

Evaluation of Sector Approaches in Environment Cape Verde Case Study

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List of acronyms

ADA	Austrian Development Agency
AECID	Spanish Agency for International Development Cooperation
ANMCV	National Association of Cape Verde Municipalities
BSG	Budget Support Group
CFAA	Country Financial Accountability Assessment
CGS	Comité de Gestão e Seguimento (do PANA II)
CNA	Conselho Nacional do Ambiente
CPAR	Country Procurement Assessment Review
EC	European Commission
ECRP	Poverty Reduction and Growth Strategy of Cape Verde
DGA	Direcção Geral do Ambiente (Ministério do Ambiente e Agricultura)
DGO	Direcção Geral do Orçamento
DGP	Direcção Geral de Planeamento (Ministério das Finanças)
DGPOG	Direcção Geral de Planeamento, Organização e Gestão (Ministério do Ambiente e Agricultura)
GBS	General Budget Support
GoCV	Government of Cape Verde
MAA	Ministério de Agricultura e Ambiente
MoEA	Ministry of Economic Affairs
PAIS	Plano Ambiental Integrado Sectorial
PAM	Plano Ambiental Municipal
PANA	Plano de Acção Nacional para o Ambiente
RNE	Royal Netherlands Embassy
SBS	Sectoral Budget Support

1. Introduction

This case study forms part of a larger project for evaluation of how Dutch sectoral approaches in the environmental sector have contributed to progress towards the environmental objectives at national level, in accordance with Dutch cooperation policy.¹ The aim is to contribute to an assessment by DGIS of the scope and means, in future, for applying sectoral approaches in support of environment.

Guiding research questions for this project addresses are as follows:

1. What progress has been made with the implementation of the sectoral approaches in the countries studied, and what factors account for this?
2. What lessons can be learned from the experience so far, in terms of the usefulness of sectoral approaches in the environment sector?
3. What actions/improvements are required to improve the implementation of sectoral approaches in the environment sector in each case and maximize the impact on policy achievement?
4. To what extent has the application of sectoral approaches in Dutch bilateral aid contributed to the effective achievement of the environmental and the associated poverty alleviation objectives to which the Netherlands subscribes?

The case-study countries have been selected in order to provide a geographical spread over three continents, and to represent different stages of experience with environmental sector approaches, as well as different contexts (e.g. institutions and governance). In the case of Cape Verde, Dutch support to the environment sector has already been concluded. The Netherlands Embassy provided sector budget support (SBS) to the environment during the period 2005-2006. At present, its bilateral aid programme in Cape Verde no longer includes assistance to the environment sector. However, the SBS mechanism developed by Dutch is now being used by other development partners supporting the environment, namely the Austrian Development Agency (ADA) and the Spanish Agency for international Cooperation and Development (AECID). Although the report will focus on the Dutch cooperation experience it will also analyse its legacy as seen today.

This desk study drew on available documentation on the Dutch financing arrangement and telephone interviews with selected key informants from the relevant development partners and government agencies in Cape Verde (Annex II).

This report is structured into five sections. After this introduction, Section 2 provides a brief overview of the country context – its socio-economic profile, environmental issues and governance structure of the sector. Section 3 describes the main features of the Dutch sector support arrangement in the environment sector in Cape Verde. Section 4 analyses its main achievements and challenges. Section 5 discusses selected outstanding issues which should be considered.

¹ The terms of reference for this case-study are included in Annex I.

2. Country context

2.1. Overview of socio-economic context

Cape Verde is a small island country located in the North Atlantic Ocean, off the coast of Senegal. During the second half of the 20th century the country suffered repeated prolonged droughts which caused significant hardship and led to large outward migration. Cape Verde's expatriate population is greater than the resident population (below 500,000).

The country suffers from a poor natural resource base, including serious water shortages. The economy is service-oriented, with commerce, transport, tourism, and public services accounting for 66% of GDP. Although nearly 70% of the population lives in rural areas, the share of food production in GDP is very small and more than 80% of food is imported. Remittances from emigrants are an important part of the economy, representing about 15% of GDP, approximately the same contribution as official development assistance (Bourdet and Falck, 2006).

The estimated population below the poverty line was 30% in 2000. The country classifies as medium human development according to the Human Development Index (105 in the ranking of 177 countries). Life expectancy at birth is 70.4 years and adult literacy rate is 75.7%.

GDP per capita is now about US\$ 7,000 (PPP) and the country is now being upgraded to middle-income country status. This is likely to have implications in the volume of development cooperation channelled to the country. At present, Cape Verde receives about of US\$ 139.8 million of official development assistance, 61% of which corresponds to bilateral aid.²

2.2. Environmental opportunities and challenges

Environment is a strategic area in Cape Verde as it offers a number of economic development opportunities. Marine and coastal resources provide food, salt, energy and potential for aquaculture and tourism development. The country's biodiversity offers scientific and tourism potential. The sun, sea and winds are sources of renewable and clean energy. Forest resources have a role in combating desertification and soil erosion and provide an income source for the rural population.

But despite the many and diverse opportunities provided, the country's ecosystems are very fragile. Cape Verde's geographical location makes it highly vulnerable to climate hazards and the rate environmental degradation is high. Unsustainable exploitation of natural resources, such as inadequate agricultural practices and mineral resource extraction, constitutes a major challenge. The absence of urban development plans associated with demographic pressure in urban and peri-urban areas has for many years resulted in clandestine construction with insufficient waste management and sanitation infrastructures, with negative consequences to public health. The rapid expansion of tourism infrastructures has been putting significant pressure over natural resources, particularly sand (from beaches, river basins and dunes) for construction. Environment degradation threatens to compromise the country's tourism potential as well as its opportunities for sustainable economic development.

2.3. Policy response: the National Environmental Action Plan (PANA II)

The Government's environment policy is articulated in the second National Environmental Action Plan (PANA II). The plan has a ten-year horizon (2004-2014) and covers a range of environment dimensions cutting across a number of sectors and stakeholders, including the private sector and civil society.

PANA II identifies three major environmental challenges in Cape Verde:

- (i) the limited availability of water suitable for home consumption and economic development activities;

² Source: OECD-DAC International Development Statistics online, accessible on: <http://www.oecd.org/dac/>.

- (ii) the loss of marine and terrestrial biodiversity; and
- (iii) the poorly developed basic sanitation infrastructure that considerably affects public health and tourist development.

The Plan identifies the following root causes of these problems:

- inadequate spatial rural and urban planning and the lack of adequate, smaller-scale, maps;
- the absence of environmental indicators, norms, optimal values and thresholds and the lack of basic data on current values, constraining the monitoring of environmental quality changes and the enforcement of environmental laws;
- inadequate environmental education, training, information and awareness raising;
- inadequate legislation, regulation, environmental fiscal control and the dissemination of national environmental laws;
- a weak technical and administrative capacity among national and municipal public services concerning environmental issues.

Four areas of priority intervention have been established in response to the problems:

- (i) sustainable management of water resources,
- (ii) basic sanitation,
- (iii) biodiversity, and
- (iv) spatial planning.

In addition to these, several cross-cutting areas were highlighted, particularly: environmental education, institutional development (including an environmental information system) and environmental legislation, and regulation and law enforcement.

The implementation of PANA II is following an integrated approach at both sectoral and local government (municipalities) levels, operationalised through intersectoral and municipal environmental action plans (PAIS and PAM, respectively).

PANA's governance structures include:

- the National Environment Council (*Conselho Nacional do Ambiente* – CNA) integrating the Ministers responsible for the departments represented in the Steering Committee and contributing to policy formulation and implementation;
- the Directorate General for the Environment (DGA) of the Ministry of Agriculture and Environment (MAA), which is the central coordinating entity of PANA implementation;
- the Steering Committee (*Conselho de Gestão e Seguimento* – CGS) bringing together representatives of relevant General Directorates and Research Institutes, the Local Authority's Central Co-ordinating Structure and the National Association of Cape-Verdean Municipalities (ANMCV);
- focal points in all government departments and institutes with adequate competencies and knowledge to represent and monitor sectoral environmental issues; and
- a Consultative Council consisting of representatives of the private sector, civil society, other public organisations and international stakeholders.

2.4. Progress in implementing PANA II

GoCV has made significant progress in terms of devising an integrated environmental policy response and putting in place sector-wide (and stakeholder-wide) governance structures. PANA II constitutes a good example of the effort to improve cross-sectoral coordination and decentralisation of environmental management.

Achievements are already noticeable in a number of areas, such as, for example, territorial planning and the management of protected areas (see Cabral, 2007). But important challenges

remain to be addressed. The May 2007 BSG monitoring mission pointed to lack of progress in defining a clear government strategy on sustainable tourism development and the lack of a vigorous response to the problem of illegal sand extraction (*ibid*). These are two fundamental issues in a country with an extremely vulnerable ecosystem and where tourism constitutes one of the main (and few) sources of economic development.

The implementation of PANA II and response to such outstanding environmental problems are challenged, on the one hand, by institutional capacity weaknesses, particularly at the levels of monitoring and supervision on the ground. A more difficult challenge, however, is the underlying tension between economic development objectives and environmental sustainability. Such tensions are particularly acute in a country where the pressure on natural resources is so significant.

3. Dutch sector approach in the environment

3.1. Genesis of sector support

The Netherlands have a long-standing development cooperation programme in Cape Verde, related in part to the large Cape Verdean community living in the Netherlands. The environment has for many years been a major area of focus of the Dutch bilateral programme due to the country's environmental vulnerability and the correlation between environmental management, poverty reduction and economic growth. Dutch cooperation has for long been an important source of technical expertise in the sector. An example of this is support provided for the development of GoCV's environmental policy and drafting of PANA.

In 2004, Cape Verde was classified by the Dutch government as a 'partner country' and the volume of resources available for development cooperation expanded significantly. At the time the increased bilateral aid programme for Cape Verde was being negotiated, sector-wide approaches and sectoral budget support had quite a prominent position in Dutch development cooperation policy at headquarters level, with an increasing preference for general budget support after 2003 (IOB 2006). Aid management policy at headquarters level was an important driver of the decision taken in Cape Verde to move first to (non-earmarked) sectoral budget support in the environment sector, and later (in 2007) to full-fledged general budget support.

Between 2004 and 2005, the Royal Netherlands Embassy (RNE) worked jointly with the World Bank to prepare the ground for the provision of budgetary support to Cape Verde. Several studies were carried out to assess the robustness of the macroeconomic context and quality of public financial management systems through which budget support would be channelled. A World Bank-sponsored Public Expenditure Review (PER) conducted in 2005 concluded that Cape Verde had been pursuing sound macroeconomic reforms and that the 2006 budget constituted a move towards greater transparency and fiscal discipline (World Bank 2006). The review recommended that budget support should be pursued in order to make the inflow of external assistance more predictable and better managed.

In the environment sector, significant progress had been made at the policy level – with the approval of a comprehensive sector programme (PANA II) for the period 2004-2014 – and institutional reforms were under way, providing favourable conditions to the effective use of budgetary support.

In April 2005, RNE signed together with GoCV a Protocol for the provision of budget support to the environment sector, covering the period 2005-2008, and a Financing Agreement for the period 2005-2006 (RNE 2005a and 2005b). These aimed to establish a non-earmarked, but sector-focused, budget support arrangement as a means to support the implementation of the GoCV's environmental policy. On the same day, and together with the World Bank and the European Commission (EC), RNE signed also a partnership framework for the provision of budget support to the GoCV, called the "Partnership Framework between Budget Support Partners and the Government of Cape Verde for the Provision of Budget Support" (BSG 2005). Hence, although providing non-earmarked budget support to GoCV alongside the Bank and the EC, the RNE would make its budgetary support conditional to performance in the environment sector and would focus policy dialogue and monitoring on environmental policy.

Despite the decision of switching to programmatic forms of cooperation, RNE kept some project support in areas which were considered to be complementary in nature. Examples are: the support provided to the Ministry of Finance to prepare the ground for budget support, the provision of technical assistance for the development of a strategy on sustainable tourism development, support to the review of Environment Impact Assessments, and, finally, projects implemented through NGOs, such as WWF for work on parks and protected areas. There has been, notwithstanding, a progressive phasing out from the project modality of cooperation.

3.2. Design features of sector support

Objectives

The main objectives of the Dutch sectoral budget support (SBS) arrangement were to support GoCV in the implementation of its national environmental policy (PANA) and to contribute to strengthening environmental governance institutions. An implicit objective was to improve the effectiveness of development assistance by using mechanisms which promoted greater government ownership and leadership in the use of aid and at the same time contributed to strengthening country management systems.

Inputs - resources allocated and capacity building

The Dutch bilateral programme in Cape Verde allocated a total of €10 million to sector budget support. This was disbursed in two equal tranches in 2005 and 2006 (RNE 2005b), representing, respectively, 66% and 76% of the overall bilateral aid programme (Table 1).

The Dutch bilateral programme also included project aid in complement to SBS, which included support to the formulation of PANA II and support to policy debate on a tourism development strategy. There was also technical assistance to support public financial management capacities which although not directly related to the environment sector were important to create the conditions for a successful management and use of budgetary support.

Table 1. Dutch bilateral assistance to Cape Verde by aid instrument, 2004-2006 (in EUR)

Aid instrument	2004	2005	2006
Project aid	2,503,877.72	2,550,835.18	1,599,999.61
Appui programme PPI	0.00	250,000.00	0.00
TA PFM and PRSP	165,000.00	335,000.00	0.00
NGO MPA Program	225,000.00	300,000.00	296,472.00
Sector Support Fund	0.00	9,053.92	53,527.61
Missie budgetsteun	83,877.72	5,856.26	0.00
Action plan PFM	300,000.00	680,925.00	1,250,000.00
Interim-phase PANA II	1,730,000.00	970,000.00	0.00
Sectoral programme aid	0.00	5,000,000.00	5,000,000.00
Sector Budget Support – Environment sector	0.00	5,000,000.00	5,000,000.00
Macro aid	12,500.00	3,750.00	6,250.00
DEK Macro Support Cape Verde '05	0.00	3,750.00	6,250.00
DVF DAK CV Inc. Macrosteun 04	12,500.00	0.00	0.00
TOTAL	2,516,377.72	7,554,585.18	6,606,249.61

Source: DGIS.

Funding modalities

As noted above, the SBS arrangement adopted by RNE in Cape Verde was a non-earmarked budget support mechanism. In purely financial management terms the mechanism was not any different from general budget support, as it followed the same disbursement channels³ and was subject to the same financial management procedures – i.e. those followed by GoCV to manage the national budget. The particularity of SBS was (and still is) the fact that policy dialogue with government and the performance monitoring mechanism, which set the conditions for releasing funds (discussed further below), were (and are) focused on environmental policy and environmental outcomes. The mechanism developed by the Dutch in Cape Verde (hereafter referred to as SBS) was therefore a hybrid kind, combining features of both GBS and conventional SBS.

³ Funds were disbursed into an account held by the Treasury in the Central Bank of Cape Verde.

Furthermore, in addition to non-earmarked budget support, earmarked project support was provided to support capacity building and other interventions directed linked to the implementation of PANA II, such as the delimitation of protected areas, support to policy dialogue on tourism development, amongst other.

National counterparts

The General Directorate of the Environment (DGA) of the Ministry of Agriculture and Environment (MAA), together with the General Directorate of Planning (DGP) of the Ministry of Finance and Public Administration (MFAP), were the main national counterparts of the Dutch SBS arrangement. Dialogue and monitoring activities were held with these two parties. DGA represented GoCV's interests and perspectives on matters related to environmental management and performance, whereas DGP represented GoCV on matters related to overall public sector governance, and public financial management in particular. The idea was that by working with these two parts of government, the cooperation arrangement would also contribute to strengthening the relationship between the environment and financial management parts of government and thereby contribute to a sound use of resources in the environment sector and secured budgetary commitments to environmental management.

Other parts of government were also involved, since they had an active part in the implementation of PANA and some of the related activities were being monitored as part of the performance assessment framework set up under the SBS mechanism. For example, the General Directorate of Territorial Planning (DGOT) is responsible for activities related to territorial planning, the Ministry of Infrastructures for activities related to the management of residual waters, and municipalities for a range of activities within local government remit (e.g. urban planning and waste collection).

Alignment with national environmental policy and management systems

Alignment with national policy and systems are central features of the funding arrangement developed by the Dutch cooperation. Sectoral budget support to the environment aims to assist GoCV in the implementation of the national environment programme and resources are channelled through domestic systems, with no earmarking or specific reporting requirements, other than the provision of information for the performance assessment exercise.

Donor harmonisation and division of labour

Donor harmonisation has since the beginning been a prominent feature of the budget support framework. Since its inception the SBS arrangement has been part of broader budgetary support partnership framework which included the World Bank and the EC, later joined by the African Development Bank, Austria and Spain. The so-called Budget Support Group (BSG) set up a joint process for monitoring and evaluating GoCV's performance across a number of policy areas, as the basis for disbursing pledged budget support funding. The joint review missions take place twice a year⁴ and bring together all development partners providing sectoral or general budget support to GoCV.

Division of labour across governance areas was established in the dialogue with GoCV since the early days of the arrangement. The Bank and the EC concentrated particularly on macroeconomic management and public sector reform and the RNE (and later Austria and Spain) focused on environmental policy and governance issues.

Performance assessment

In any budget support arrangement the disbursement of funding is made conditional upon an assessment of government performance in selected areas. The SBS performance assessment framework (PAF) developed jointly by the GoCV and RNE was largely focused on environmental management, drawing significantly from PANA's logical framework. The PAF also contained

⁴ Around April/May and November/December.

elements pertaining to general GoCV performance, particularly to macroeconomic and public financial management issues.

The PAF included a set of pre-requisites for initial disbursement and two PAF matrixes (an interim and a definitive one) to assist performance monitoring and determine the volume of funding to be disbursed.

The pre-requisites for disbursement were: the approval of PANA II, the creation of PANA II coordination and monitoring institutions, the internal approval of an organic law for the Ministry of Agriculture and Environment, and the update and approval of sectoral and municipal PANA implementation plans for 2005.

The PAF matrixes contained a set of conditions and criteria related to governance and environmental performance, and corresponding indicators and annual targets (detailed below). For each condition or criteria, there was one objective, one or two indicators and corresponding annual targets. A measurement system was devised to allow the quantification of the assessment.⁵ This included also weights which allowed a differentiation of indicators according to their perceived degree of importance.

The interim PAF matrix (*matriz transitória*) was designed to monitor progress during 2005 and 2006. The objective was to ensure the establishment of the conditions for an effective use of budgetary support. The interim matrix included six general governance conditions and eight sectoral governance conditions (Table 2).

⁵ The value of 1, 0.5 or 0 was attributed to each indicator depending on whether the corresponding target had, respectively, been achieved, significant progress towards achieving it had been made, or no significant progress had been noticed.

Table 2. Interim PAF matrix

General governance criteria	
1.	Budget and planning framework law approved
2.	State budget aligned with MTEF and presented to Parliament
3.	Application of common methodologies and procedures to improve the integration between the Recurrent and Investment Budgets
4.	Delays in submitting the State Account to Parliament (years 2000-2003) corrected
5.	Local Financing Law approved
6.	Integrated information system for the State budget approved
Sectoral governance criteria	
1.	MTEF for MAAP approved and updated on a regular basis
2.	<i>Lettres de mission</i> of DGPOG and DGA approved
3.	Strengthening of human, financial and material resources of DGA and DGPOG to enable them to carry out their mandate concerning environmental management
4.	Strengthening of human, financial and material resources of regional delegations of MAAP in line with their new attributions to monitor environmental policy at municipal level
5.	Operational PANA II coordination and monitoring agencies and mechanisms (Conselho Nacional do Ambiente, Comité de Gestão e de Seguimento, pontos focais sectoriais, núcleos e equipas técnicas municipais, modelo de protocolo de colaboração intersectorial, modelo de relatório financeiro e de progresso das actividades do Plano...)
6.	Financing model for PANA II activities (particularly PAMs) approved and mechanisms in operation
7.	Creation and satisfactory implementation of an information system to be used to monitor progress in implementation of PANA II (at sector and municipal levels)
8.	Sistema de Informação Ambiental (SIA) approved and operational

Source: RNE (2005a) Baseline study.

The definite PAF matrix was design to monitor progress and support the decision to extend budget support after 2006. This matrix was structured into three parts: (i) *sine qua non* conditions for disbursement, (ii) good governance criteria, and (iii) environment performance criteria.

There were seven *sine qua non* conditions for disbursement (Table 3). Three of these conditions related to governance areas outside the environment domain: macroeconomic management, growth and poverty reduction policy, public financial management. One was specifically about PANA implementation. The other three related to performance assessment of the transitory matrix, and the governance criteria and environment performance in the definite PAF matrix.

Table 3. PAF matrix: *sine qua non* conditions for disbursement

Condition	Indicator
1. Balance and stable macroeconomic framework	IMF assessment (PRGF framework or article IV)
2. Positive assessment on the implementation of the Poverty Reduction and Growth Strategy	BSG mission assessment of ECRP implementation
3. Positive assessment of implementation of CFAA and CPAR action plans	BSG mission assessment on progress in implementation of CFAA and CPAR action plans
4. Financial execution and implementation report of PANA II annual activities	Financial and implementation report on PANA II annual activities
5. Positive assessment of the framework for the provision of budgetary support	Weighted average of interim matrix criteria
6. Good governance	Weighted average of good governance criteria
7. Environmental performance	Weighted average of environmental performance criteria

Source: RNE (2005a) Baseline study.

These *sine qua non* conditions were included also in the GBS PAF matrix (see Annex IV), ensuring the link in policy dialogue between the two aid delivery instruments.

The extension of SBS into 2007 and 2008 was conditional upon a positive assessment of the set of *sine qua non* conditions included in the PAF matrix, including a weighted average of 65% or above for the good governance criteria and of 50% or more for the environment performance criteria.

There were eight good governance criteria, of which three concerned general good governance and five concerned environmental governance (Table 4).

Table 4. PAF matrix: good governance criteria

<u>Criteria</u>	<u>Indicator</u>	<u>Weight</u>
<u>General good governance</u>		
1. Ex-post external control improved	State General Account presented to Parliament	n.a.
2. State budget integrated into the information system, including macroeconomic projections, budget proposals, various budget execution stages, and performance indicators, both at central, sectoral and municipal levels	NOSI operacional	n.a.
3. Satisfactory progress on decentralisation policy	Assessment by budget support partners on government progress with regards to decentralisation reforms	n.a.
<u>Sectoral good governance</u>		
4. Planning cycle improved for the environment sector	a) Annual Activity Plans revised according to pre-established priorities	5%
	b) Updated sectoral MTEFs consistent with PANA II	20%
5. Positive assessment of implementation of environmental policy	Assessment by the CNA on the implementation of PANA II	15%
6. Adequate level of financing for the municipalities for implementing PANA II	Percentage of budgetary expenditure in the environment allocated to the municipalities	15%
7. Environmental information available to be used as a tool for planning and management	Environment Information System (SIA) operacional	10%
8. Patrimonial inventory of MAAP used as a management tool	Patrimonial inventory of MAAP	5%

Source: RNE (2005a) Baseline study.

The PAF matrix also contained twelve environment performance criteria, covering a range of sectoral areas and issues within the environment domain (Table 5).

Table 5. PAF matrix: environment performance criteria

<u>Criteria</u>	<u>Indicator</u>	<u>Weight</u>
1. A well planned territory for a sustainable use of natural resources	Territory covered by Planos de Ordenamento do Território approved and implemented	15%
2. Good sanitary conditions for a healthy environment: treated residual waters	Proportion of population with residual waters treated in ETAR	10%
3. Good sanitary conditions for a healthy environment: treated solid waste	Proportion of population covered by waste collection and treatment system in confined waste deposit	5%
4. Good sanitary conditions for a healthy environment: treated hospital waste	Approval and implementation of hospital waste management system	5%
5. A viable biodiversity for sustainable development	Number of protected areas with implemented management plans	10%
6. Sustainable management of sea and coastal resources	Fisheries resources managed and monitored	10%
7. Sustainable tourism adjusted to the realities of each island	Rate of adherence of tourism operators to Code of Conduct on Sustainable Development	15%

Criteria	Indicator	Weight
8. Productive industry with minimal environmental impact – manufacturing industry	Proportion of industries classified according to their environmental impact	5%
9. Productive industry with minimal environmental impact – extractive industry	Proportion of sand consumed in Cape Verde with legal origin	5%
10. System for the production, distribution and use of sustainable energy	Percentage of industries with Plans for Rational Energy Use (PURE)	5%
11. A dynamic and modern trade sector, which respects the environment	Tax penalising the use of packages with less recycling viability	5%
12. Population trained, informed and committed to sustainable development	Environmental theme introduced in education curricula (basic, secondary and higher education)	10%

Source: RNE (2005a) Baseline study.

Performance incentive mechanism

The SBS arrangement included a variable tranche to be released upon a positive (>50%) overall assessment. The variable tranche would be disbursed in proportion to the overall grade attributed by the assessment. This incentive mechanism would be applied from 2007. Although the assessment was made as planned at the end of 2006 it did not produce any effect, since RNE switched to general budget support in 2007 and stopped using this sector specific monitoring framework thereafter (as explained in the section below).

3.3. The shift to general budget support and phasing out

At the end of 2006, and in spite of a positive assessment of GoCV's environmental management, the Dutch cooperation decided to bring the SBS arrangement to an end and shift to full-fledged general budget support (GBS). This was, reportedly, a political decision driven largely by aid management policy at headquarters level, rather than the particular sector circumstances in Cape Verde.

The shift to GBS had no implications on the mechanism for channelling resources since SBS was already fully on-budget and there was no earmarking of funds. Nonetheless, performance of the environmental sector would no longer be the basis for disbursing resources to GoCV. Whether the decision has had any impact on the volume of public resources allocated to support the implementation of the environmental programme remains unclear. Detailed data on resources allocated to environmental management agencies to implement PANA II (before, during and after Dutch SBS support) is not readily available. It should be noted, however, that the Ministry of Finance included a 'footnote' in the national budget for 2007, by way of a gentleman's agreement and not as a formalised condition, to channel € 5 million of the € 7.5 million corresponding to GBS to the Ministry of Environment in order to keep the spending level in environmental management activities stable.

Moreover, the impact of this switch was certainly softened by ADA and AECID which started providing SBS in support to environmental policy from the end of 2006 and from mid 2007, respectively. ADA committed a total of € 1.8 million to environmental SBS for the period 2006-2008. The Spanish Cooperation committed a total of € 9 million for the period 2007-2009⁶. The model for managing the SBS arrangement being used by both agencies draws largely on the Dutch experience, particularly its performance assessment mechanism. AECID also uses the variable tranche mechanism devised by the Dutch.

In 2007, the Dutch cooperation has changed the status of Cape Verde within its bilateral cooperation programme. Cape Verde is now in the category of countries that are on an "exit-track", meaning that development cooperation will be phased out towards the end of 2011 and that efforts will be made in the coming years to broaden bilateral relations in the economic, political and cultural domain. Other countries in this exit group include Albania, and Macedonia.

⁶ The Spanish agreement included also a variable tranche of € 1.5 million a year, to be released in proportion to the assessment of environmental criteria.

In the next four years, support will concentrate on four areas aiming to reduce the country's economic vulnerability:

- (i) developing a partnership with European Union concentrating on the cooperation between Spanish and Portuguese islands;
- (ii) strengthening economic relations at bilateral and multilateral (WTO accession) levels;
- (iii) improving vocational training as a way to mitigate unemployment (which is at 20% and yet there continues to be labour immigration from West Africa); and
- (iv) improving national security by enhancing Cape Verde's capacity to address money laundering, to patrol the coastal waters, etc.

Dutch contributions to GBS are expected to continue until 2011 but, from 2008 onwards, policy dialogue with GoCV will focus on technical and vocational training (i.e. another form of sectoral budget support).⁷

⁷ In addition to the € 7.5 million provided as GBS in 2007 and € 6.5 million in 2008, €9 million are expected to be disbursed to GoCV between 2008 and 2011.

4. Achievements and challenges

4.1. Achievements

RNE provided sector budget support to the environment sector in Cape Verde for a period of two years. This was a short-lived experience and it is therefore inappropriate to look for results at the outcome or impact level. Nonetheless, there are a number of important achievements in aid management and decision-making processes which can to some extent be attributed to the development cooperation approach introduced by the Dutch.

Introduction of a new development cooperation approach

The introduction of a new aid delivery approach in Cape Verde, in line with the international consensus on aid effectiveness⁸, is in itself one of the most important achievements of the Dutch cooperation. Although the contributions from other development partners have been essential to the consolidation of the approach, it seems indisputable that the Dutch played a major part in introducing the sector budget support modality in Cape Verde. This approach has, over the years, contributed to:

- (i) strengthening government ownership of development interventions, by giving GoCV more discretionary powers in the allocation of resources to implement activities defined in national plans;
- (ii) reinforcing public financial management systems, through the use of such systems to channel and manage budget support funding;
- (iii) reducing transaction costs of managing aid, by harmonising the conditionality framework and using domestic financial management systems;
- (iv) more transparent and more accountable forms of interaction between government and donors and between donors themselves, through the use of a commonly agreed performance assessment framework.

Mobilisation of development partners into the environment and budget support

Another important achievement has been the mobilisation of other development agencies into the SBS arrangement. ADA and AECID are currently providing SBS to environment and are using an SBS model which largely draws from that devised by the Dutch. The continuity of the SBS arrangement has helped to sustain the focus on environmental issues at high levels of governance. The overall volume of funding allocated to SBS over the years is provided in Table 6.

Table 6. Financial commitments of donors to SBS in the environment

Donor agency	2005	2006	2007	2008	2009	Total
	Disbursed	Disbursed	Disbursed	Pledged	Pledged	
Austria	--	€900.000	€500.000	€400.000		€1.800.000
Spain	--	--	€3.000.000	€3.375.000	€3.000.000*	€ 9.375.000*
RNE	€5.000.000	€5.000.000	--	--	--	€10.000.000
Total	€5.000.000	€5.900.000	€3.500.000	€3.775.000	€3.000.000*	€21.175.000*

* Variable amount, depending on the variable tranche (which totals € 1.5 million per year).

Sources: Information provided directly by the agency.

⁸ Expressed in the Paris Declaration on Aid Effectiveness.

Harmonisation and complementarity between aid instruments

The Dutch sectoral approach also provides an example of harmonisation and complementarity between different aid instruments. SBS and GBS have been, since their creation, tightly linked. In fact, in purely financial management terms there is no difference between the two. In terms of dialogue with government, donors providing SBS work together with those providing GBS, by conducting joint monitoring missions and producing a single *Aide Memoire*. To some extent, it could be argued that both modalities are complementary, as policy dialogue under the GBS arrangement covers a broad range of government policy reforms, whereas SBS focuses in detail on a particular policy area.

There has also been a degree of complementarity between SBS and project assistance. RNE projects have targeted weaknesses in policy formulation (in the environment sector) and financial management in order to create the conditions for a good use of the discretionary funds provided through budget support. Such complementarities have been kept, and even enhanced, under the Austrian and Spanish SBS arrangements. Austria, for example, has combined sector budget support to the environment with capacity building projects at the municipal level and in critical environmental areas such as territorial planning and water basins management.

Expanded public space for policy debate on environmental issues

At sector level, the SBS arrangement which Dutch cooperation helped to develop (and which Austria and Spain have been building on) has, reportedly, significantly expanded the public space for policy debate on environmental issues and contributed to placing the environment sector higher on the policy agenda, at least at central level.

Decentralisation of funding for environmental management

Decentralisation of funding for environmental management at municipal level has been another important achievement. The Dutch cooperation (and Austria later) played an important role in ensuring that municipalities were allocated the necessary resources to implement PANA activities – one of the governance criteria in the Dutch PAF was precisely the allocation of 60% of the overall environment budget to the municipal level. This is already bearing fruit, as progress on territorial planning and delimitation of protected areas illustrates.

Contribution to management for results

The use of a Performance Assessment Framework (PAF) has helped to keep the focus on concrete policy results and to direct the attention to some pressing environmental issues. The experience of assessing annually the performance of PAF indicators and targets has been instrumental to the identification of gaps and weaknesses in existent M&E systems (as discussed further below).

Enhanced coordination across government agencies on environmental management

Finally, there have been important achievements at the policy-making level, with signs of enhanced coordination across government departments on environmental management issues. There are, for example, two cases where the larger involvement of the Ministry of Finance and other key line ministries, such as the Ministry of Economic Affairs (MoEA), may have resulted in positive policy breakthrough.

- (i) The construction of a marina in an ecologically sensitive marine park may be suspended, also because MoEA is sensitised to environmental concerns.
- (ii) With the donor budget support group and involvement of the Ministry of Finance it has been possible to discuss ways of reversing the current rate of illegal extraction of sand from beaches and shorelines which represents a major threat to the environment. Regulation through fiscal reform (taxation of house builders) and stimulating alternative sources of sand (Mauritania) is being discussed.

4.2. Challenges

In spite of progress, important challenges remain to be addressed with regards to the sector budget support modality.

Lack of a clear understanding of the sector budget support modality

The first one is the lack of clear understanding of the sector budget support modality and the underlying aid management philosophy. SBS is still seen by many, particularly at sector and municipality levels, as a large project with earmarking and separate management. For this reason, development partners frequently receive direct requests for funding specific activities, despite the volume of resources provided through the budget support modality. Also, the use of conditionalities by some development partners and the imposition of certain conditions/benchmarks into the performance assessment framework still raise questions about the extent to which the commitment to domestic ownership and alignment is being actively pursued.

Limited engagement of municipalities and civil society organisation in the SBS process

Despite the growing prominence of the environment in the national policy debate, there has been limited interaction between donors and local government authorities and national civil society organisations in the framework of the SBS arrangement. Policy dialogue with national stakeholders has been largely confined to central level government agencies. There needs to be a stronger effort to involve municipalities and civil society organisation in the policy dialogue between recipients and donors, in the framework of the SBS arrangement.

Weaknesses of the performance assessment framework

Another major challenge concerns the performance assessment framework which is complex and, in some cases, inadequate. Many indicators are not objectively verifiable and/or information is not readily available. An obvious example of this is the indicator on illegal sand extraction (extraction industry) which is calculated on the basis of estimates (of domestic production of sand and cement and sand imports) which are not readily available. There are also areas being monitored which are beyond government's control. An example of the latter is the passage of legislation in Parliament. To some extent the weaknesses of the assessment framework reflects the fragility of domestic M&E systems.

Lack of incentives for furthering donor harmonisation and alignment

Donor harmonisation is still work in progress. Although there have been significant efforts to develop a joint policy dialogue and monitoring framework, particularly between agencies providing SBS for environment (first RNE and ADA and then ADA and Spain), some donors are still tied to their specific conditions and disbursement calendars. Related to this, insufficient alignment between the aid disbursement calendar and the national planning cycle constrains the implementation of GoCV's annual budget.

Predictability of aid

Finally, aid predictability, precisely one of the issues that budget support should be tackling remains a major challenge because of the frequent shifts in approach. Budget support is a new and demanding form of cooperation which requires significant initial investment in domestic financial management capacities and in policy dialogue and monitoring frameworks, both at government and donor levels. This is something which cannot be achieved with a short timeframe. The exit of the Dutch from SBS was premature and took place precisely during a period of consolidation of the new development cooperation approach. The impact of such decision was not significant because Austria and Spain took over. It does, however, raise questions about the predictability and reliability of development cooperation.

5. Relevant issues for the overall assessment of Dutch sectoral approach

5.1. Predictability of development cooperation – the need to 'stay the course'

Development cooperation policy at headquarters level has played a major role in driving aid instrument selection at country level. The decision to move to SBS, then to switch to GBS, and finally to phase out from Cape Verde have been significantly driven by development cooperation policy (and politics) in the Netherlands, rather than by considerations about the situation of and implications for the country. The selection of an aid beneficiary country and the decision of the volume of aid to be provided are always to some extent political decisions. However, when using budget support modalities additional considerations about country specifics are necessary.

By providing budgetary support donor engage directly with domestic governance, namely the implementation of the state budget, a central tool of the national government. Although budget support increases government discretionary power over resources available for development interventions it also increases vulnerability to aid instability – for example, the execution of the state budget might be undermined if funds are not disbursed on time.

Another important consideration is that budget support has high start-up costs – such as, the creation of conditions for alignment, the development of donor harmonisation mechanisms and the establishment of a performance assessment framework. It is important to allow enough time for these costs to be absorbed, as experience is gained and systems/mechanisms are developed.

The bottom line here is that development partners, particularly those providing budgetary support, need to 'stay the course' in order to avoid disruptions in national systems and to allow enough time for new mechanisms to be matured and produce the intended benefits.

5.2. Harmonisation and complementarity between sectoral and general budget support

Cape Verde provides an example of harmonisation and complementarity between SBS and GBS: harmonisation in terms of delivery and financial management of funds and complementarity in policy dialogue the government and performance assessment.

From a purely public finance management point of view there is no difference between the two. Similarly to GBS, SBS funds are channelled through the public treasury and managed according to public sector financial management procedures.

Differences concern disbursement calendars as well as the use of conditions, criteria or benchmarks to decide on disbursements, which varies according to the agency. For example, the Dutch (and later Austrian and Spain) referred to assessments of past performance to decide on future disbursements, whereas the World Bank disburses only upon the verification of (previously agreed) tangible policy measures and actions.

But despite differences in the use of performance conditions and criteria, there is a single jointly agreed PAF matrix for GBS and now a single PAF matrix for SBS used by both Austria and Spain. These two matrixes are tightly linked, as environment related indicators in the GBS matrix correspond to the *sine qua non* conditions for disbursement in the SBS matrix. In addition, the performance assessment which provides the basis for disbursement of SBS also takes into account the overall assessment of macroeconomic and public administration management made under the GBS PAF.

5.3. Donor coordination

There has been, since the introduction of budget support in Cape Verde, significant progress with regards to donor harmonisation. The BSG has been working towards improving coordination between member agencies and with GoCV and progress is gradually being made. As an illustration of this, the *Aide Memoire* of the May 2007 joint mission (BSG 2007) dedicates a section to donor harmonisation and alignment issues and emphasises the need to further donor coordination efforts. It also notes that the environment sector provides an example of good practice in donor coordination. In fact, ADA and Spain share, since 2007, a common framework

for policy dialogue and assessment of Government's performance in the environment sector through a joint sectoral budget support matrix (Annex III). This matrix, which draws significantly from the Dutch matrix, is fully aligned with the joint general budget support matrix (Annex IV), ensuring that overall public sector governance and environment-specific performance assessments are linked.

There is still, however, some work to be done to consolidate coordination. The BSG needs to continue making efforts to promote cross-donor harmonisation and alignment with Government, including (i) convergence towards a shared understanding of the objectives of budgetary support and dissemination of international best practice in the use of this aid instrument, and (ii) harmonisation of disbursement calendars.

5.4. PAFs and managing policy dialogue

The PAF is a central element of both SBS and GBS modalities. It is the main, and for some agencies the only, basis for deciding on disbursement. Policy dialogue between the BSG and GoCV is dominated by the joint monitoring mission which take place twice a year (for a period of about two weeks each) and focus essentially on the verification of the conditions and benchmarks included in the SBS and GBS PAF matrices. There are no further mechanisms for dialogue and coordination between BSG partners and with GoCV (except for those pertaining to bilateral relations between individual partners and GoCV).

An excessive focus on the PAF matrices as the basis for policy dialogue and performance assessment is problematic for at least two reasons.

Firstly, the current PAF matrices are long and complex. Also, as noted above, some of the conditions/criteria are inappropriate, either because they are of difficult (or subject) verification or because they are too intrusive on national policy/politics (e.g. the passage of legislation by Parliament as condition for disbursement). It is important to avoid falling into the trap of overloading the PAF with an excessive number of indicators. Evidence on the use of PAFs suggests that long and complex matrices tend to undermine the overall focus of the policy dialogue, generate inconsistencies and make the process more transaction cost-intensive than necessary (Lawson et al. 2005). An overloaded PAF can also represent a threat to domestic ownership and counteract donor alignment with national processes (including domestic monitoring frameworks). Instead of moving in the direction of a comprehensive and exhaustive list of measures of government performance, it would be advisable to have a selection of indicators which accurately reflect the dialogue being held at higher political levels and which expose the substantive issues.

Secondly, although the PAF must identify the areas where progress needs to be made, it is not necessary for the PAF to be the sole means of assessment (*ibid*). The PAF should be conceived as one element within a range of (formal and informal) processes of performance review, policy dialogue and knowledge sharing. In this way, not only will it work more efficiently, it will also be a more effective tool for alignment and strengthening of government systems. This is an area where further work is needed by BSG members in Cape Verde, particularly in building mechanisms for a more continuous exchange within the BSG and with GoCV.

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Annexes

I. Terms of reference

Terms of reference for a desk study on the Dutch sectoral approach in the environment sector in Cape Verde

1. The task

As part of the evaluation to DGIS of Sectoral Approaches in the Environment (reference is made to the overall terms of reference) a small desk study is undertaken on the Dutch experience in Cape Verde.

The mini case study will draw on:

- Key available documents (annual plans, appraisal documents, sector assessments, MoUs, review reports) and data (financial disbursements, evidence on outputs delivered)
- Telephone interviews with selected key informants from Government, RNE and other key donors in the sector.

DGIS will write to the selected informants (suggested list in Annex) requesting availability to a telephone interview to be conducted by the researcher. The interviews should be scheduled during the period 6-11 December.

2. Output

The assignment will produce a 10/15-page document which will be circulated for review to the concerned RNE. The suggested table of contents is:

1. INTRODUCTION (0.5 page)
2. COUNTRY CONTEXT (1.5 pages)
 - Development status
 - Main environmental issues
 - Environmental governance
3. SECTOR APPROACH IN ENVIRONMENT
 - 3.1 Background (1.5 pages)
 - Transition from earlier approach (motivations/rationale and what was discontinued)
 - 3.2. Design of the sector arrangement (2.5 pages)
 - Objectives
 - Inputs - resources allocated and capacity building
 - Link to national policy processes (leadership/ownership of government and alignment)
 - Involvement of other national players (other govt agencies and non-state actors)
 - Results focus (monitoring of results)
 - Donor coordination and harmonisation
 - 3.3 Outputs and outcomes (4 pages)
 - Policy operationalisation
 - Institutional development
 - Donor coordination - links with other donors (SBS inherited by Austria)
 - Poverty alleviation focus
 - Improved service delivery
 - Sustainability (discuss switch to general budget support)
4. EMERGING ISSUES (indicative) (2 pages)
 - SBS link to GBS

- Donor coordination/harmonisation
- Effects of withdrawal from SBS
- Drivers of aid instrument selection

REFERENCES

ANNEXES (indicative)

- Annex 1: resources allocated/expenditures
- Annex 2: list of persons interviewed
- Annex 3: any other of relevance

II. People interviewed⁹

Erik-Jan van Oosterhout	Former Representative of the Netherlands Embassy for Cape Verde (until May 2007)
Eva Kohl	Representative of the Austrian Embassy in Cabo Verde
Manuel Pinheiro	Director, General Directorate of Planning, Ministry of Finance and Public Administration
Marteen Gischler	Representative of the Netherlands Embassy for Cape Verde (based in Senegal)

⁹ By telephone.

III. SBS performance assessment framework matrix, 2005-2007

A. CONDIÇÕES SINE QUA NON						
Objectivos	Indicadores	Metas (2005)	Metas (2006)	Metas (2007)	Fontes	Observações e Recomendações
A.1 Quadro macro-económico equilibrado e estável	Avaliação do FMI no marco do PRGF ou do artigo IV	Apreciação positiva	Apreciação positiva	Apreciação positiva	Relatório de seguimento do FMI	
A.2 Estratégia de Crescimento e Redução da Pobreza implementada satisfatoriamente	Parecer da avaliação conjunta da implementação da ECRP	Apreciação positiva	Apreciação positiva	Apreciação positiva	Relatório de seguimento do Conselho Nacional para a Redução da Pobreza	
A.3 Planos de acção do CFAA e do CPAR implementados satisfatoriamente	Parecer dos parceiros de apoio orçamental sobre o avance das medidas previstas nos planos de acção do CFAA e do CPAR (baseado nos relatórios anuais dos CP)	Apreciação positiva	Apreciação positiva	Apreciação positiva	Acta da reunião de Concertação dos parceiros	
A.4 Relatório de execução financeira e técnica de implementação do PANA II	Realização de um relatório financeiro e de progresso anual das actividades do PANA II	Relatório apresentado ao Conselho Nacional do Ambiente	Relatório apresentado ao Conselho Nacional do Ambiente	Relatório apresentado ao Conselho Nacional do Ambiente	Relatório financeiro e de progresso aprovado pelo Comité de Gestão e Seguimento PANAI	Os resultados apresentados no relatório estarão baseados nas informações resultantes do sistema de seguimento do PANA II
A.5 Marco satisfatório para a realização da ajuda orçamental	Média ponderada dos critérios da matriz transitória (Cf. Anexo 1)	Média igual ou superior a 50%	Média igual ou superior a 80%		Avaliação externa do programa de apoio orçamental dos Países Baixos	Este critério é relevante unicamente para a determinação das verbas do apoio orçamental em 2007 e 2008
A.6 Boa governação	Média ponderada dos critérios de boa governação (Cf. Categoria B)	Média igual ou superior a 65%	Média igual ou superior a 65%	Média igual ou superior a 65%	Avaliação externa do programa de apoio orçamental dos Países Baixos	
A.7 Desempenho ambiental	Média ponderada dos critérios de desempenho ambiental (Cf. Categoria C)		Média igual ou superior a 50%	Média igual ou superior a 50%	Avaliação externa do programa de apoio orçamental dos Países Baixos	Este critério é relevante unicamente a partir do ano 2006

B. CRITÉRIOS DE BOA GOVERNAÇÃO						
Critérios de boa governação global						
Objectivos	Indicadores	Metas (2005)	Metas (2006)	Metas (2007)	Fontes	Observações e Recomendações
B.1 Controlo exterior <i>a-posteriori</i> melhorado	Conta Geral do Estado apresentada ao Parlamento	Ano 2003	Ano 2004	Ano 2005	Comunicação do Governo ao Parlamento	
B.2 Sistema informático integrado do orçamento do Estado segundo um modelo que integra as projecções macro-económicas com as propostas orçamentais e as diversas fases da execução orçamental com os resultados a atingir baseados em indicadores, tanto a nível central e sectorial como a nível municipal	NOSI operacional	Funciona - mento satisfatório	Funciona - mento satisfatório	Funciona - mento satisfatório	Amostras de extractos e resumos de contas do NOSI	A confirmar com DGP e NOSI
B.3 Avanço satisfatório da política de descentralização	Parecer dos parceiros do apoio orçamental sobre o avanço das reformas previstas pelo Governo no âmbito da Descentralização	Apreciação positiva	Apreciação positiva	Apreciação positiva	Acta da reunião de concertação dos parceiros	Está prevista a elaboração, aprovação e implementação da lei quadro da descentralização, da lei das finanças locais e da informatização da gestão municipal

Crítérios de boa governação sectoriais						
Objectivos	Indicadores	Metas (2005)	Metas (2006)	Metas (2007)	Fontes	Observações Recomendações
B.4 Ciclo de planificação melhorado no sector do ambiente	a) Planos de Actividades Anuais revisto conforme as prioridades retinidas	PAIS e PAM 2006	PAIS e PAM 2007	PAIS e PAM 2008	Orçamentos, indicadores e metas dos PAIS e dos PAM	
	b) QDSMP dos Ministérios relacionados com o PANA II actualizados (integrando o PAIS respectivo)	QDSMP 2006-2008	QDSMP 2007-2009	QDSMP 2008-2010	QDSMP dos Ministérios relacionados com o PANA II	Após deliberações orçamentais MFP – Ministérios sectoriais e arbitragem pelo CM
B.5 Execução satisfatória da política do ambiente	Parecer do Conselho Nacional do Ambiente sobre a implementação do PANA II	Apreciação positiva	Apreciação positiva	Apreciação positiva	Acta da reunião do Conselho Nacional do Ambiente	
B.6 Financiamento adequado dos municípios visando a execução do PANA II	Percentagem da despesa orçamental no domínio do ambiente afecta aos municípios	= 60 %	= 60 %	= 60 %	Relatório anual de implementação do PANA II	A fonte pode ser completada pelos relatórios do FADM e dos Núcleos da ANMCV
B.7 Informação ambiental como instrumento de planeamento e gestão disponível	Sistema de Informação Ambiental (SIA) operacional	Sistema operacional	Sistema operacional	Sistema operacional	Relatórios e amostras de extractos do SIA	
B.8 Inventário patrimonial do MAAP utilizado como instrumento de gestão	Inventário patrimonial do MAAP	Inventariação finalizada	Inventariação actualizada	Inventariação actualizada	Relatório de actividades do MAAP	

C. CRITÉRIOS AMBIENTAIS						
Objectivos	Indicadores	Metas (2005)	Metas (2006)	Metas (2007)	Fontes	Observações e Recomendações
C.1 Um território ordenado, para uma exploração sustentável dos recursos naturais	Território coberto por Planos de Ordenamento do Território aprovados e executados	Pelo menos 1 EROT e 3 PMOT iniciados	Pelo menos 1 EROT e 3 PMOT aprovados; mais 2 EROT e mais 3 PMOT iniciados	Pelo menos 3 EROT e 6 PMOT aprovados; mais 1 EROT e mais 3 PMOT iniciados	Publicação dos diplomas de aprovação no BO	Os EROT são da responsabilidade da DGOTDH e os PMOT dos municípios. A disponibilidade de cartografia adequada não é condicionante para os EROT mas pode dificultar os PMOT.
C.2 Condições de salubridade para um ambiente sadio: águas residuais tratadas	Taxa de cobertura da população com águas residuais domésticas tratadas em ETAR	≥ 5% da população	≥ 7% da população	≥ 20% da população	Estatísticas da população (INE) Relatórios anuais do MIT/DGIESB e CMs	Quadro 11-PAIS Rec. Hídricos. Modificação do Indicador 15 do PANA – SSQA (consta da matriz do DECRP).
C.3 Condições de salubridade para um ambiente sadio: resíduos tratados	Taxa de cobertura da recolha e tratamento em aterro controlado dos resíduos sólidos urbanos	≥ 10% da população (só recolha)	≥ 15% da população	≥ 20% da população	Estatísticas da população (INE) Relatórios anuais do MIT/DGIESB e CMs	Quadro 13-PAIS Rec. Hídricos. Indicador 68 do PANA – SSQA (Um indicador relativo apenas à recolha consta da matriz do DECRP).
C.4 Condições de salubridade para um ambiente sadio: resíduos hospitalares tratados	Aprovação e implementação de um sistema de gestão dos resíduos hospitalares	Aprovação do Plano de Gestão dos Resíduos Hospitalares	Realização da Fase 1	Realização da Fase 2	Despacho de aprovação do Plano; Relatórios Anuais do MS-DGS	Este Plano consta das 3 fases de implementação e está previsto no âmbito do PANA II
C.5 Uma biodiversidade viável para um desenvolvimento sustentável	Número de áreas protegidas com planos de gestão implementados	1 finalizado e 3 iniciados	1 aprovado, 3 finalizados e mais 2 iniciados	4 aprovados, mais 2 finalizados e mais 3 iniciados	Planos de Gestão das Áreas Protegidas; Relatórios Anuais da DGA	Modificação do Indicador 39 do PANA – SSQA, que se refere apenas à superfície das áreas protegidas.

C.6 Uma gestão sustentável dos recursos marinhos	Recursos da pesca geridos e fiscalizados	Plano de Gestão dos Recursos da Pesca e Plano de Fiscalização aprovados	Plano de fiscalização cumprido	Plano de fiscalização cumprido	Despacho de aprovação; Relatórios anuais das várias entidades	
C.7 Um turismo sustentável adaptado às realidades de cada ilha	Taxa de adesão dos operadores turísticos ao Código de Conduta do Turismo Sustentável	Código de Conduta aprovado e publicado	> 50%	> 75%	Lista dos operadores turísticos e lista de assinaturas do Código	Este indicador depende da prévia elaboração e aprovação do Código. Deve prever-se um mecanismo de relatórios anuais (audítáveis) por parte dos operadores turísticos sobre a concretização dos princípios do código
C.8 Uma indústria produtiva com um mínimo de impacte ambiental – indústria transformadora	Percentagem das indústrias classificadas de acordo com o seu impacte ambiental	Classificação preparada	Classificação realizada	Actualização regular da classificação	Relatórios anuais da DGEI e da DGA	
C.9 Uma indústria produtiva com um mínimo de impacte ambiental – indústria extractiva	Percentagem de areia consumida em Cabo Verde com origem legal	≥ 20%	≥ 40%	≥ 80%	Estatísticas da importação de cimento e de areia; Estatísticas da produção interna de areia	Indicador indirecto que requer a definição clara das origens legais de areia. O PANA apresenta um relatório específico sobre o tema.
C.10 Um sistema de produção, distribuição e utilização de energia sustentável	Percentagem de indústrias com Planos de Utilização Racional de Energia (PURE)	> 10% do consumo industrial	> 15% do consumo industrial	> 20% do consumo industrial	Estatísticas eléctricas (ELECTRA) Relatórios anuais da DGEI	
C.11 Um comércio dinâmico, moderno e respeitando o ambiente	Taxa penalizando as embalagens com menos viabilidade de reciclagem	Aprovação	Aplicação	Aplicação	BO Relatórios anuais da DGCC	O Plano de Gestão de Resíduos elaborado no âmbito do PANA II prevê esta taxa
C.12 Uma população formada, informada e empenhada no desenvolvimento sustentável	Temática ambiental nos curricula escolares (ensinos básico, secundário e superior)	Plano de acção aprovado	50% das alterações curriculares aprovadas	50% das alterações curriculares aprovadas	Despachos de aprovação	Indicador discutido com o MEVRH

Source : RNE (2005a) Baseline study.

IV. Joint GBS matrix for the Government of Cape Verde, May 2007

Spheres	Nº	General Assessment			2006 (Base)	2007	2008	2009	Follow-up	
Macroeconomic	1	Positive assessment of macroeconomic stability framework			+	+	+	+	MFP - TFP	
Poverty reduction	2	Positive assessment of DECRP implementation			+	+	+	+	MFP - TFP	
Public finance management	3	Positive assessment of the progress made in implementing public finance management reforms			+	+	+	+	MFP - TFP	
Medium Term Objectives	Nº	Policy Measures and Actions			Indicators	Base 2006	Benchmarks			Seguimento (entidade responsável)
		2007	2008	2009			2007	2008	2009	
DECRP Pillar # 1 (Promoting Good Governance, Reinforcing Effectiveness and Guaranteeing Equity)										
Support priority sectors and cross-cutting functions		2008 draft Budget Law in line with the GPRSP priorities and the MTEF	2009 draft Budget Law in line with the GPRSP priorities and the MTEF	2010 draft Budget Law in line with the GPRSP priorities and the MTEF	Education as % of Budget	22.5	Tbd (DECRP2)			MFAP
					Health as % of Budget	7	Tbd (DECRP2)			MFAP
					Social Protection as % of Budget		Tbd (DECRP2)			MFAP
Clearance of Arrears and Control Contingent Expenditure		Continuation of the plan for clearance of arrears: -clearance of 60% (cumulative) of total arrears (as of December 2006). Application of the Adjustment mechanism as stated by Law	Continuation of the plan for clearance of arrears: -clearance of 80% (cumulative) of total arrears (as of December 2006). Creation of the Logistic Company	Continuation of the plan for clearance of arrears: -clearance of 100% (cumulative) of total arrears (as of December 2006).	% of the stock of arrears to be cleared	65	40	20	0	MFAP
Improve budget planning		Linkages between investment budgets and forward expenditure estimates	2 Sectoral MTEFs prepared	5 Sectoral MTEFs prepared	Number of sectors with full costing of recurrent and investment expenditure, broadly consistent with fiscal forecasts		2	4	6	MFAP
Quality of financial		Regulation on	Finalize the inventory of		(i) Consolidated financial statement					

statements		assets assessment	government assets		prepared annually with information on assets/liabilities (ii) Accounting standard do not departure significantly from IPSAS					
Improve impact of external control		2001-2005 Audited State General Accounts submitted to Parliament	2006-2007 Audited State General Accounts submitted to Parliament Audits of the Municipalities accounts have started	2008 Audited State General Accounts submitted to Parliament and Backlog of municipal audits cleared	# of months before presentation to Parliament of executed budget of the previous year	7 years	2 years	6 months		MFAP
Sustainability of PFM reform		Finalization of GEP reform	GEP fully operational to lead PFM reforms		GEP functioning budget					MFAP
Streamline and codify procurement methods		The CIAP is operational (decree published, Key staff nominated), conditional on the approval of the Law by the Parliament The UGA for three ministries (Finance, Health and Infrastructure) are operational (Arete signed and Key staff appointed)	The ARAP is operational (decree published, Key staff nominated) The UGA for all of the key line ministries supported by the budget support are operational (ARAP signed and Key staff appointed) Review of procurement procedures in the key ministries Regulation Decrees approved by the council of Ministers							
Streamline State structures		The UCRE's State Restructuring Commission (CRE) adopts the diagnostic report (formal and substantial) and approves a model to be implemented:	Implementation of restructuring recommendations in at least 5 ministries (new organigram, fusion and extinction of institutes, etc) and preparation of State Budget 2009 integrates changes	Implementation of restructuring recommendations continued						UCRE

		Disseminate model to be implemented to sectors.								
Reinforce decentralization		Inter-sectoral Commission on Decentralization and Deconcentration disseminates proposed model for strengthening decentralisation, planning at the regional level and coordination of deconcentrated services Municipalities Information System (SIM) installed in 8 additional municipalities	Lei Quadro presented in the Council of Ministers after stakeholder consultation Municipal Information System (SIM) installed in 4 more municipalities	Implementing Decrees adopted. Municipal Information System (SIM) installed in all municipalities	None Number of municipalities with SIM	3	11	15	22	UCRE-DGAL- NOSI-DGAL-
Renew the legal framework		New PCCS (including actuarial projections of financial impact) presented in the Council of Ministers prior to social communication Decree on Mobility approved	Implementation of new legal framework: • Training plan for evaluation system • Identification of the staff in the "excedentary group" and finalization of mobility options.	Implementation of new legal framework continued						
Improve Management and capacity of the human resources		Integrated Human Resources Database: finalization of reengineering of individual processes First profile of public employees published	Deconcentration of integrated database in five ministries Profile of public employees published	Deconcentration of integrated database in all ministries						
Redefine regulatory framework for decentralized service delivery		Annual joint review of implementation of the Social Protection Strategy			# of revised agreements signed	0	22	N/A	N/A	MTS, municipalities (annual repts)

		Monitoring of new protocols								
Improve management and coverage of non-contributory pensions		Implementation and monitoring of revised non-contributory pensions			# of recipients of Min. Social Pension	8040	11%	12%	13%	MTS, MOF (annual report and budget monitoring)
Improve overall Monitoring and Evaluation System		Implement STAD Action Plan including: - Complete M&E Needs Assessment - Extend NOSI Database to STAD - Training in M&E Sectors/DGP - Implement Agenda Estatica - QUIBB 2007	Implement the STAD Action Plan: - Training in M&E STAD and sectors Implement Agenda Estatica: - Training - Preparation of Population Census (RGPH)	Implement the STAD Action Plan: - Complete STAD and all sectors Databases Implement Agenda Estatica: - Execute Housing listing and mapping (RGPH)	Number of Staff trained in M&E from - STAD - Sectors - INE (statistics) RGPH Listing and maps available (datafiles)	1 0 6	2 6 20	4 12 20	4 16 20	DGP/STAD GEPs INE
DECRP Pilar 3 (Develop and Upgrade Human Capital)										
Improve quality and efficiency of basic education		Second year of teacher training action plan for basic education implemented	Second year of teacher training action plan for basic education implemented	Second year of teacher training action plan for basic education implemented	% of primary education teachers without professional qualification	19.9%	16%			MOE and pedagogical institute
Improve capacity to identify, prevent and treat non communicable diseases		Situational analysis & National Strategy for non-communicable diseases completed Human Resources for Health Action Plan Implemented			NCD strategy published and first interventions launched					

Improve the budgeting process of the health system to track efficiently expenditures.			INPS transfers, recovery costs revenues and international aid support are included in MoH and central hospitals budgets. 2005-2010 immunization strategy is translated in key interventions aiming at increasing immunization coverage of the whole population.		Strengthened budgets produced					
Increase immunization coverage to prevent efficiently infectious diseases.				Immunization rate of one year children fully immunized increased and new antigens such as Hepatitis B & Haemophilus are introduced. At decentralized level, budgets for each operational health unit, breaking down by every line item, are established.	% children one year old fully immunized exceed No. of new antigens introduced					
DECRP Pilar 4 (Improve and Develop Basic Infrastructure, Promote Land Use and Protect the Environment)										
Satisfactory implementation of the government's environment policy (PANA II)		Implementation of PANA II	Implementation of PANA II	Implementation of PANA II	Assessment of the annual implementation report of PANA II by the Conselho Nacional do Ambiente (CNA)		Positive assessment by CNA	Positive assessment by CNA		Annual implementation report of PANA II and minutes of CNA meeting
Improvement in sectoral governance					Average mean of good sectoral governance criteria (Cf. sectoral budget support matrix)		Average equal or higher than 60%	Average equal or higher than 60%		Assessment by the sectoral budget support partners during the joint mission

Improvement in environmental conditions					Average mean of environment performance criteria (Cf. sectoral budget support matrix)		Average equal or higher than 50%	Average equal or higher than 50%		Assessment by the sectoral budget support partners during the joint mission
DECRP Pillar 5 (Improve the Effectiveness and Sustainability of the Social Protection System)										
Redefine regulatory framework for decentralized service delivery		Annual joint review of implementation of the Social Protection Strategy Approval and implementation of revised protocol agreements for decentralized social services in all municipalities	Annual joint review of implementation of the Social Protection Strategy Monitoring of new protocols	Assessment of effectiveness of decentralized social protection services	Protocols		22 protocols signed	22 protocols monitored	22 protocols assessed	MTS, MFAP