

Committee for Development Policy  
Expert Group Meeting  
Review of the list of Least Developed Countries

Monitoring the progress of graduated countries –  
Cape Verde

(Background note by the Secretariat)

New York, 27-29 January 2009  
Conference Room DC2 – 1<sup>st</sup> floor

On the basis of the recommendation of the CDP in its 2004 report, and General Assembly resolution 59/210 in 2004, Cape Verde's graduation from the list of least developed countries became effective on 20 December 2007. General Assembly resolution 59/209 (paragraph 12) requests the CDP to continue monitoring the development progress of countries that have graduated from the LDC category and to report its findings to ECOSOC as a complement to the triennial review. This report was prepared in response to the resolution and marks the first time the CDP monitors the development progress of a graduated LDC.

to the countries that were reviewed in 2009: Cape Verde's EVI is now lower than about half the countries included in the 2009 review.

## 1.2. Progress on the MDGs and poverty reduction

On the base of available data, Cape Verde continues to progress towards meeting

improvements. Poverty remains significant<sup>1</sup>, but if the country is able to sustain its

Foreign direct investment has grown rapidly, particularly in the tourism sector. For

In June 2007, GAT adopted a declaration supporting Cape Verde's socioeconomic transformation agenda. Additionally, a Budget Support Group (BSG)—composed by the Government of Cape Verde, the World Bank, the European Union, and the Netherlands—was created in 2005 to align and harmonize donor support around the Growth and Poverty Reduction Strategy. In 2007 the African Development Bank, Austria, Spain and Portugal joined the BSG. During the last three years, around 25 per cent of ODA was in the form of budget support.

A few developments are worth mentioning:

Bilateral and multilateral ODA flows increased to a total of \$183 million (see table 2). In 2007, Cape Verde's major bilateral donors were France,

that Cape Verde's prudent economic management, reduction of domestic debt and buildup of official reserves has put the country in an advantageous position to deal with the current global economic crisis.

The World Bank's 2008-11 Country Partnership Strategy is being prepared in collaboration with the African Development Bank. Under this partnership, support will be provided to the Cape Verde's GPRSP with an emphasis on growth, infrastructure, development of the private sector and small and medium enterprises, and human development capacity building.

The UN World Food Programme provides assistance in the form of school meals to primary schools and kindergartens in the amount of \$5.6 million which will end in July 2010.

### 3. Conclusions and Recommendations

- Cape Verde's development progress continues to be very satisfactory,
- The country remains economically vulnerable and sustained efforts are needed to achieve success in the structural transformation and upgrading of the economy.
- In view of the country's track record of positive performance, together with its enduring vulnerabilities, the international community should continue to support Cape Verde's development
- Cape Verde should be able to access Tier 1 and Tier 2 of the EIF (or equivalent resources) as part of the recommended smooth transition measures in favour of recently graduated LDCs.

The next monitoring review by the Committee will take place in 2012.