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**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



**CAPE VERDE**

**COUNTRY DEVELOPMENT  
STRATEGY STATEMENT**

**FY 83**

**Small Program Statement**

BEST AVAILABLE

**February 1981**

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
WASHINGTON, D.C. 20523

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**FEB 4 1981**

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CAPE VERDE

FY83 COUNTRY DEVELOPMENT STRATEGY STATEMENT  
SMALL PROGRAM STATEMENT

I. PART ONE - SUMMARY

Although the Government of Cape Verde has not yet completed its development plans (the development plan is now scheduled to be completed at the end of 1981), the assumptions on which A.I.D. originally formulated its program objectives remain valid. The assumptions are:

- (1) That the GOVC's development plan will establish as their highest priority the resolution of the food deficit problem during the period of the SPS.
- (2) That due to the continued drought, policy issues concerning food storage and high rates of unemployment are still pressing problems which must be addressed.
- (3) That Cape Verde is unlikely to become self-sufficient in agriculture, but that significant increases in food production are possible.
- (4) That the Government's absorptive capacity is severely strained, and its ability to fund additional recurring costs or provide local technicians to complement foreign technical assistance is limited.
- (5) That A.I.D.'s program objective and attendant strategy should be based on the condition and needs of the economy. Therefore, the strategy should be linked logically with the economy, the situation of the target group and the principal causes of their conditions of poverty.

In spite of severe budgetary constraints and a dearth of trained personnel, the GOCV has undertaken a number of development initiatives, primarily in the rural areas of the country, which illustrates its commitment to address the problems of the poor majority. In 1976/77 land reform decrees were issued which, inter alia, abolished sharecropping, established minimum area of land to be rented, and extended the length of rental contracts from one to a minimum of three years. Additional land reform legislation is being prepared and is expected to be enacted in 1981 that the GOCV believes will further improve the economic and land tenure conditions of the small farmer. Other positive actions by the GOCV that are oriented toward the development of the rural sector include: (a) encouragement and support of farmer cooperatives; (b) carrying out a large number of rural works activities, with donor assistance, to generate employment, check soil erosion, improve water supply, etc.; (c) construction of primary schools and health posts in the rural areas; and (d) initiation of population/nutrition programs. In 1980, the GOCV committed a substantial portion, approximately one-third, of its investment budget for the Ministry of Rural Development.

Based on the foregoing, the objective of A.I.D.'s strategy is to assist in providing the GOCV with the required capability to reduce its reliance on foreign aid for food donations. To this end, A.I.D. will continue its assistance to the agricultural sector to replicate successful A.I.D.-funded projects in soil

conservation and water resource development as well as support activities for the expansion of irrigated lands so as to increase food production. In addition, in order to increase the Government's exchange earnings to finance the importations of the country's food requirements, A.I.D. plans to explore the feasibility of moving into a new sector, fisheries, in FY 1983. As a corollary to A.I.D.'s strategy thrust in the agricultural and fisheries sector, a pilot energy intervention is being supported, to be followed by a national energy assessment. These initiatives in the energy sector are intended to influence the GOCV in formulating a national energy policy for Cape Verde and to lead to further expansion of A.I.D. assistance to this sector.

## II. PART TWO - AGRICULTURE

### A. INTRODUCTION

Although agriculture is Cape Verde's principal economic activity, engaging approximately 80 percent of the population, it is characterized by low productivity, poor organization, and a declining resources base. The most serious constraint to agricultural development is the Cape Verdean climate with its undependable, poorly distributed rainfall and cyclic droughts. The current drought began in 1968, since which time annual food production has covered only a small percentage of consumption needs, the countryside has been stripped of its protective vegetation resulting in increased erosion, and many former sources of irrigation water have dried up. The mountainous topography is another important

natural constraint in that it hinders transportation and communication and limits the amount of land suitable for cultivation.

Since the small farmer accounts for most of the country's food production, it is constructive to look at the constraints to agricultural development from his perspective. More than likely he does not own the land he cultivates, so his interest in long-term improvement of the land is limited. If he does own land (usually a collection of small, fragmented parcels), he generally does not have the financial or technical resources to undertake the desired improvements (e.g., construction of terraces to check erosion, groundwater exploration, improvement of existing water sources). Since there is no agricultural extension service and very limited agricultural research capability, the farmer has no access to information and advice on improved farming methods or crop varieties. The lack of an agricultural credit organization makes it difficult for him to buy production inputs (seed, fertilizer, pesticides, fuel). If he does manage to produce a marketable surplus, he will encounter problems in getting the crop to market and in selling it.

To state the major constraints from a national point of view, they are inadequate water supplies for irrigation, continuing soil erosion, the current land tenure system, lack of a functioning research/extension network, lack of an agricultural credit organization, poorly organized transportation and marketing systems, insufficient trained manpower at all levels, and an overly centralized administrative system.

B. GOCV AGRICULTURAL STRATEGY

The GOCV has placed its highest priority on development of its agricultural potential. Its overall objectives in the sector are three-fold:

(1) Increased food production leading to satisfaction of as much of the country's food needs as possible, and allowing for an increased level of exports;

(2) Stabilization of the ecosystem, which has been seriously eroded due to cyclical droughts, and

(3) Creation of the maximum numbers of jobs.

GOCV strategy for attaining these objectives is as follows:

1. Increased food production will be achieved through the development of an integrated agricultural system, based on a nucleus of irrigation production, but also including rainfed annual crops, tree crops, and livestock.

Emphasis is placed on irrigated production because it is hoped that the irrigated area will be increased from the present 2,000 hectares to 8 to 10,000 hectares by the end of the century through the exploitation of groundwater resources and the construction of dams for storage of surface runoff. 4,000 hectares of irrigated land cultivated in two rotations are considered sufficient to satisfy the vegetable, fruit, and tuber needs of Cape Verde. The rest of the anticipated production (about 50 percent of the total) will be destined for export either as fresh or processed products. The export of high value crops will provide foreign exchange for the purchase of food which cannot be produced locally (e.g., wheat, rice),

crops to be focused on for irrigated production are tubers (potatoes, sweet potatoes, and cassava), vegetables (especially tomatoes and onions), fruits (banana, pineapple, papaya, and citrus), and peanuts. Virtually all the tuber and peanut production would be consumed domestically, while fruit and vegetable production would be destined for both domestic and export markets. Although all of these crops grow well in Cape Verde, additional research on improved varieties, pest and disease control, and more efficient production practices is required.

Major modifications are foreseen in the traditional rainfed agricultural system, which consists mainly of maize and beans. Because much of the cultivation of these crops takes place on unprotected slopes, this system contributes to continuing environmental degradation. Furthermore, due to its high moisture requirements, there are serious doubts as to the suitability of maize as the country's staple crop. GOCV strategy calls for the development of comprehensive land-use plans (based on aerial photography, soil surveys, climatic maps, and other data) to rationalize land uses on a watershed-by-watershed basis. Steeper and drier areas, for example, will be reserved for permanent pasture and tree plantations, while more humid, adequately protected zones will be designated for annual crop production. Preliminary GOCV estimates envision the following land uses in rural areas:

- 40,000 hectares of cereals and beans;
- 20,000 hectares of pasture and tree crops, coffee, mango, and other fruit trees;

- 90,000 hectares of forest cover, of which 80,000 hectares will be managed for forage and fuel, and 10,000 hectares for environmental protection.

Research will be initiated on sorghum and millet as possible alternatives to maize, and the production of coffee, a potentially important export crop, will be encouraged.

In the livestock sector the GOCV envisions maintaining the cattle population at about its current level, increasing goat and sheep populations only slightly and encouraging expansion of pork and poultry production through parastatal or cooperative enterprise.

2. In the environmental area, the GOCV has undertaken a large-scale systematic struggle against erosion and desertification, to permit preservation and future development of its soil and water resources. This effort includes construction of terraces, dikes, and small catchment dams, reforestation, and land-use planning (referred to in the preceding section).

3. In order to create as many jobs as possible, and thus to provide rural dwellers with a viable alternative to emigration, mechanization of agriculture will be kept to a minimum. (In any case, mechanization of Cape Verdean agriculture with its small plots and rugged terrain would be difficult.) Small-scale food processing industries (e.g., canning of tomato products and fruit juices, coffee processing), as well as non-agricultural rural enterprises, will be encouraged.

GOCV planners recognize the ambitiousness of their strategy and the extensive measures (financial, technical, social and political) necessary for its realization. They have set their objectives in a timeframe which stretches to the end of the century. During the next five years (corresponding roughly to the SPS timeframe), the GOCV hopes to establish the necessary institutions, policies, and infrastructure that will facilitate agricultural development. Among the measures specified (many of which are already in initial implementation stages) are the establishment of an agricultural research and training institution; an extension service; and a rural credit institution; extensive manpower training both in Cape Verde and overseas; development of the Government's planning and administrative capability; undertaking the studies necessary for rational land-use planning; improvements in the internal transport system; market studies; encouragement of farmers' cooperatives; and additional land-reform legislation. Although increased food production is not the principal goal of this stage of the strategy, the completion of several projects should boost agricultural output to 20 percent of the country's needs by 1986.

The next stage of the development plan, through the year 2000, is envisioned as a period of rapid growth in the agricultural sector. By the end of the century, according to GOCV projections, the programs of harnessing water resources and reforestation will be nearly complete, and agriculture will enter a phase of slower

growth. Thereafter, most of the projected economic growth will occur in the industrial and fisheries sectors.

The GOCV agricultural strategy is in a state of continuous refinement as more data and analysis become available. With assistance from the World Food Council and the Netherlands, the GOCV has begun to develop a "food sector strategy," which will expand the traditional focus on agricultural production to include analysis of the population nutritional needs, food import requirements, and related food security issues.

C. A.I.D. AGRICULTURAL STRATEGY

A.I.D.'s goals in the agricultural sector are to help the country increase its food production, stabilize the deteriorating natural resource base, and improve income and nutritional levels of rural families, objectives which mesh closely with those of the GOCV. A.I.D.'s specific interventions are designed to set in place, in coordination with other donors, selected elements of the infrastructural and institutional framework necessary for development of a self-sustaining agriculture.

While specific targets of the GOCV strategy (e.g., the amount of land to be irrigated and the amount to be forested by the year 2,000) are optimistic, the general directions of their strategy appear sound. Irrigated agriculture must be developed because it yields the only dependable production given the vagaries of the Cape Verdean climate. Moreover, the high cost of developing irrigated perimeters demands that a significant part of the production be high-value crops destined for export.

The phased development of the Tarrafal area through the A.I.D.-financed Tarrafal Water Resources Project will significantly increase the country's irrigated area, as well as provide employment opportunities in an economically depressed region. The investigation and training stage of the project (Phase I) will be completed in early FY 82. Phase II will then involve the development of up to 300 hectares of irrigated land from groundwater sources, and the setting up of management and production units. A possible Phase III of the project could include building of dams for water storage and expansion of the irrigated area as well as the establishment of food processing enterprises.

Complementing A.I.D.'s commitment to developing water resources for irrigation, is A.I.D.'s proposal to strengthen the Ministry of Rural Development's research capabilities through the irrigated crops research project. The MRD has recently established a center for agrarian studies which will coordinate all of the country's agricultural research and eventually include a training facility for agricultural technicians. A.I.D.'s proposed project will assist the center to develop and carry out a research program addressing major problems of irrigated agriculture in Cape Verde. As currently envisioned, the project would undertake research on increasing infiltration of rainfall into groundwater reserves, improving the efficiency of current irrigation practices, and increasing productivity of selected crops. Given the long experience of U.S. universities in strengthening agricultural research institutions and in irrigated farming, this project appears to

be an especially appropriate opportunity for A.I.D. intervention. If this initial involvement with the center for agrarian studies proves successful, further opportunities for A.I.D. assistance at the center in development of the training facility should be explored.

A.I.D.'s soil conservation and environmental rehabilitation projects in Cape Verde have been highly successful and should continue to receive A.I.D. support. Besides providing employment in rural areas, the projects have increased the amount of arable land in river beds, increased water supplies for irrigation and domestic use, stabilized slopes, and planted thousands of trees. The Watershed Management Project, currently in implementation, will take the process one step further by developing land-use plans for four continuous watersheds. This will be the first area of the country for which detailed land-use plans will be developed, and it will thus serve as a model for future planning efforts. This project also includes the establishment of a pilot extension service, another important ingredient in achieving the GOCV's agricultural objectives. Continued funding for rural works/soil conservation activities through a Food for Development Program is envisioned through the end of the SPS timeframe.

Regionally funded A.I.D. activities (Sahel Manpower Development, Regional Crop Protection, Integrated Pest Management, Sahel Water Data) also focus on development of the agricultural sector, and it is anticipated that each of these projects will be extended at least through 1984/85.

Other donor involvement in agriculture includes Integrated Rural Development Project financed by the West Germans on Fogo and Brava, the Dutch on Santo Antao, the French on Sao Nicolau, and the African Development Bank in central Santiago; Swiss technical assistance in vegetable production, including development of seed potato production; FAO, EEC, and Russian assistance in hydro-geological explorations; Belgian funding for a large reforestation project; French assistance in aerial photography and soil mapping; the involvement of several donors (West German, Portuguese, Dutch and French) in the center for agrarian studies, and possible IFAD funding for a rural credit institution.

### III. PART THREE - FISHERIES

The fisheries sector offers excellent potential for development. However, the fisheries sector is characterized by low productivity, caused primarily by a low level of technology, a limited range of operations, an obsolete and/or a lack of adequate road infrastructure on the islands to allow for distribution of the catch of small-scale fishermen. As a result, fishery production has been stagnant since 1967 varying from 8,000 to 10,000 tons per year. From 1974 to 1978 the export volume of fisheries products has remained at about 1,800 tons. However, fisheries products account for one-half of domestic exports, and the sector contributes 4 percent of GDP and absorbs 2 percent of the total employment.

Fisheries is the GOCV's second highest development priority. The Government recognizes the development potential of the fishery sector as a source for foreign exchange and as a means of alleviating

the shortage of domestic food supply.

To achieve priority goals relating to employment, increase in small-producer incomes and nutrition, concentration in the fisheries sector should be on artisanal rather than on industrial fishing. It is estimated that the potential catch of artisanal fisherman could be increased from 15,000 to 30,000 tons annually. At least 75 percent of the fishermen work in this sector, and their production is for domestic consumption (over 90 percent is consumed fresh on the domestic market). The GOCV policy makes a clear distinction between the artisanal and industrial sector; the industrial sector for export, and the artisanal sector for domestic consumption, with surplus production destined for export.

An examination of other donor activities in the fisheries sector reveals a large number of scattered, uncoordinated projects in the fishery sector without any directed target or developmental objective. IBRD and FAO sources indicate that there are approximately twenty-five on-going or proposed projects, most of which are small, involving scholarships. Two large projects, exceeding one million dollars and which have been identified, are oriented to industrial fisheries. They are:

1. A \$5.4 million project to install improved harbor facilities in Tarrafal, Sao Nicolau, with financing being negotiated with the Abu-Dhabi Fund; and

2. A \$5.0 million project to construct a repair yard for large deep-sea fishing boats co-financed by the EEC and the African Development Bank.

While the GOCV has given emphasis to develop the fisheries sector, additional resources are needed, especially for the support of artisanal fishing. Small fishermen are sorely in need of more adequate boats, improved fishing techniques, better marketing systems and processing facilities. In light of the above and pending further assessment, A.I.D.'s strategy in the fishery sector may be to focus on the development of artisanal fishery. To assist the GOCV in addressing the needs of the artisanal fishermen, a project was conceptualized in conjunction with a resident FAO advisor to the GOCV department of fisheries and included in the FY 1982 ABS. However, to allow for further investigation and analysis of the fisheries sector, the project has been deferred until FY 1983. In the meantime, a feasibility study is planned for March/April, 1981 to determine what the nature of A.I.D.'s intervention in artisanal fishery may be.

#### IV. PART FOUR - ENERGY

Cape Verde's energy needs are increasing significantly as the population grows and becomes more urbanized and as the drought continues into its thirteenth year. Importation of fossil fuels represent an ever increasing imbalance to Cape Verde's already over-extended balance of payments current account. In 1974, fuel imports represented only 5 percent of imports, whereas in 1977 it increased appreciably to 9 percent in response to oil prices.

With the prolongation of the drought, firewood, which is the primary source of domestic energy in the rural areas, has been rapidly depleted. Nevertheless, a substantial portion of

Cape Verde's rural population depends on firewood, brush, and corn stalks as their primary source of domestic energy. The growing demand for domestic sources of energy, exacerbated by the drought, has resulted in the virtual denudation of the countryside and elimination of native vegetation. Hence, domestic energy supplies are scarce and costly.

The GOCV clearly recognizes that in view of its increasing energy needs and the shortage of supply, alternative sources of energy must be developed. Although the GOCV does not have a national energy policy, initial efforts have begun in this direction. In 1977 the GOCV established a department of energy under the director general of conservation and exploitation of natural resources, Ministry of Rural Development, and initiated a small program to install, test and monitor a variety of water pumping systems using wind and solar energy. Other donor assistance to this project has been provided by Church World Services (CWS), the Swiss, the Dutch, the French, UNICEF, and a French private voluntary organization, CIMADE. In 1980, A.I.D. authorized a pilot renewable energy project for \$500,000 which will equip an alternative energy research and development facility and investigate the use of renewable energy sources (primarily wind and solar) as well as prototype devices such as improved cookstoves, water pumping devices, solar stills, etc.

Although the GOCV's national development plan has not been completed, the preliminary draft of the plan on energy focuses on the country's household energy needs, which account for the major

consumption of energy in Cape Verde. In terms of renewable energy resources, the GOCV's strategy will be oriented to the pumping of water by wind energy, the production of electricity by means of wind generators, and desalinization by wind generators combined with reverse osmosis. The plan also envisions that by the year 2,000 all pumping will be done by wind energy. This objective is supported by a report prepared by the Dutch which indicates that 80 percent to 90 percent of the wells in Cape Verde can be equipped with wind generators.

The GOCV has taken, and is contemplating, further action to institutionalize their initiatives in the energy sector. In March 1980, the national institutes for technological research INIT (Portugese acronym), which is directly under the Prime Minister's office, was established. INIT, among other things, will be involved in carrying out research and development of non-conventional and renewable energy resources such as wind, solar, thermal energy, etc. Based on the emphasis set for this in the preliminary national development plan, INIT has developed concrete non-conventional and renewable energy activities for 1982 and 1983. Other Donors' activities have also been supportive of INIT's plans. Sweden is providing 1,000,000 Swedish kroners (approximately \$7. ) over a period of two years for geological research and to study the potential for the treatment of sewage for irrigation and the use of geothermal energy. The United Nations is considering a proposal for \$400,000 to support a non-conventional energy project to study the potential of utilizing solar and wind energy resources for desalination.

Belgium, Italy and the CEE are also considering assistance to INIT in its renewable energy efforts.

It is clear that INIT is the principal institutional arm of the GOCV empowered to carry out efforts in the energy sector. To this end, discussions are underway among the various government ministries charged with some aspect of energy, to define their role and involvement in the energy sector. At present, the A.I.D.-supported renewable energy project is under the Ministry of Rural Development, whereas desalination and electrical energy is the responsibility of the Ministry of Economic Coordination. As a result of the discussions which have recently taken place, it appears likely that the A.I.D.-financed Renewable Energy Project will be logically transferred to INIT, the principal GOCV entity responsible for non-conventional and renewable energy.

A.I.D. strategy in the energy sector for the short term will be oriented toward institutional development and the formulation of a national energy policy. Our strategy in this sector is, at present, directly oriented to, and supportive of, our objectives in the agricultural sector. The A.I.D.-supported Renewable Energy Project will be integrated with the Tarrafal Water Resources Project, which is intended to increase the country's irrigated land and will also be linked to a regionally funded A.I.D. project, AGRHYMET, a project designed to serve agriculture through the collection of wind and other climatic data. In addition to our undertaking of the pilot renewable project, concomitantly we intend to work with the

GOCV to carry out an assessment of the energy sector in the hopes of formulating a national energy plan. Based on the outcome of the pilot Renewable Energy Project and the assessment, further expansion in the energy sector is anticipated by FY 1984.

V. PART FIVE - AAPL

The Mission has no issues with the AAPL, which is \$3.5 million for FY 1982 and to be increased to \$5.0 million for FY 1983 - FY 1986.

Staffing

AID/Praia's current on-board staff level is three U.S. direct-hires (program officer, IDI/agricultural officer, and a resident-hire executive assistant) and two foreign national employees (a secretary/translator and a driver). In addition to the above, a project manager's position, which has been vacant approximately one year, has recently been filled. Approval was requested and received from the U.S. Ambassador to increase our U.S. direct-hire mode ceiling from three (3) to four (4) in order to establish a position for the IDI when his training is completed in January 1981. We are still awaiting Washington's approval of the requested increase of our mode. With the impending expansion (e.g., Food for Development, Tarrafal Water Resources Phase II, etc.) of A.I.D.'s program activities during the SPS planning period, the Mission anticipates an increase of the FSN staff from two to three positions. However, in keeping with the spirit of A.I.D.'s mandate to do more with less, we plan to hold the line on our U.S. direct-hire personnel during the planning period of this SPS, FY 1983-1987.