ADF-12 MTR

PROJECTS VISIT BRIEFS

12 SEPTEMBER 2012

COUNTRY BRIEF

CAPE VERDE

Human Development Indicator (2010): 0.534 (average)
Ranking: 118 out of 169

Geographic Data	An archipelago of volcanic origin consisting of 10 islands and 8 islets located off the West African coast. It lies within the Sahel zone, which largely accounts for its climate.
Area	4,033 km2.
Population	• 491,875 inhabitants (2010). • Emigrant population: 700,000 (estimate). • Population density: 122 inhabitants per km^2
Major Cities	• Praia (capital): 131,719 inhabitants (2010). • Mindelo (São Vicente Island): 76,140 inhabitants (2010). • Santa Catarina (Assomada): 43,297 inhabitants (2010).
Independence	Proclamation of independence on 5 July 1975
President	Jorge Carlos Fonseca – MPD (elected on 9 September 2011)
Constitution	The first constitution was adopted on 7 September 1980. Article 4 was abrogated to pave the way for a multiparty system in 1990.
Electoral System	The President of the Republic is elected by direct universal suffrage for a five-year term renewable once. The National Assembly comprises 72 members elected every five years by direct universal suffrage. Six of the members are elected by Cape Verdeans living abroad. The President appoints the Prime Minister from the parliamentary majority
Currency	Cape Verdean Escudo (CVE) =100 centavos. In July 1998 the CVE was linked to the Portuguese escudo at the rate of CVE 0.55**:** Esc 1. This was transferred to the Euro at the rate of CVE 110.265**:** EUR 1
Macroeconomic Indicators	• GNI/capita (2011): USD 3,540 • GDP (USD Billion, 2011): 1.9 • Growth rate (2011) 5.1% • Inflation (annual, 2011): 4.5 % • Fiscal balance (GDP %, 2011): -10.7%

Picos and Engenhos Catchment Basins Improvement and Development Project

Basic Data

ADF Loan Amount:	UA 5.96 Million
Approval Date:	18/09/2002
Closing Date:	31/12/2010
Executing Agency:	Ministry of Agriculture and Fisheries

Objectives

The main objective of the project is to help to reduce rural poverty in the targeted catchment areas. The specific objectives entail: (i) environmental protection; and (ii) increased production to improve the income of the project beneficiaries sustainably.

Description

The project comprises: (i) soil conservation and water resource mobilization; and (ii) water resource development through support to the development of agricultural production.

Total Cost and Sources of Financing

Total Project Cost	**10,660,000**	**100%**
ADF Contribution	**5,960,000**	**55.91%**
BADEA Contribution	**3,420,000**	**32.08%**
Government	**1,280,000**	**12.01%**

Results Achieved

The results achieved in the two Picos and Enghenos basins are as follows: improvement of 387.2 ha of land by establishing 5 km of vegetated terraces, 3,042 m3 of dry-stone dykes, 3,642 m3 of masonry bunds, 6,967m3 of continuous gabion and 82.67 km of stone ring. They also include the repair of 15.75 km of protected banks, construction of *166.25* km of new banks and *12461* calderas, protection of 4,265 km of banks, planting of 24.8 km of hedges and 151,975 fruit species, sowing of 1,623.2 ha of pigeon peas and, lastly, development of 9 ha of market gardens.

A total of 144 dykes were constructed as part of the torrential flow correction effort. The following water resource mobilization structures were built: 17 water capturing dykes, 9 large-capacity water storage reservoirs, 31 small-capacity water storage reservoirs, 4 underground screens and 19 equipped boreholes. These facilities have helped to harness over 1,120,239 m3 of water annually.

The project put in place a CVE 83 million credit system to support production. On project completion, this helped to finance 75 income-generating activities in various areas, namely: 30 in agricultural production, 39 in livestock rearing and 6 commercial schemes. These activities are essentially run by women.

The capacity building aspect involved: (i) long-term qualifying vocational training in agricultural production techniques for 30 young people and in the construction of water capture and rural engineering structures for 18 others; and (ii) short-term training for 170 persons in livestock farming and pasture improvement; 107 in agricultural production and pigeon pea crop intensification, 26 in credit management, 20 leaders in association management and, lastly, 81 producers in farm management. The majority of the trainees were women.

Impact

The project outcomes and impact are perceptible at all levels, notably: (i) soil conservation in the two targeted basins: the soil has become more stable and provides greater potential; (ii) harnessing of over one million cubic metres of water annually for agricultural and domestic uses; (iii) diversification of agricultural production involving more crop varieties and introduction of irrigation on 300 ha of land; (iii) significant improvement in water needs coverage from 30 to 80% in the two basins; and (iv) increased awareness of current development challenges by rural dwellers organized into about thirty associations with nearly 2,000 members, the majority of whom are women.

Project to Build Electricity Generation, Transmission and Distribution Capacity on Santiago Island

Basic Data

Loan Amount:	UA 4.82 million
Approval Date:	25/03/2008
Last Disbursement Deadline:	31/12/2012[1]
Executing Agency:	Special Projects Management Unit (UGPE)

Objectives

The project's goal is to help improve the living conditions and competitiveness of the economy by satisfying energy needs. The specific objectives are to help improve electricity access rate and ensure stable power supply on Santiago Island. These objectives will be achieved by: (i) facilitating new connections; (ii) increasing generation capacity; (iii) improving the quality of service in the major municipalities of the northern part of the island; and (iv) helping to reduce electricity cost and the impact of power generation on the environment.

Description

The project comprises the following components: (i) Expansion of the Palmarejo Plant by 20 MW; (ii) Construction of an HV Line; (iii) Construction of Substations; (iv) Construction of MV and LV Lines; (v) Connections; and (vi) Project Management.

Total Cost and Sources of Financing

Total Project Cost	**38,700,000**	**100%**
ADF: (ii)+(iii)+(iv)+(v)	**4,820,000**	**12.45%**
JICA/JBIC: (i)+(ii)+(iii)+(iv)+(v)	**25,070,000**	**64.78%**
EBID: (iii)+(iv)	**6,060,000**	**15.66%**
Government	**2,750,000**	**7.11%**

Status

Despite a few months of start-up delay, works are well-advanced: the two Wartsila generation units with a combined capacity of 20 MW are scheduled to be commissioned this summer. The HV line and HV/MV substations have been operating since March 2012 and the last section of the MV lines will be completed in August 2012. Works for the LV distribution network have been completed. Those for the MV grid will be completed end 2012. The project has also helped to enhance the technical capacity of employees of the Electra Electricity Company. Issues pending relate to payment of compensation to persons affected by the project and monitoring of the Environmental and Social Management Programme. The ADF resources disbursement rate is about 80%.

Results Achieved

Two Wartsila generation units with a combined capacity of 20 MW were installed and tests prior to commissioning carried out this summer. The HV line and HV/MV substations have been operating since March 2012, and the last section of the MV lines is being finalized. Works on the LV distribution network will be completed end 2012. The project also contributed to building the technical capacity of Electra, the public electricity company.

[1] Following supplementary works financed with the JICA balance, Cape Verde submitted a request to the Bank for an extension of the last disbursement deadline.

Impact

The project has already helped to increase the electricity access rate on Santiago Island from 61% in 2006 to over 90% in 2012, improve the quality of service and enhance the country's energy capacity with the coming on stream of 20 MW of additional generation capacity.

Cabeólica Wind Power Project

Key Data

Loan amount:	EUR 15 million
Sponsors:	InfraCo/EleQtra, Africa Finance Corporation, FinnFund, Electra (national utility) and the Government of Cape Verde
Board Approval:	19/05/2010

Objective

Until recently, the Cape Verdean archipelago relied almost entirely on imported fuel oil for electricity generation. This, together with relatively high fuel transport costs and limited economies of scale, results in the cost of electricity generation in Cape Verde to be among the highest on the continent. The Mission Statement of the government's Energy Policy highlighted that Cape Verde's agenda for transformation could not be achieved without secure and sustainable energy sources and set the objective of increasing the penetration of renewable energy generation to 25% by 2011 and 50% by 2020.

The Cabeólica Project allows the country to use an abundant renewable resource for electricity generation and to cut down the production from aging thermal plants. This reduces the country's dependence on imported oil derivatives, shelters the power sector from fluctuations in oil prices and allows Cape Verde to reduce its emissions of greenhouse gases.

Description

The Project consists in the construction, operation and maintenance of four onshore wind farms on four islands of the Cape Verdean archipelago (Santiago, Sal, São Vicente and Boa Vista).

These four wind farms have a combined installed capacity of 25.5 MW with a total of 30 wind turbines. The Project also includes the transmission infrastructure to the national grid on each island. The project was jointly developed by InfraCo/EleQtra, the national utility and the Government.

Project Cost and Sources of Financing

The Project cost of EUR 63 million was funded through:

- 30% equity from Africa Finance Corporation, Finnfund, InfraCo/EleQtra, Electra (national utility) and the Government of Cape Verde; and
- 70% debt from the African Development Bank and the European Investment Bank

Results attained

The construction of the Project started in December 2010 and by September 2011, electricity was produced and fed into the national grid by the first wind farm to be completed (Santiago). By July 2012, all four wind farms had been commissioned, marking the end of the construction period and allowing the Project to enter into full Operational Phase nineteen months after the start of construction.

As of today, Cabeólica covers about 25% of the country's annual electricity needs and as such, has played a key role in meeting the government's targets for renewable energy penetration. The project will enable Cape Verde to reduce significantly its greenhouse gas emissions and to benefit from the Clean Development Mechanism (CDM).

The Cabeólica Wind Farm Project received the award for the Best Renewable Project in Africa at the 2011 Africa Energy Awards.

Impact

Cabeólica is a groundbreaking project for Cape Verde and more generally for the energy sector in Sub-Saharan Africa. It is the first large-scale renewable energy project in Cape Verde; the first Public-Private Partnership in the country's infrastructure sector; and the first privately financed wind farm in operation in Sub-Saharan Africa. This Project has yielded tangible demonstration effects and the participative approach between the developers, the national utility, the government and the financiers sets a standard for replication across the continent.

Through various training components developed for the benefit of the Project Company and the national utility, the Cabeólica Project greatly contributed to capacity building and knowledge transfer for the development and operation of renewable energy projects in Cape Verde. As of today, all 10 permanent staff of the Project Company are Cape Verdean nationals, with a further 5 nationals having been trained and employed as technicians by the Service and Availability contractor.