

USAID/CAPE VERDE

Results Review and
Resource Request (R4)

March 2000

Please Note:

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The R4 is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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CAPE VERDE

A. Contribution to Food Security

The Food for Peace (FFP) Program being implemented by ACDI/VOCA in Cape Verde is on-track, continuing to strengthen food security of the country's rural and urban populations.

Given Cape Verde's climate and terrain, it is structurally food deficit. In FY 1999, USAID delivered 20,590 MT of grain (total value US \$3,256,966). This constituted 13 percent of Cape Verde's annual cereal requirement, and 28 percent of overall food aid received. During FY 1999, corn, the food of choice for the rural poor, remained the primary commodity sold in Cape Verde. Wheat supplemented corn during the year.

Cape Verde's strategy to achieve food security is based on: (1) increasing vegetable and fruit production through improved management of scarce land and water; and (2) increasing export earnings through tourism, light manufacturing and fishing, in order to be able to purchase food commercially. The food aid program contributes at the macro level to lessening the structural food deficit and reducing the balance of payments deficit. At the micro level, the program helps poor families who on average spend 60 percent or more of their income on food.

The rural poor benefit from the program through the development of associations that execute contracts to carry out soil and water conservation (SWC) works, employing over 3,000 workers per year. In the long-term, the SWC works carried out by associations contribute to improved agricultural yields and allow rural stakeholders to have a voice in their own development. In the short-term, rural residents earn income to buy commodities distributed through commercial networks. The rural poor also benefit from the introduction of drip irrigation and the availability of credit for new technology. The rural and urban poor benefit from the micro enterprise and small business lending programs.

In 1999, rural households, with members supported by the SWC, increased their average incomes by 71% from the baseline value. Female-headed households increased theirs by 90 percent.

B. Effectiveness of the Program in Achieving Results¹

1. Program Objective # 1: Support to soil and water conservation activities through farmer associations. The association movement in Cape Verde continues to grow. The number of associations increased from 18 to 37 between FY 1997 and FY 1999. In addition, seven prospective associations carried out contracts in FY 1999. Therefore, a total of 44 community organizations (associations and prospective associations) were supported with Title II funds during FY 1999. These associations are developing into bona fide businesses with proven technical capabilities and strong internal control and accounting capabilities. Most targets were surpassed in terms of number of conservation works constructed and trees planted as well as the impact of these works. In 1999, 234 check dams were constructed (60% of target), 133 km of contour rock wall terraces (113%), 75 km of live vegetative barriers (188%), and 230,930 trees planted (231%). The impact in terms of recovered topsoil and reclaimed surface area were over double that of the 1999 targets.

¹ For detailed information on this section, please refer to the FY 1999 Results Report submitted by ACDI/VOCA.

Preliminary results indicate that all associations showed a profit in 1999. Many of the associations are investing in other income generating and social activities, such as the capitalization of ASDIS, a rural credit association, as well as poultry production facilities, community stores, kindergartens, and adult education programs.

2. Program Objective # 2: Introduce new technologies which conserve water and raise yields. ACDI/VOCA continued programs to introduce agricultural technology during the year, including the development of a credit program for farmers that will allow them to install drip irrigation systems. For FY 1999, 3.6 hectares of irrigation equipment were installed compared with a planned level of 15 hectare. The number of systems installed, 91, more than tripled the target for FY99. Therefore, the program is increasingly reaching smaller farmers. During FY99 the private local dealers had greater access to foreign exchange, allowing them to sell more drip irrigation systems in response to the growing demand. In order to promote the application of drip irrigation technology in rural areas, ACDI/VOCA provides technical assistance to a rural credit association to establish operations. The capital for this association, ASDIS, was provided by 16 of the rural associations organized under Objective # 1 above. The purpose of ASDIS is to provide micro-loans to farmers for the purpose of installing drip irrigation systems and to local vendors of vegetables and other locally grown products. ASDIS began disbursing loans in July 1999. In mid FY 1999, ACDI/VOCA initiated a program through a local commercial bank that provided credit to ten farmers and two importers of drip irrigation equipment by FY 98. The groundwork laid in previous years began to bear significant fruit during FY 1999 and is expected to increase in future years.

3. Program Objective # 3: Micro enterprise training and lending program, small business lending program, and other business promotion activities: The micro-enterprise and small business lending activities continue to perform very well. 3,085 micro loans were disbursed against 500 planned and 223 small business loans disbursed against 200 planned. The Micro Enterprise Training and Lending Program (METLP) achieved a significant profit during FY 1999, more than one full year ahead of plan. The higher number of micro loans disbursed relates to strong loan officer performance and conservative projections in the indicator tables. The earlier profitability of the program relates to higher than planned levels of revenue from interest and loan fees which relates to the higher rates of lending. Measured impact on borrowers shows improvements in profitability above the level predicted in the Monitoring and Evaluation Plan.