	_____	_____

*Horizontally, for each sector/sub-sector activity, the total of dollar amounts may exceed the total amount for the activity.

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AFRICA BUREAU TABLE I
FY 1990 ANNUAL BUDGET SUBMISSION
1989

655 - CAPE VERDE

DFA AND FOOD AID REPORTING MATRIX
(\$000)

SECTOR/SUBSECTOR	TOTAL	PROGRAMMING MODALITIES*			
		POL REF	NPA	WID	PRIV SECT
<u>DFA:</u>					
NATURAL RESOURCES MGT. BIODIVERSITY TROPICAL FORESTS	1,890				
FACULTIES OF AGRICULTURE AGRICULTURAL RESEARCH AGRICULTURAL MARKETING AGRICULTURE, N.E.S.					
POPULATION	100				
HEALTH AIDS CHILD SURVIVAL					
PRIMARY EDUCATION SECONDARY EDUCATION VOCATIONAL EDUCATION Other EDUC/HRD	610				
DEVELOPMENT MANAGEMENT					
FINANCIAL MARKETS					
INFRASTRUCTURE					
ENTERPRISE DEVELOPMENT	1,400	1,400	---	---	1,400
OTHER	90				50
TOTAL DFA	<u>2,500</u>	<u>1,400</u>	<u>---</u>	<u>---</u>	<u>1,450</u>
<u>FOOD AID:</u>	<u>1,590</u>	---	---	---	---
TOTAL DFA/FOOD AID RESOURCES	<u>4,090</u>	<u>1,400</u>	---	---	<u>1,450</u>

*Horizontally, for each sector/sub-sector activity, the total of dollar amounts may exceed the total amount for the activity.

AFRICA BUREAU TABLE I
 FY 1990 ANNUAL BUDGET SUBMISSION
 1988
DFA AND FOOD AID REPORTING MATRIX
 (\$000)

655 - CAPE VERDE

SECTOR/SUBSECTOR	TOTAL	PROGRAMMING MODALITIES*			PRIV SECT
		POL REF	NPA	WID	
<u>DFA:</u>					
NATURAL RESOURCES MGT. BIODIVERSITY TROPICAL FORESTS	3,095				
FACULTIES OF AGRICULTURE AGRICULTURAL RESEARCH AGRICULTURAL MARKETING AGRICULTURE, N.E.S.					
POPULATION					
HEALTH AIDS CHILD SURVIVAL					
PRIMARY EDUCATION SECONDARY EDUCATION VOCATIONAL EDUCATION Other EDUC/HRD	750				
DEVELOPMENT MANAGEMENT					
FINANCIAL MARKETS					
INFRASTRUCTURE					
ENTERPRISE DEVELOPMENT					
OTHER	50				50
TOTAL DFA	<u>2,500</u>				<u>50</u>
<u>FOOD AID:</u>	<u>1,395</u>				<u>-</u>
TOTAL DFA/FOOD AID RESOURCES	<u>3,895</u>				<u>50</u>

*Horizontally, for each sector/sub-sector activity, the total of dollar amounts may exceed the total amount for the activity.

AFRICA BUREAU TABLE I
 FY 1990 ANNUAL BUDGET SUBMISSION
 1990
DFA AND FOOD AID REPORTING MATRIX
 (\$000)

655 - CAPE VERDE

SECTOR/SUBSECTOR	TOTAL	PROGRAMMING MODALITIES*			PRIV SECT
		POL REF	NPA	WID	
<u>DFA:</u>					
NATURAL RESOURCES MGT. BIODIVERSITY TROPICAL FORESTS	2,240				
FACULTIES OF AGRICULTURE AGRICULTURAL RESEARCH AGRICULTURAL MARKETING AGRICULTURE, N.E.S.	650				
POPULATION	100				
HEALTH AIDS CHILD SURVIVAL					
PRIMARY EDUCATION SECONDARY EDUCATION VOCATIONAL EDUCATION Other EDUC/HRD	510				
DEVELOPMENT MANAGEMENT					
FINANCIAL MARKETS					
INFRASTRUCTURE					
ENTERPRISE DEVELOPMENT	1,000	1,000			1,000
OTHER	90			30	20
TOTAL DFA	<u>3,000</u>	<u>1,000</u>	<u> </u>	<u>30</u>	<u>1,020</u>
<u>FOOD AID:</u>	<u>1,590</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL DFA/FOOD AID RESOURCES	<u>4,590</u>	<u>1,000</u>	<u> </u>	<u>30</u>	<u>1,020</u>

*Horizontally, for each sector/sub-sector activity, the total of dollar amounts may exceed the total amount for the activity.

AFRICA BUREAU TABLE II
 FY 1990 ANNUAL BUDGET SUBMISSION

PIPELINE ANALYSIS AND MODIFICATIONS TO LOP AND PACD

<u>PROJECT #</u>	<u>PROJECT TITLE</u>	<u>TOTAL COST AUTH/ PLAN</u>	<u>OBLIGATED THRU 1987</u>	<u>FY-1987 PIPELINE</u>	<u>FY 1988 OBLIG/ EXPEND</u>	<u>FY 1989 OBLIG/ EXPEND</u>	<u>FY 1990 OBLIG/ EXPEND</u>	<u>CURRENT</u>		<u>PROPOSED</u>	
								<u>PACD</u>	<u>PACD</u>	<u>PACD</u>	<u>PACD</u>
0005	Sal Desalination	8,377/8,377	8,377	60	0/60	0/0	0/0	3/30/88	3/30/88	3/30/88	3/30/88
0011	Food Crop Research	4,688/4,688	4,688	1,728	0/1,000	0/728	0/0	6/30/90	6/30/90	6/30/90	6/30/90
0013	Watershed Develop.	5,611/7,611	5,611	2,777	1700/1,900	300/1,734	0/1,143	12/31/90	12/31/90	12/31/90	12/31/90
0015	Program Dev. Sup.	500/500	---	---	50/50	50/50	50/50				

AFRICA BUREAU TABLE III
FY 1990 ANNUAL BUDGET SUBMISSION

PVO ACTIVITY
(\$000)

<u>Project/ Code No.</u>	<u>Project Title</u>	<u>RO Name (US/Non U.S.)</u>	<u>Source of Funding</u>	<u>LOP (FY. yrs)</u>	<u>Total PVO LOP - %</u>	<u>FY-88 Obligations</u>	<u>FY-89 Obligations</u>	<u>FY-90 Obligations</u>
655-0016	Small Project Assistance	US Peace Corps	Bilaterally C		100%	0	40	40
655-0014	Export Dev.	US	Bilaterally	600	15%	0	300	100

A related element of the Export Development Services project would be a possible PVO grant to develop small scale businesses supporting export and agriculture production.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION
(\$000)

655 - Cape Verde

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
DEVELOPMENT FUND FOR AFRICA				
655-0013 Watershed Development	G	1,700	300	-
655-0014 Export Dev. Services	G	-	1,400	1,000
655-0015 Program Dev. and Support	G	50	50	50
655-0016 Small Project Assistance	G	-	40	40
655-0017 Watershed and Applied Research Dev.	G	-	-	1,300
698-0455 African Grad Fellowship Program III	G	550	400	300
698-0463 Human Resources Dev. for Africa	G	200	210	210
655-AFHI Family Planning Support	G	-	100	100
Appropriation Total		2,500	2,500	3,000
Grants		2,500	2,500	3,000
Loans		-	-	-
DA and ESF Total		2,500	2,500	3,000
Grants		2,500	2,500	3,000
Loans		-	-	-

655 - CAPE VERDE

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	OBLIG DATE	-TOTAL COST-	PLAN	THRU FY 87	PIPE-LINE	ESTIMATED U.S. DOLLAR COST (\$000)	FY 1988	FY 1989	FY 90	SPECIAL CODES	
							OB-LIG-AT-TIONS	EXPEND-ITURES	END OF OBLIG-AT-TIONS	EXPEND-ITURES	
HEALTH											

6550005 SAL DESALINATION/POWER

G 78 86	525	525	525	41							
SUBCAT: NEWS PACD: 3/86 PVO: FY89: 0 FY90: 0											

APPROPRIATION

TOTAL	525	525	525	41							
GRANT	525	525	525	41							
LOAN	---	---	---	---							

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SELECTED DEVELOPMENT ACTIVITIES

6550005 SAL DESALINATION/POWER

G 78 82	5765	5765	5765	1							
SUBCAT: SBEG PACD: 3/88 PVO: FY89: 0 FY90: 0											

APPROPRIATION

TOTAL	5765	5765	5765	1							
-------	------	------	------	---	--	--	--	--	--	--	--

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	OBLIG DATE	TOTAL COST- AUTH PLAN	OBLIG THRU FY 87	ESTIMATED U.S. DOLLAR COST (\$000)	FY 1988 OBLIG- ACTIONS	FY 1989 EXPEND- ITURES	MORTGAGE END OF OBLIG- FY 88	FY 1989 EXPEND- ITURES	FY 90-- AAPL	SPECIAL CODES
GRANT	5765	5765	5765	1						
LOAN										

FUNCTIONAL ACCOUNT

TOTAL	6290	6290	6290	42						
GRANT	6290	6290	6290	42						
LOAN										

SAHEL DEVELOPMENT PROGRAM

6550005 SAL DESALINATION/POWER

6 78 86 2087	2087	2087	2087	18						
SUBCAT: FNER PACD: 3/88 PVO: FY89:X0 FY90:X0 WA										

6550006 WATERSHED MANAGEMENT

6 79 82			5688	4						
SUBCAT: FMNC PACD: 05/85 PVO: FY89:X0 FY90:X0										

6550011 FOOD CROP RESEARCH

6 82 87 4688	4688	4688	4688	1728						
SUBCAT: FMDS PACD: 6/90 PVO: FY89:X0 FY90:X0 WA BD										

6550013 WATERSHED DEVELOPMENT

6 84 89 5611	5611	5611	5611	2777						
SUBCAT: FNWD PACD: 12/90 PVO: FY89:X0 FY90:X0 BD FR										

APPROPRIATION

TOTAL	12386	12586	18074	4527						
GRANT	12386	12586	18074	4527						
					2518	-5488				2005

655 - CAPE VERDE

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	OBLIG DATE	-TOTAL COST-	PLANNED	THRU FY 87	ESTIMATED U.S. DOLLAR COST (\$000)	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	SPECIAL CODES
DEVELOPMENT FUNDS FOR AFRICA												
AFRICAN GRAD STUDIES												
655A6RD	88 C	1100			SUBCAT: 550	PACD: C	PVO: FY89:1X0	FY90:1X0				WID
HUMAN RESOURCE DEV												
655HRDA	88 C	400			SUBCAT: 200	PACD: C	PVO: FY89:1X0	FY90:1X0				WID
WATERSHED DEVELOPMENT												
655W013	84 89	2000			SUBCAT: 1700	PACD: 12/90	PVO: FY89:1X0	FY90:1X0				BD FR EY
EXPORT DEVELOPMENT SERVICES												
655E014	89 91	4000			SUBCAT: FNPE	PACD: 7/93	PVO: FY89:1X15	FY90:1X10				
PROGRAM DEV AND SUPPORT												
655S015	88 C				SUBCAT: 50	PACD: C	PVO: FY89:1X	FY90:1X				SDPP

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655 - CAPE VERDE

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	OBLIG THRU FY 87	TOTAL COST- AUTH PLAN	ESTIMATED U.S. DOLLAR COST (\$000)		FY 88 OBLIG- ITURES	FY 88 EXPEND- ITURES	FY 89 OBLIG- ITURES	FY 89 EXPEND- ITURES	FY 90 OBLIG- ITURES	FY 90 EXPEND- ITURES	SPECIAL CODES
			FY 87 OBLIG- ITURES	FY 87 PIPE- LINE							
DA ACCOUNT											
TOTAL	18676	25276	2500	4569	3718	-5288	2500	3405	3000		
GRANT	18676	25276	2500	4569	3718	-5288	2500	3405	3000		
LOAN											

AFRICA BUREAU TABLE IV
FY 1990 ANNUAL BUDGET SUBMISSION
Regionally and Centrally-Funded Project Buy-Ins
(\$000)

Project/Number	FY 1988 Estimate	FY 1989 Planned	FY 1990 Proposed
NRMS/698-0467			
AFGRAD III/698-0455	550	400	300
ASCI-CCCD/698-0421	-	-	-
Medex/698-0471	-	-	-
SAARFA/698-0435	-	-	-
AALC II/698-0442	-	-	-
AFR-AHRF/698-9801	-	-	-
AFR-SSH/698-9901	-	-	-
Locusts/698-0517/625-0517	-	-	-
NCNW-ID/698-0461	-	-	-
Sahel Financial Mgt./625-0974	-	-	-
Family Health Int. II/698-0462	-	100	100
HumResDevelAssist/698-0463	200	210	210
FEWS/698-0466	-	-	-
AfrDevSupport/698-0464	-	-	-
HIV/AIDS Prev/698-0474	-	-	-
Others	-	-	-
Total	750	710	610

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 1
FORESTRY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
Development Fund for Africa				
0013 Watershed Development (For Forestry)	2000	-	250	250
PL-480 Title II, Section 206 (Local Currency)		775	857	883

FORESTRY ACTIVITIES

Forestry activities in the form of tree planting and other vegetative covers play an integral part in soil and water conservation under the Watershed Development Project (655-0013). This strategy seeks to utilize an appropriate mix between physical structures and biological measures which, together, are designed to combat soil erosion, stabilize the ecological environment, produce firewood and animal fodder, all of which are expected to halt environmental degradation.

Since 1985, it is estimated that over 1.7 million trees have been planted in the project-designated watersheds. The Project plans to plant an additional 1.8 million trees between 1988 and 1990 at an estimated cost of over \$2.5 million dollars in local currency equivalent and \$.75 million dollars in DA funds (\$500,000 of which will come from DFA allocations). Forestry component of soil and water conservation activities are detailed and authorized both in T.A. 559-444-000-5608, signed 2/21/85, and in the Project Agreement for Project 655-0013, signed 8/21/84.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 2
INTEGRATED RESOURCE MANAGEMENT

655 - Cape Verde

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
DEVELOPMENT FUND FOR AFRICA				
013 Watershed Development	2,000	100	100	100
0017 Watershed and Applied Research Development	4,000	--	--	200

Watershed Development Project assistance includes support of water use efficiencies, alternate land use systems to control erosion and forage and shrub/trees investigations activities.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 3
BIOLOGICAL DIVERSITY

655 - Cape Verde

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
--	-----------------------	-------------------	-------------------	---------------

DEVELOPMENT FUND FOR AFRICA

0017 Watershed and Applied Research Development (For Biological Diversity)	4,000 200	--	--	50
--	--------------	----	----	----

Support for biological diversity to the Cape Verde National Agricultural Research Institute is provide presently from the Food Crop Research project. Under the new FY 90 project, support will continue for research which is collecting and categorizing land-races of local subsistence crops as well as endangered plant species.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 4
CHILD SURVIVAL

<u>PROJ NO & TITLE</u>	<u>APPN</u>	<u>LOP</u> <u>FUND.</u> <u>(000)</u>	<u>ORT</u> %	<u>IMM</u> %	<u>NUT</u> %	<u>HRB</u> %	<u>OTH/CS</u> %	<u>TOTAL CS</u> %	<u>NON-CS</u> %
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NONE

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 5
BASIC EDUCATION

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
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NONE

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE IV ATTACHMENT 6
AIDS

APPROPRIATION/ACCOUNT PROJECT NO. TITLE	LIFE PROJ	FY 88 EST	FY 89 EST	FY 90 AAPL
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Condoms provided under buy-ins to Regional Population projects (or provided directly from central population projects) will contribute to reduction of HIV 2/AIDS transmission but quantification is not possible at this time.

AIDS (Not included within Mission OYB)
WHO Support

AID PROGRAM IN FY 1990
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING
(\$000)

655- Cape Verde

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	PROGRAM FUNDING (\$000)		
					APPROP	INCR	CUM
PL		PL 480, TITLE II	0	G	F2	1,725	(1,725)
0014		Export Development Services	N	G	DFA	1,000	1,000
0017		Watershed Applied Research Development	N	G	DFA	1,300	2,300
698-0463.55		Human Resources Development for Africa	0	G	DFA	210	2,510
698-9455.55		AFGRAD III	0	G	DFA	300	2,810
0015		PD&S	0	G	DFA	50	2,860
655-AFH		Family Planning Support	0	G	DFA	100	2,960
0016		Small Program Assistance	0	G	DFA	40	3,000

AFRICA BUREAU TABLE V
FY 1990 ANNUAL BUDGET SUBMISSION

Centrally Funded Activities
(\$000)

<u>Project/ Grant No.</u>	<u>Project Title</u>	<u>Organization Implementing (US/Non U.S.)</u>	<u>LOP (yrs)</u>	<u>LOP (\$000)</u>	<u>FY-88 Obligations</u>	<u>FY-89 Obligations</u>	<u>FY-90 Obligations</u>
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I. Directly Related To Mission Portfolio:

II. Indirectly Related To Mission Portfolio:

III. Not Related to Mission Portfolio:

698-9901.55	Special Self Help	US	(Afr Regional)	Cont.	40	40	40
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FY 1990 Annual Budget Submission
Table VI: Expenditures of Local Currency Generations
(all in the U.S. dollar equivalents, and in \$ Millions)

<u>Source/Purposes</u>	<u>1987</u> <u>Actual</u>	<u>1988</u> <u>Est.</u>	<u>1989</u> <u>Planned</u>	<u>1990</u> <u>Prop.</u>
I. ECONOMIC SUPPORT FUND	N/A	N/A	N/A	N/A
A. Public Dev. Activities				
1. e.g. Ag. Research, irrigation				
2.				
B. Private Sector Programs				
1.				
2.				
C. Public Sector Recurrent Budget				
1.				
2.				
D. A.I.D. Operating Expenses (Trust Fund)				
<hr/>				
SUBTOTAL OF ESF LC EXPENDITURES				
(UNEXPENDED ESF LC BALANCE AT END OF EACH YEAR, I.E. THE PIPELINE)				
<hr/>				
II. DEVELOPMENT ASSISTANCE (IF ANY), AND DEVELOPMENT FUND FOR AFRICA	N/A	N/A	N/A	N/A
A. Public Development Activities				
1.				
2.				
B. Private Sector Programs				
1. e.g., PVO, Micro Enterprise Development				
2. e.g., COOP, Housing				
C. Public Sector Recurrent Budget				
1.				
2.				
D. A.I.D. Operating Expenses (Trust Funds)				
<hr/>				
SUBTOTAL OF DA LC EXPENDITURES				
(UNEXPENDED DA LC BALANCE AT END OF EACH YEAR, I.E. THE PIPELINE)				

FY 1990 Annual Budget Submission
Table VI: Expenditures of Local Currency Generations
(all in the U.S. dollar equivalents, and in \$ Millions)

<u>Source/Purposes</u>	<u>1987</u> <u>Actual</u>	<u>1988</u> <u>Est.</u>	<u>1989</u> <u>Planned</u>	<u>1990</u> <u>Prop.</u>
II. PL 480				
A. Public Development Activities				
1. Soil and water conservation work	4.1	2.7	3.6	3.4
2.				
B. Private Sector Programs				
1. Investment Credit Fund2
2.				
C. Public Sector Recurrent Budget				
1. e.g., Child Survival (N/A)				
D. Trust Funds (if any) for PL 480 (N/A) Monitoring and Implementation				
<hr/>				
SUBTOTAL OF PL 480 EXPENDITURES	4.1	2.7	3.6	3.6
(UNEXPENDED PL 480 LC BALANCE AT END OF EACH YEAR; i.e. PIPELINE)	Ø	Ø	Ø	Ø
<hr/>				
GRAND TOTAL ALL LC EXPENDITURES	4.1	2.7	3.6	3.6
(GRAND TOTAL ALL UNEXPENDED LC BALANCES (I.E. THE PIPELINE))	Ø	Ø	Ø	Ø

LOCAL CURRENCY USE PLAN

The A.I.D. strategy in Cape Verde has focused on the agricultural sector. The program seeks to halt environmental degradation and improve agricultural production potential. This strategy is supported by the local currency proceeds from a PL-480, Title II, Section 206 program. The PL-480 program in Cape Verde provided 15,000 MT of maize annually from 1985-1987 (amount to be increased to 20,000MT/yr for 1989 and 1990) to help alleviate a chronic food deficit. Beginning in 1985, the program was uniquely integrated into a DA-financed Watershed Development Project (655-0013), by having sales proceeds fund local currency costs of the labor intensive soil and water conservation structures and tree plantings. Prior to 1985, the PL-480 proceeds were mainly utilized to fund these same types of labor-intensive activities but not integrated into a development project. PL-480 proceeds are used to fund both approved development activities and internal distribution costs of commodities. Soil and water conservation project activities are detailed and authorized both in TA 659-444-000-5608 signed 2/21/85, and in the Project Agreement for Project 655-0013. signed 8/21/84. An investment credit (revolving) fund may be established to finance small and export-oriented business as increased resources permit and the export development/private sector element of the program expands.

AFRICA BUREAU TABLE VI.A.
FY 1990 ANNUAL BUDGET SUBMISSION

Methods of Accountability for Local Currency Expenditures
For FY 1988
(\$000)

Source/Type of Expenditure	Amount	Method of Accountability	USAID or Govt Action
I. ESF			
A.			
B.			
C.			
II. DFA			
A.			
B.			
C.			
III. PL 480			
A.	2,700	Letters of receipt of funds	GOCV
B.		Expenditure reports	
C.		Work completion reports	
		FFP Monitor reporting	USAID
Total			

*Public sector development. Local currency used to finance work in soil and water conservation activities undertaken under the Watershed Development Project (655-001). Sahel Regional Financial Management Project resources were used to assess the systems and recommend improvements which will be the guidance used by the FFP monitor in carrying out his work.

TABLE VII - LIST OF PLANNED EVALUATIONS

FY 1990 ANNUAL BUDGET SUBMISSION

COUNTRY: USAID/CAPE VERDE

<u>Project List</u> (Project No. and Title)	Last Eval Completed (Mo./Yr.)	Project Next Evalu- ation	Reasons/ Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
0011 Food Crop Research	2/87	12/89	PACD 6/30/90 EOP evaluation and provide information to determine future project directions for FY90 project combin- ing Applied Research and Watershed Devel- opment	Project 40	20	IQC 60 person/days
0013 Watershed Development	12/87	12/89	PACD 12/31/90 EOP evaluation and provide information which will help USAID determine fu- ture project direc- tions in designing the combined Water- shed and Applied Research Development Project.	Project 40	20	IQC 60 person/days

NEW PROJECT NARRATIVE

655--Cape Verde

a. 655-0017, Watershed and Applied Research Project

b. Proposed project funding:

LOP 4,000 (FY90 - 94)

FY90 1,400

FY91 1,000

FY92 1,600

- c. The Appropriation Account will be Development Fund for Africa with a shadow functional account of ARDN. The purpose of this project is to continue support to improving watersheds and explicitly develop and link an adaptive research program to the process and improved sites. It builds on the Food Crop Research and Watershed Development Projects terminating in FY90. Its objectives include soil and water conservation, employment generation, institutional development and applying research methodology to improve physical and biological soil and water conservation measures and make best use of the production areas improved by such measures. Its beneficiaries, in order of immediacy, are: 3,500 persons/year employed; two GOCV institutions; the 73,000 people residing in 13 watersheds; and watershed development and agricultural productivity in general (supported by 5-6 other donor agencies).
- d. The problems addressed by this project are the lack of key institutional and methodological linkages between employment generation-driven site improvement activities and maximizing efficiencies and the productivity of improved sites through research. This would include examining alternative production systems on erodable slopes (corn/bean rainfed areas), grass/shrub/tree plantings for forage, firewood and tree crops; design and location of physical structures, soil and water conservation effects and best use of improved sites. Research would focus on economic, social and environmental factors bearing on sustainable agricultural productivity, maintenance of conservation measures (largely structures) and local organization alternatives to support this effort.

e. The means proposed to address this problem is support for continuing activities of the Directorate General for Soil and Water Conservation (DG-CSFER) and a negotiated "research contract" with the National Agriculture Research Institute (INIA) to apply research to these activities. Specifically, the project would provide:

1. limited technical assistance, commodities and training (short-term) for the DG-CSFER
2. similar resources and operating support to INIA to develop its capacity and to carry out an agreed research program
3. non-project local currency support from PL-480/Section 416 (b) food and commodities aid.

Evaluations of the predecessor projects (Food Crop Research and Watershed Development) indicate that while generally successful, there has been inadequate coordination and linkage between long-term, ongoing field operations and research. The research program has been considered too diffuse and the field operations uninformed by systematic examination of current and past (over 100 years) experience in soil and water conservation. By explicitly linking the two activities, this project can further address these problems.

- f. The project is consistent with evolving USAID strategy for Cape Verde, builds on and assures better integration of productive past investment in natural resource management and agricultural research, and is responsive to Agency Policy in these areas. It will foster increased local participation in developing and maintaining conservation works, a base for future involvement in improving production and marketing.
- g. The design schedule assumes a PID o/a October 1989 and PP by January 1990 for an FY90 obligation. Mission requests field approval authority subject to terms of DOA 551 and availability of REDSO/WCA support.

Organization: USAID/Cape Verde
 Budget Plan Code: COEA-87-21655-U000

TABLE VIII - 1987 ACTUAL
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJ. CODE</u>	<u>DOLLARS</u>	<u>UNIT</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>		<u>214.4</u>	
U.S. FULL TIME BASIC PAY	U101	11000	131.1	1.5
U.S. PART TIME BASIC PAY	U102	11200	14.4	1.0
DIFFERENTIAL PAY	U103	11600	26.2	
OTHR AID/W FUNDED CODE 11	U104	11900	2.0	
OTHR MISSION FUNDED CODE 11	U105	11901	-	
EDUCATION ALLOWANCES	U106	12600	-	
RETIREMENT	U107	12000	10.9	
COST OF LIVING ALLOWANCES	U108	12800	-	
OTHER AID/W FUNDED CODE 12	U109	12900	3.2	
OTHER MISSION FUNDED CODE 12	U110	12901	-	
POST ASSIGNMENT TRAVEL	U111	21201	5.0	1.0
POST ASSIGNMENT FREIGHT	U112	22001	20.0	1.0
HOME LEAVE TRAVEL	U113	21202	-	
HOME LEAVE FREIGHT	U114	22002	-	
EDUCATION TRAVEL	U115	21501	-	
R & R TRAVEL	U116	21502	1.0	1.0
OTHER CODE 215 TRAVEL	U117	21503	0.6	1.0
<u>FSN DIRECT SERVICES</u>	<u>U200</u>		<u>14.7</u>	
F.N. BASIC PAY	U201	11400	8.7	1.0
OVERTIME HOLIDAY PAY	U202	11500	0.9	
ALL OTHER CODE 11 - F.N.	U203	11902	0.5	
ALL OTHER CODE 12 - F.N.	U204	12902	4.6	
BENEFITS - FORMER F.N. PERS.	U205	13000	-	
<u>CONTRACT PERSONNEL</u>	<u>U300</u>		<u>16.4</u>	
PASA TECHNICIANS	U301	11400	-	
U.S. PSC SALARIES/BENEFITS	U302	11301	3.0	0.3
ALL OTHER U.S. PSC COSTS	U303	25500	-	
F.N. PSC SALARIES/BENEFITS	U304	11302	11.0	5.8
ALL OTHER F.N. PSC COSTS	U305	25501	-	
MANPOWER CONTRACTS	U306	25909	-	
MANPOWER CONTRACTS	U306	25909	2.4	

Organization: USAID/Cape Verde
 Budget Plan Code: COEA-87-21655-U000

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Table VIII
 Continued
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJ. CODE</u>	<u>DOLLARS</u>	<u>UNIT</u>
<u>HOUSING</u>	<u>U400</u>		<u>79.2</u>	
RESIDENTIAL RENT	U401	23501	8.7	2.0
RESIDENTIAL UTILITIES	U402	23502	19.2	2.0
MAINTENANCE & RENOVATION	U403	25901	2.0	2.0
QUARTERS ALLOWANCES	U404	12700	-	
RESIDENTIAL FURNITURE/EQUIP	U405	31100	35.9	
TRANS/FREIGHT - CODE 31100	U406	22003	12.8	
SECURITY GUARD SERVICES	U407	25902	-	
OFFICIAL RESIDENCE ALLOWANCE	U408	25400	-	
REPRESENTATION ALLOWANCE	U409	25200	0.6	
<u>OFFICE OPERATIONS</u>	<u>U500</u>		<u>146.4</u>	
OFFICE RENT	U501	23401	15.0	3.0
OFFICE UTILITIES	U502	23402	3.6	3.0
BUILDING MAINT/RENOVATION	U503	25903	3.3	
OFFICE FURNITURE/EQUIPMENT	U504	31000	11.2	
VEHICLES	U505	31200	11.0	
OTHER EQUIPMENT	U506	31900	1.9	
TRANSPORTATION/FREIGHT	U507	22004	8.6	
FURN/EQUIP/VEHIC REP/MAINT	U508	25910	7.6	
COMMUNICATIONS	U509	23000	5.3	
SECURITY GUARD SERVICES	U510	25904	-	
PRINTING	U511	24000	-	
SITE VISITS-RIG PERSL	U512	21006	-	
SITE VISITS MISSION PERSONL	U513	21002	0.5	4.0
SITE VISITS AID/W PERSONL	U514	21007	5.0	1.0
INFORMATION MEETINGS	U515	21003	4.1	1.0
TRAINING ATTENDANCE	U516	21004	11.1	5.0
CONFERENCE ATTENDANCE	U517	21005	4.0	2.0
OTHER PERSONL TRAVEL	U518	21001	-	
SUPPLIES AND MATERIALS	U519	26000	18.0	
F A A S	U520	25700	33.7	
CONSULTING SRVCS CONTRCTS	U521	25906	-	
MGT/PROFES/SRVCS CONTRCTS	U522	25907	-	
SPEC STUD/ANALYSIS CONTR	U523	25908	-	
ALL OTHER CODE 25	U524	25905	2.5	
TOTAL OPERATING EXPENSE BUDGET			471.1	
636(c) Requirements	U601		-	
TOTAL ALLOWANCE REQUIREMENTS	U000		249.6	
Exchange Rate Used in Calculations			69.00	
Estimated Inflation Rate			5%	
U.S. Direct Hire workforce levels		Positions	2	
		Workyears	2.0	

Organization: USAID/Cape Verde
Budget Plan Code: COEA-88-21655-U000

TABLE VIII - 1988 ESTIMATE
((\$000))

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJ. CODE</u>	<u>DOLLARS</u>	<u>UNIT</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>		<u>123.5</u>	
U.S. FULL TIME BASIC PAY	U101	11000	71.1	1.0
U.S. PART TIME BASIC PAY	U102	11200	15.2	1.0
DIFFERENTIAL PAY	U103	11600	14.2	
OTHR AID/W FUNDED CODE 11	U104	11900	1.0	
OTHR MISSION FUNDED CODE 11	U105	11901	-	
EDUCATION ALLOWANCES	U106	12600	-	
RETIREMENT	U107	12000	5.7	
COST OF LIVING ALLOWANCES	U108	12800	-	
OTHER AID/W FUNDED CODE 12	U109	12900	3.1	
OTHER MISSION FUNDED CODE 12	U110	12901	-	
POST ASSIGNMENT TRAVEL	U111	21201	-	
POST ASSIGNMENT FREIGHT	U112	22001	-	
HOME LEAVE TRAVEL	U113	21202	4.7	1.0
HOME LEAVE FREIGHT	U114	22002	6.0	1.0
EDUCATION TRAVEL	U115	21501	-	
R & R TRAVEL	U116	21502	-	
OTHER CODE 215 TRAVEL	U117	21503	3.5	1.0
<u>FSN DIRECT SERVICES</u>	<u>U200</u>		<u>12.4</u>	
F.N. BASIC PAY	U201	11400	8.9	1.0
OVERTIME HOLIDAY PAY	U202	11500	0.9	
ALL OTHER CODE 11 - F.N.	U203	11902	1.4	
ALL OTHER CODE 12 - F.N.	U204	12902	1.2	
BENEFITS - FORMER F.N. PERS.	U205	13000	-	
<u>CONTRACT PERSONNEL</u>	<u>U300</u>		<u>46.3</u>	
PASA TECHNICIANS	U301	11400	-	
U.S. PSC SALARIES/BENEFITS	U302	11301	-	
ALL OTHER U.S. PSC COSTS	U303	25500	-	
F.N. PSC SALARIES/BENEFITS	U304	11302	46.3	5.8
ALL OTHER F.N. PSC COSTS	U305	25501	-	
MANPOWER CONTRACTS	U306	25909	-	
MANPOWER CONTRACTS	U306	25909	-	

Table VIII
Continued
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJ. CODE</u>	<u>DOLLARS</u>	<u>UNIT</u>
<u>HOUSING</u>	<u>U400</u>		<u>45.7</u>	
RESIDENTIAL RENT	U401	23501	20.6	2.0
RESIDENTIAL UTILITIES	U402	23502	16.2	2.0
MAINTENANCE & RENOVATION	U403	25901	3.3	2.0
QUARTERS ALLOWANCES	U404	12700	-	
RESIDENTIAL FURNITURE/EQUIP	U405	31100	4.7	
TRANS/FREIGHT - CODE 31100	U406	22003	0.9	
SECURITY GUARD SERVICES	U407	25902	-	
OFFICIAL RESIDENCE ALLOWANCE	U408	25400	-	
REPRESENTATION ALLOWANCE	U409	25200	0.6	
<u>OFFICE OPERATIONS</u>	<u>U500</u>		<u>166.6</u>	
OFFICE RENT	U501	23401	20.2	3.0
OFFICE UTILITIES	U502	23402	4.6	3.0
BUILDING MAINT/RENOVATION	U503	25903	2.6	
OFFICE FURNITURE/EQUIPMENT	U504	31000	7.2	
VEHICLES	U505	31200	-	
OTHER EQUIPMENT	U506	31900	8.4	
TRANSPORTATION/FREIGHT	U507	22004	1.8	
FURN/EQUIP/VEHIC REP/MAINT	U508	25910	10.8	
COMMUNICATIONS	U509	23000	17.8	
SECURITY GUARD SERVICES	U510	25904	-	
PRINTING	U511	24000	1.0	
SITE VISITS-RIG PERSL	U512	21006	-	
SITE VISITS MISSION PERSNL	U513	21002	1.8	9.0
SITE VISITS AID/W PERSNL	U514	21007	23.0	6.0
INFORMATION MEETINGS	U515	21003	4.0	1.0
TRAINING ATTENDANCE	U516	21004	6.4	3.0
CONFERENCE ATTENDANCE	U517	21005	4.0	2.0
OTHER PERSNL TRAVEL	U518	21001	4.0	2.0
SUPPLIES AND MATERIALS	U519	26000	19.2	
F A A S	U520	25700	25.8	
CONSULTING SRVCS CONTRCTS	U521	25906	-	
MGT/PROFES/SRVCS CONTRCTS	U522	25907	-	
SPEC STUD/ANALYSIS CONTR	523	25908	-	
ALL OTHER CODE 25	U524	25905	4.6	
TOTAL OPERATING EXPENSE BUDGET			395.1	
RECONCILIATION			135.1	
OPERATING EXPENSE REQUIREMENTS			260.0	
636(c) Requirements			-	
TOTAL ALLOWANCE REQUIREMENTS			260.0	
Exchange Rate Used in Calculations			69.0	
Estimated Inflation Rate			7%	
U.S. Direct Hire workforce levels		Positions	2	
		Workyears	2.0	

Organization: USAID/Cape Verde
 Budget Plan Code: COEA-89-21655-U000

TABLE VIII - 1989 REQUEST
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJ. CODE</u>	<u>DOLLARS</u>	<u>UNIT</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>		<u>228.4</u>	
U.S. FULL TIME BASIC PAY	U101	11000	145.6	2.0
U.S. PART TIME BASIC PAY	U102	11200	15.6	2.0
DIFFERENTIAL PAY	U103	11600	29.1	
OTHR AID/W FUNDED CODE 11	U104	11900	1.0	
OTHR MISSION FUNDED CODE 11	U105	11901	-	
EDUCATION ALLOWANCES	U106	12600	-	
RETIREMENT	U107	12000	11.6	
COST OF LIVING ALLOWANCES	U108	12800	-	
OTHER AID/W FUNDED CODE 12	U109	12900	3.1	
OTHER MISSION FUNDED CODE 12	U110	12901	-	
POST ASSIGNMENT TRAVEL	U111	21201	2.0	1.0
POST ASSIGNMENT FREIGHT	U112	22001	16.0	1.0
HOME LEAVE TRAVEL	U113	21202	3.0	1.0
HOME LEAVE FREIGHT	U114	22002	4.0	1.0
EDUCATION TRAVEL	U115	21501	-	
R & R TRAVEL	U116	21502	-	
OTHER CODE 215 TRAVEL	U117	21503	2.0	1.0
<u>FSN DIRECT SERVICES</u>	<u>U200</u>		<u>16.0</u>	
F.N. BASIC PAY	U201	11400	9.2	1.0
OVERTIME HOLIDAY PAY	U202	11500	0.8	
ALL OTHER CODE 11 - F.N.	U203	11902	1.4	
ALL OTHER CODE 12 - F.N.	U204	12902	4.6	
BENEFITS - FORMER F.N. PERS.	U205	13000	-	
<u>CONTRACT PERSONNEL</u>	<u>U300</u>		<u>62.2</u>	
PASA TECHNICIANS	U301	11400	-	
U.S. PSC SALARIES/BENEFITS	U302	11301	20.0	1.0
ALL OTHER U.S. PSC COSTS	U303	25500	6.0	
F.N. PSC SALARIES/BENEFITS	U304	11302	36.2	5.0
ALL OTHER F.N. PSC COSTS	U305	25501	-	
MANPOWER CONTRACTS	U306	25909	-	

Organization: USAID/Cape Verde
 Budget Plan Code: COEA-89-21655-U000

Table VIII
 Continued
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJ. CODE</u>	<u>DOLLARS</u>	<u>UNIT</u>
<u>HOUSING</u>	<u>U400</u>		<u>41.0</u>	
RESIDENTIAL RENT	U401	23501	21.2	2.0
RESIDENTIAL UTILITIES	U402	23502	17.3	2.0
MAINTENANCE & RENOVATION	U403	25901	2.0	2.0
QUARTERS ALLOWANCES	U404	12700	-	
RESIDENTIAL FURNITURE/EQUIP	U405	31100	-	
TRANS/FREIGHT - CODE 31100	U406	22003	-	
SECURITY GUARD SERVICES	U407	25902	-	
OFFICIAL RESIDENCE ALLOWANCE	U408	25400	-	
REPRESENTATION ALLOWANCE	U409	25200	0.5	
<u>OFFICE OPERATIONS</u>	<u>U500</u>		<u>124.2</u>	
OFFICE RENT	U501	23401	21.6	3.0
OFFICE UTILITIES	U502	23402	5.1	3.0
BUILDING MAINT/RENOVATION	U503	25903	1.0	
OFFICE FURNITURE/EQUIPMENT	U504	31000	-	
VEHICLES	U505	31200	-	
OTHER EQUIPMENT	U506	31900	-	
TRANSPORTATION/FREIGHT	U507	22004	-	
FURN/EQUIP/VEHIC REP/MAINT	U508	25910	11.2	
COMMUNICATIONS	U509	23000	18.2	
SECURITY GUARD SERVICES	U510	25904	-	
PRINTING	U511	24000	0.6	
SITE VISITS-RIG PERSL	U512	21006	-	
SITE VISITS MISSION PERSNL	U513	21002	2.2	9.0
SITE VISITS AID/W PERSNL	U514	21007	4.0	1.0
INFORMATION MEETINGS	U515	21003	2.0	2.0
TRAINING ATTENDANCE	U516	21004	4.5	2.0
CONFERENCE ATTENDANCE	U517	21005	4.0	2.0
OTHER PERSNL TRAVEL	U518	21001	2.0	1.0
SUPPLIES AND MATERIALS	U519	26000	18.1	
F A A S	U520	25700	25.8	
CONSULTING SRVCS CONTRCTS	U521	25906	-	
MGT/PROFES/SRVCS CONTRCTS	U522	25907	-	
SPEC STUD/ANALYSIS CONTR	523	25908	-	
ALL OTHER CODE 25	U524	25905	4.0	
TOTAL OPERATING EXPENSE BUDGET			471.8	
Reconciliation			231.8	
Operating Budget Requirements			240.0	
636(c) Requirements	U601		-	
TOTAL ALLOWANCE REQUIREMENT	U000		240.0	
Exchange Rate Used (Average rate for FY 86/87)			69.00	
Estimated Inflation Rate:			4.2%	

Organization: USAID/Cape Verde
 Budget Plan Code: COEA-90-21655-U000

TABLE VIII - 1990 REQUEST
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJ. CODE</u>	<u>DOLLARS</u>	<u>UNIT</u>
<u>U.S. DIRECT HIRE</u>	<u>U100</u>		<u>235.7</u>	
U.S. FULL TIME BASIC PAY	U101	11000	145.6	2.0
U.S. PART TIME BASIC PAY	U102	11200	15.9	2.0
DIFFERENTIAL PAY	U103	11600	29.1	
OTHR AID/W FUNDED CODE 11	U104	11900	1.0	
OTHR MISSION FUNDED CODE 11	U105	11901	-	
EDUCATION ALLOWANCES	U106	12600	-	
RETIREMENT	U107	12000	11.6	
COST OF LIVING ALLOWANCES	U108	12800	-	
OTHER AID/W FUNDED CODE 12	U109	12900	3.5	
OTHER MISSION FUNDED CODE 12	U110	12901	-	
POST ASSIGNMENT TRAVEL	U111	21201	4.0	2.0
POST ASSIGNMENT FREIGHT	U112	22001	23.0	2.0
HOME LEAVE TRAVEL	U113	21202	-	
HOME LEAVE FREIGHT	U114	22002	-	
EDUCATION TRAVEL	U115	21501	-	
R & R TRAVEL	U116	21502	-	
OTHER CODE 215 TRAVEL	U117	21503	2.0	1.0
<u>FSN DIRECT SERVICES</u>	<u>U200</u>		<u>16.8</u>	
F.N. BASIC PAY	U201	11400	9.5	1.0
OVERTIME HOLIDAY PAY	U202	11500	0.9	
ALL OTHER CODE 11 - F.N.	U203	11902	1.5	
ALL OTHER CODE 12 - F.N.	U204	12902	4.9	
BENEFITS - FORMER F.N. PERS.	U205	13000	-	
<u>CONTRACT PERSONNEL</u>	<u>U300</u>		<u>63.3</u>	
PASA TECHNICIANS	U301	11400	-	
U.S. PSC SALARIES/BENEFITS	U302	11301	20.0	1.0
ALL OTHER U.S. PSC COSTS	U303	25500	6.0	
F.N. PSC SALARIES/BENEFITS	U304	11302	37.3	5.0
ALL OTHER F.N. PSC COSTS	U305	25501	-	
MANPOWER CONTRACTS	U306	25909	-	

Organization: USAID/Cape Verde
 Budget Plan Code: COEA-90-21655-U000

Table VIII
Continued
 (\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNC. CODE</u>	<u>OBJ. CODE</u>	<u>DOLLARS</u>	<u>UNIT</u>
<u>HOUSING</u>	<u>U400</u>		<u>41.8</u>	
RESIDENTIAL RENT	U401	23501	21.9	2.0
RESIDENTIAL UTILITIES	U402	23502	17.4	2.0
MAINTENANCE & RENOVATION	U403	25901	2.0	2.0
QUARTERS ALLOWANCES	U404	12700	-	
RESIDENTIAL FURNITURE/EQUIP	U405	31100	-	
TRANS/FREIGHT - CODE 31100	U406	22003	-	
SECURITY GUARD SERVICES	U407	25902	-	
OFFICIAL RESIDENCE ALLOWANCE	U408	25400	-	
REPRESENTATION ALLOWANCE	U409	25200	0.5	
<u>OFFICE OPERATIONS</u>	<u>U500</u>		<u>112.7</u>	
OFFICE RENT	U501	23401	23.0	3.0
OFFICE UTILITIES	U502	23402	5.3	3.0
BUILDING MAINT/RENOVATION	U503	25903	1.0	
OFFICE FURNITURE/EQUIPMENT	U504	31000	-	
VEHICLES	U505	31200	-	
OTHER EQUIPMENT	U506	31900	-	
TRANSPORTATION/FREIGHT	U507	22004	-	
FURN/EQUIP/VEHIC REP/MAINT	U508	25910	10.2	
COMMUNICATIONS	U509	23000	18.2	
SECURITY GUARD SERVICES	U510	25904	-	
PRINTING	U511	24000	-	
SITE VISITS-RIG PERSL	U512	21006	-	
SITE VISITS MISSION PERSNL	U513	21002	2.2	7.0
SITE VISITS AID/W PERSNL	U514	21007	-	
INFORMATION MEETINGS	U515	21003	4.0	1.0
TRAINING ATTENDANCE	U516	21004	3.0	2.0
CONFERENCE ATTENDANCE	U517	21005	4.0	2.0
OTHER PERSNL TRAVEL	U518	21001	3.0	2.0
SUPPLIES AND MATERIALS	U519	26000	18.0	
F A A S	U520	25700	18.8	
CONSULTING SRVCS CONTRCTS	U521	25906	-	
MGT/PROFES/SRVCS CONTRCTS	U522	25907	-	
SPEC STUD/ANALYSIS CONTR	523	25908	-	
ALL OTHER CODE 25	U524	25905	2.0	
TOTAL OPERATING EXPENSE BUDGET			470.3	
AID/W RECONCILIATION			225.5	
OPERATING EXPENSE REQUIREMENTS			244.8	
636(c) Requirements			-	
TOTAL ALLOWANCE REQUIREMENTS			244.8	
Exchange Rate Used in Calculations			69.0	
Estimated Inflation Rate			3%	
U.S. Direct Hire workforce levels:		Positions	2	
		Workyears	2.0	

TABLE VIII (a)

NARRATIVE

Our OE Budget (Mission-managed, excluding Code U100) is presented in tabular form below as a percentage of annual cash obligations.

FY 87	\$250,000	17.8% of DA
FY 88	\$260,000	10.6% of DA
FY 89	\$240,000	9.6% of DA
FY 90	\$244,800	8.1% of DA

The very substantial reduction from FY 88 to FY 89 in codes U200 - 500 was accomplished by reducing office operating cost by about 25% (by purchasing no replacement furnishings for the office) and shifting the funding source of contract engineering services, but it jeopardizes staff training plans which are critical to improved efficiency and morale. FY 90 shows a slight increase, perforce, but does not take into account Embassy charges for local security guards which, according to somewhat conflicting information (STATE 158111 and STATE 153558), come home to roost in FY 90. Purchase of the USAID building has been discussed for several years running including FY 87. If this were in fact done in FY 88, the FY 89 budget could be reduced further or at least limit the amount of damage.

It should be noted that because the ADO/Deputy A.I.D. Rep position has not been filled as yet during FY 88, that the U100 account is running at about \$100,000 less during FY 88 compared to both FY 87 and FY 89. However, Mission funds were used for AID/W TDY assistance in the ADO position instead of, e.g. funding employees in automation training and at the 1988 Training Officer's Workshop.

Management Improvements

During FY 88 an additional work station and software was added (largely FY 87 funding) and training has been provided for three non-USDH staff. This does not include on-the-job training performed by these persons on their return to post nor that done by REDSO and other TDYers. A beginning has been made in setting up a centralized cuff record system for projects with the improved IRM system and specialized training for the FSN PSC accountant. The interior of the A.I.D. building has been painted and slightly refurbished but the workspace problem is not yet solved. Savings are being effected by finding new, lower-cost warehousing. NXP has been greatly improved.

Organization: USAID/Cape Verde

TABLE VIII (b)
Information on U.S. PSC Costs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Project Assistant (3/1/87-6/30/87)	2,985	---	---	---
Executive Assistant/ Training, POP and WID Officer	---		26,000 (10/1-9/30,'89)	26,000

Organization: USAID/Cape Verde

TABLE VIII (b)
Information on F.N. PSC Costs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Engineering Assistance	3,700	18,906	---	---
Clerk/Typist	2,605	9,189	11,230	11,580
Accounting & System Manager Assistant	2,195	7,442	11,732	12,098
Warehouseman/GSO	1,098	3,728	4,489	4,629
Cleaning	823	2,640	3,273	3,375
Accounting Assistant	---	4,409	5,510	5,682

Notes: In FY 87 all PSC(s) were prior FY 86 almost total funded.

Organization: USAID/Cape Verde

TABLE VIII (c)
Manpower Contract Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Translating/Typing	362	---	680	700

Organization: USAID/Cape Verde

TABLE VIII (d)
All Other Code 25 Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Not available				

Organization: USAID/Cape Verde

TABLE VIII(e)
Obligations for Acquisition, Operation
and Use of Information technology Systems

<u>Item and Explanation</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
1. <u>Capital Investment:</u>				
A. Purchase of Hardware	5,496	5,696		
- PC 280-3, WANG Co.	4,780	4,900		
- Printer, PC-PM015, WANG	716			
- Printer, DM 50/330, WANG		796		
B. Purchase of Software	951	520	800.0	500
- W-Link & DBase III Plus Wang, Co.	701			
- Lotus 1-2-3, V. 2.01 Gov. Tech. Services	250			
- Wang Word Processing, Wang, Co.		270		
- Lotus 1-2-3 IBM Version		250		
- Others			800	500
C. Site Facility				
SUBTOTAL Section 1	6,447	6,492	800	500
<hr/>				
2. <u>Personnel:</u>				
A. Compensation, Benefits and Travel			5,490	5,202
B. Workyears			0.5	0.5
<hr/>				
3. <u>Equipment Rental, Space and Other Operating Costs:</u>				
A. Lease of Equipment				
B. Space				
C. Supplies and Materials	670	800	500	520
D. Non-Commercial Training	678	0	2,800	0
SUBTOTAL Section 3	1,348	800	3,300	520

Organization: USAID/Cape Verde

TABLE VIII(e)
(Continued)

<u>Item and Explanation</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
4. <u>Commercial Services:</u>				
A. Computer Time				
B. Leased Telecommunications Services				
C. Operation and Maintenance				
(1) Operations				
(2) Maintenance				
Other than WANG				
WANG (local funding)	1,860	2,750	2,750	2,750
WANG (AID/W funding)				
D. Systems Analysis and Programming				
E. Systems Design and Engineering				
F. Studies and Other				
SUBTOTAL Section 4	1,860	2,750	2,750	2,750
5. TOTAL DOLLARS	9,655	9,766	11,895	8,972
TOTAL WORKYEARS (from item 2A)	-	-	0.5	0.5
6. <u>Mission Allowance Levels:</u>				
A. Existing Systems				
B. New/Expanded Systems				

~~ANNEX I~~
TABLE VIII[g]

FY 1990 ANNUAL BUDGET SUBMISSION
Information on U.S. Direct Hire Staffing

Posno./ SACode*	Position Title	Program Management Responsibility	FY 1988	FY 1989	FY 1990
216550006	AID Rep.	Overall	1.0	1.0	1.0
216550030 (C)	ADO (Vacant)	FCRP (655-0011) WDP (655-0013) Exp Dev. Svces (655-0014) WARP (655-0017) PL 480			
Total Positions			<u>1</u>	<u>2</u>	<u>2</u>
Total Workyears			<u>1.0</u>	<u>2.0</u>	<u>2.0</u>

* SACode - Special Activity Codes:

- | | |
|------------------------------------|----------------------------------|
| (a) Disaster Relief Officer | (f) PVO Officer |
| (b) EEO Officer | (g) Private Enterprise Officer |
| (c) Emergency Preparedness Officer | (h) Security Officer |
| (d) Energy Officer | (i) Women-in-Development Officer |
| (e) Environmental Officer | (j) Other [Specify]: |

NOTE: Direct Hire workyear totals shown in TABLE VIII[g] must agree with Function Code 101 Unit TABLE VIII including IDIs workyears covered under Table VIII[h].

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ANNEX I
TABLE VIII[h]

FY 1990 ANNUAL BUDGET SUBMISSION
Information on JDI Staffing

BS Code	Title	FY 1988	FY 1989	FY 1990
	Not available			
	Total Positions	0	0	0
	Total Workyears	0.0	0.0	0.0

NOTE: IDI workyear totals shown in TABLE VIII[h] are to be included in Function Code 101 Unit Table VIII.

ANNEX I
TABLE VIII(i)

FY 1990 ANNUAL BUDGET SUBMISSION
Information on Foreign Service & Third Country National
Direct Hire Staffing

Category Descriptive Job Title	Funding	FY 1988	FY 1989	FY 1990
Driver	OE	1.0	1.0	1.0

Total Positions	OE	1	1	1
Total Workyears	OE	1.0	1.0	1.0
Total Positions FY 87 Only	LSC		0	0
Total Workyears FY 87 Only	LSC		0.0	0.0

NOTE: Foreign National, including TCNs, direct hire OE funded workyear totals shown in TABLE VIII(i) must agree with Function Code 201 Units on Table VIII.

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ANNEX I

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE VIII[j] - Information on Part-Time
Direct Hire Staffing

US/ FSN/TCN	Descriptive Job Title	Funding	FY 1988	FY 1989	FY 1990
US/PT	Executive Assistant/Training	OE	-	-	-
	POP and WID Officer	OE	.9		
US/PT	Program Assistant	OE	-	.9	.9
US/PT	Admin Assistant	OE	-	.9	.9
Total Positions		OE	<u>1</u>	<u>2</u>	<u>2</u>
Total Workyears		OE	<u>0.9</u>	<u>1.8</u>	<u>1.8</u>
Total Positions		PRG	-	-	-
Total Workyears		PRG	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

NOTE: U.S. and Foreign National, including TCNs, direct hire workyear totals shown in TABLE VIII[g] must agree with workyear levels authorized by the Africa Bureau for Part-time.

ANNEX-1
Table VIII[k]

FY 1990 ANNUAL BUDGET SUBMISSION
Information on U.S., Foreign & Third Country National
Contract Staffing

Category	Descriptive Job Title	Funding	FY 1988	FY 1989	FY 1990
U.S. PSC	Project Manager Assist	PRG	1.0	1.0	1.0
TCNPSC	Engineer	OE	0.8	-	-
TCNPSC	Enginner	PRG	-	0.8	0.8

Total Positions	OE	<u>1</u>	<u>0</u>	<u>0</u>
Total Workyears	OE	<u>0.8</u>	<u>0.0</u>	<u>0.0</u>
Total Positions	PRG	<u>1</u>	<u>2</u>	<u>2</u>
Total Workyears	PRG	<u>1.0</u>	<u>1.8</u>	<u>1.8</u>

NOTE: Foreign National, including TCNs, Personal Service Contract OE funded workyear totals shown in Table VIII[k] must agree with Function Code 304 Units on Table VIII.

FY 1990 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Cape Verde

Sponsor's Name Government of Cape Verde

A. Maternal and Child Health. Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total MCH</u>		_____	_____

B. School Feeding. N/A Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total School Feeding</u>		_____	_____

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

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Other Child Feeding</u>		_____	_____

D. Food for Work N/A Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Food for Work</u>		_____	_____

E. Other (Specify) Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
<u>National Dev. Fund</u>	<u>Corn</u>	<u>20,000</u>	<u>3,600</u>
_____	_____	_____	_____
<u>Total Other</u>		_____	_____

II. Sponsor's Name Government of Cape Verde

Privatization Plan:

The Mission is proposing a FY89 start Export Development Services Project (655-0014), to enhance investment decision-making in foreign exchange earning enterprises. This will be accomplished by providing technical assistance in studies and assessments and a small fund for networking with markets and investors and for small pilot operations. On-the-job training will be provided as well as support from separate, regional training projects to develop a Cape Verdean capacity in this field for the private sector and public organizations managing the process. A May 1988 Export Development/Private Sector Assessment has been completed which indicates possibilities for privatization in state-dominated industrial fishing (partial to full privatization) and fisheries export marketing (from state-owned to mixed enterprise). It is still a sensitive issue and premature at this point to predict when Export Development Services Project resources will be engaged in this process although partial privatization (e.g. from 90% to 24% state ownership in a clothing factory) is occurring in certain industries. It is anticipated that studies and the development of options will begin in FY90.

FY 1990 Annual Budget Submission
Table to Annex L
Micro, Small, and Small Farm Enterprises

ESF and DA
Dollar Commitments for Micro
And Small Enterprise Programs
(U.S. Dollars Thousands)

	FY 88 Est.	FY 89 Proposed	FY 90 AAPL
I. ESF Dollar Commitments	--	--	--
A. For Micro Enterprise			
1. For Credit			
2. For TA/Training			
B. For Small Enterprise			
1. For Credit			
2. For TA/Training			
C. For Small Farmer			
1. For Credit			
2. For TA/Training			
II. DA Dollar Commitments	--	300 <u>a/</u>	100 <u>a/</u>
A. For Micro Enterprise			
1. For Credit			
2. For TA/Training			
B. For Small Enterprise		300	100
1. For Credit	--	--	--
2. For TA/Training	--	300	100
C. For Small Farmer			
1. For Credit			
2. For TA/Training			

a/ DFA funding for this activity is carried under an FY89 new start, Export Development Services Project (655-0014) for budgeting purposes although it may be implemented as a separate PVO activity (grant, cooperative agreement, etc.)

**The Expenditure of Non-Project Assistance
Local Currency Generations for Micro and Small Enterprise
Programs
(In Thousands of U.S. Dollars Equivalents)**

	FY 88 Est.	FY 89 Proposed	FY 90 AAPL
I. From ESP Generations	-----	0	-----
A. For Micro Enterprises			
1. For Credit			
2. For TA/Training			
B. For Small Enterprise			
1. For Credit			
2. For TA/Training			
C. For Small Farmer			
1. For Credit			
2. For TA/Training			
II. From DA Generations (If Any)	-----	0	-----
A. For Micro Enterprises			
1. For Credit			
2. For TA/Training			
B. For Small Enterprises			
1. For Credit			
2. For TA/Training			
C. For Small Farmer			
1. For Credit			
2. For TA/Training			
III. From P.L. 480 Generations	-----	0	-----
A. For Micro Enterprise			
1. For Credit			
2. For TA/Training			
B. For Small Enterprises			200 ^{b/}
1. For Credit	--	--	200
2. For TA/Training	--	--	--
C. For Small Farmer			
1. For Credit			
2. For TA/Training			

b/ Assumes, preferably, an increase in grant food and commodities aid, beginning in FY89. If overall value not increased, it will be dependent on reallocation of current (15,000MT/yr corn corn equivalent) PL480 local currency generations.