



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

FINAL STATUS REPORT



Cape Verde Compact

AS OF MARCH 2011

The Compact closed October 17, 2010.

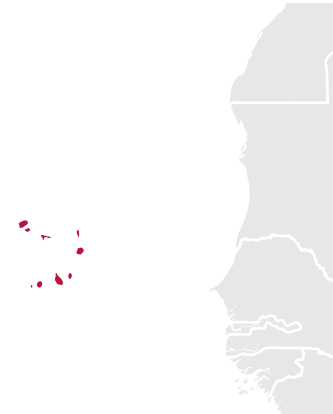
COMPACT GOAL

The five year, \$110 million MCC Compact sought to improve the investment climate, reform the financial sector, develop infrastructure to support increased economic activity and provide access to markets, employment and social services. Other goals included increasing agricultural productivity and rural incomes. The Compact closed October 17, 2010.

COMPACT AT A GLANCE

Compact Signed	07-04-2005
Entry Into Force	10-17-2005
Compact End Date	10-17-2010
Compact Total	\$110,078,488
Amount Committed	\$108,512,458
Amount Expended	\$108,512,458

% OF TOTAL COMPACT	BUDGET (USD MILLIONS)
75%	Infrastructure Project \$82.6
11%	Watershed Mgt and Ag.Support Project \$12.0
2%	Private Sector Development Project \$1.9



■ Project Preparation ■ Project Implementation

Infrastructure Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES ¹
	\$82,630,208	\$82,542,708	\$82,542,708
<p>This project was aimed at integrating internal markets and reducing transportation costs by improving transportation networks through road and bridge infrastructure on the island of Santiago and Santo Antão and upgrading the Port of Praia.</p> <p>Projected Long-Term Results (Up to 20 years)</p> <p>MCC applies a rigorous framework to monitor projects and measure the cost-effectiveness of our investments. The roads and bridges impact evaluation will compare the impact of the rehabilitated roads network on household incomes and business revenues before and after road construction/rehabilitation. The Port of Praia impact evaluation will measure the relative changes in the cost of transportation to importers, the price of goods on select islands, the level of domestic and international traffic. The expected impact evaluation completion date is December 2013, as Phase II construction activities, financed by the Government of Cape Verde, are estimated to take 33 months following the compact end date.</p>	<p style="text-align: right; font-size: small;">COMPACT ENDED ON OCT. 17, 2010</p>		
	<p>RESULTS AT END OF COMPACT</p> <p>All 40.5 km of 3 roads have been upgraded from earthen/cobble-stone to asphalt pavement the island of Santiago. All four bridges and a connecting road on the Island of Santo Antão were completed. One hundred percent of Port Phase I works are complete, increasing available space for cargo operations and developing high-efficiency terminals at the Port of Praia.</p>	<p>PROJECT ACHIEVEMENTS</p> <p>An estimated 712 import/export firms will directly benefit from the port expansion and modernization activity; and the average annual number of days riverbeds were impassable during heavy rainy season was reduced from 8 to 0.</p>	

	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES [†]
Watershed Management and Agricultural Support Project	\$12,031,549	\$11,602,406	\$11,602,406
<p>This project aimed at increasing agricultural productivity on the islands of Santo Antão, Fogo, and São Nicolau by improving water management and soil conservation, strengthening agribusiness development services, and increasing access to credit.</p> <p>Projected Long-Term Results (Up to 20 years)</p> <p>The impact evaluation for the Watershed Management and Agricultural Support Project will measure the impact of adoption of drip irrigation technology, access to credit and transition to high value horticultural and fruit crops by comparing household incomes of participating farmers with those of non-participating farmers. The expected impact evaluation completion date is December 2013.</p>			
	RESULTS AT END OF COMPACT	PROJECT ACHIEVEMENTS	
	USD 617,000 in rural agricultural loans were disbursed to 225 farmers and/or agribusinesses at competitive market rates. 28 reservoirs were constructed to service 101 hectares of drip-irrigated arable land.	553 subsistence level farmers were trained on improved production techniques and high-value horticultural and fruit crops, and access to credit was provided to 225 farmers and small agribusinesses.	
Private Sector Development Project	\$1,931,223	\$1,824,566	\$1,824,566
<p>This project supported Cape Verde's credit and securities markets by supporting the expansion of deposit-taking powers to micro-finance institutions (MFIs) and expanding access to government securities.</p> <p>Projected Long-Term Results (Up to 20 years)</p> <p>Analysis of the credit beneficiaries and the preliminary impacts on access to credit for drip irrigation adoption and agribusiness growth are included in the Agricultural Project impact evaluation.</p>			
	RESULTS AT END OF COMPACT	PROJECT ACHIEVEMENTS	
	Eight MFIs received technical training on best practices in accounting, credit appraisal, delivery, collection, human resources management and marketing. A legal, institutional, and technological review was completed and a contract has been signed between domestic and international private investors to launch the first credit bureau in Cape Verde.	Strengthened capacity for micro-finance institutions to accomplish operational and financial sustainability; supported policy reform related to a new microfinance law and government securities transactions, and prepared the launch of the country's first private credit bureau.	

Cape Verde began its partnership with MCC already a reform-minded democracy, committed to transparency and interested in improving government effectiveness. The partnership with MCC created new incentives for Cape Verde to continue policy reforms at the national level and new opportunities to pursue them at the sector level as part of its investment program.

During implementation of its first compact, Cape Verde graduated from the low-income country category to the more competitive lower-middle income group, in which it did not pass enough MCC indicators to be eligible for a new compact. Cape Verde made a dedicated effort for policy reform and by 2010 had improved performance in MCC's "investing in people" and "economic freedom" enough to be considered eligible for a second compact.

MCC is committed to reporting results and will fund evaluations to assess the full extent of impacts that can be attributed to MCC programs. These evaluations will be posted on www.mcc.gov as they become available.

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[†]Expenditures are the sum of cash outlays and quarterly accruals for work completed but not yet paid or invoiced.