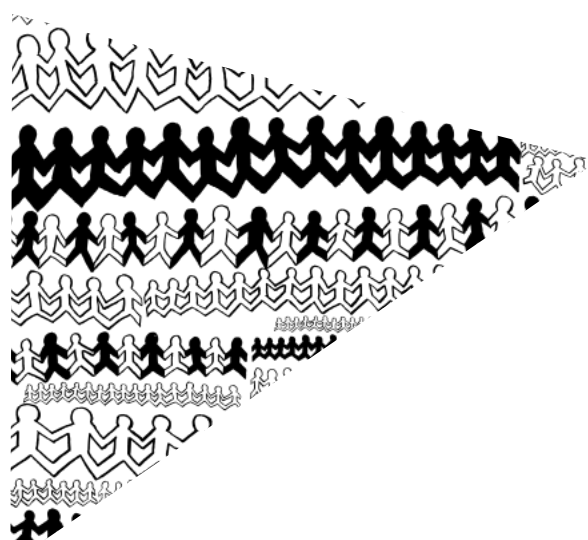


Directorate for Development Cooperation and
Humanitarian Affairs
Ministry of Foreign and European Affairs
Lux-Development

**Mid-Term Review (MTR) of the Indicative
Cooperation Programme (ICP IV, 2016-
2020) between the Republic of Cape Verde
and the
Grand Duchy of Luxembourg**
Executive Summary

November 2018



LUXEMBOURG
AID & DEVELOPMENT



1. Introduction

In 2018, the Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs (MAEE) and the Luxembourg Agency for Development Cooperation (LuxDev) commissioned a report on **the Mid-Term Review (MTR)** of the Indicative Cooperation Programme (ICP IV) 2016-2020 between the Republic of Cape Verde and the Grand Duchy of Luxembourg.

This review, entrusted to EY, aimed to **produce an interim assessment** of Luxembourg's contributions to the implementation of Cape Verde's development strategy. The interim assessment also aimed to look at the contributions in relation to the priority areas covered in the ICP IV as well as **evaluate the ICP IV in its entirety**¹ based on the criteria of relevance, effectiveness, efficiency, impact and sustainability that are regularly used by the Development Assistance Committee (DAC) at the OECD. Finally, the review aimed **to make realistic and pragmatic recommendations** that are both strategic and operational to introduce possible improvements for the current ICP. These recommendations aim to reinforce the goals of strengthening the fight against poverty, sustainable development and the quality and efficiency of Luxembourgish cooperation.

The review was conducted in three phases between April and November 2018: (i) a first phase with the project launch and document analysis; (ii) a data collection phase via a field mission to Cape Verde during which 90 interviews were conducted and 118 people were interviewed; (iii) an analysis, restitution and finalisation phase providing answers to the evaluation questions via the submission of this final mid-term review report. This mid-term report takes into account the Cape Verdean counterpart's feedback made during and after the presentation of the report to Cape Verdean officials made this prior October 30th.

Initiated in the late 1980s and expanded after 1987², the Grand Duchy of Luxembourg's cooperation with Cape Verde, which is now one of seven preferred partner countries, has been seen several important milestones. Among those milestones are the signature of a first General Agreement on Cooperation in 1993 (renewed in 2007), the 2001 opening of a decentralised Office of the Luxembourg Cooperation in Praia, and opening of an embassy in 2007 covering bilateral relations. Additionally, there have been four successive **Indicative Cooperation Programmes** (ICPs) since 2002 that are designed to frame and clarify the cooperation objectives between the two countries and to channel funding to sectors and projects that are identified as priorities.

Signed on 11th March 2015, with an initial budget of €45 million for the period 2016-2020, the **ICP IV** prioritises the areas of 'Jobs and Employability' (a sector in which Luxembourg assumes a leadership) and 'Water and Sanitation'. ICP IV also introduced renewable energy as a new sector of focus. In addition, it provides for different modes of assistance (bilateral, multilateral and civil society cooperation) and is articulated around the main principles of aid effectiveness (ownership, alignment, harmonization, results-based management and mutual accountability).

¹ The mid-term review is informed by evaluations of three bilateral programmes implemented by LuxDev in the 'jobs and employability' sectors (CVE / 081), 'water and sanitation' (CVE / 082), and 'renewable energies' (CVE / 083), and sector budget support provided by Luxembourg under ICP IV.

² Source: Cooperation Programme (2016-2020) Grand Duchy of Luxembourg and Republic of Cape Verde.

2. Conclusions by evaluation criteria

2.1. Relevance

The overarching and specific objectives of ICP IV are aligned with Cape Verde's national development strategies (Government Programme of the Ninth Legislature 2016-2021, National Sustainable Development Plan [PEDS] 2018-2022). The three priority areas of assistance of the ICP (jobs and employability, water and sanitation, renewable energy) are also germane to these national strategies.

Although the underlying importance of each priority area is well-grounded, the relevance of the ICP's assistance areas concerning the sectoral strategies and the beneficiaries' needs is nevertheless **hampered by certain limitations**, which include a lack of a strategy-based action plan (such as the case with the PNSE in the field of renewable energies) or strategies (South-South cooperation, internationalisation of Cape Verdean know-how). Additional limitations include not updating the sectoral strategies (PIEFFE), a lack of sector-specific frameworks (as is the case for renewable energies), and certain actions that do not adequately support groups with pressing needs (such as the youth and women). These limitations do not call into question the underlying institutional approach traditionally favoured by Luxembourgish cooperation.

Luxembourg is **uniquely positioned in terms of its coherent, and often complementary, approach with other technical and financial partners**. This coherence is ensured by coordination efforts, often through Luxembourg's own initiative, but is nevertheless confronted by a lack of formal sectoral coordination bodies (with accountability to the government) and of dialogue with technical and financial partners (with accountability to the donors).

The relevance **of the selected approaches and ways these approaches are implemented vary from one another**. While the evaluation confirms the relevance of the transition from a project-focused approach to a sectoral approach for programmes, it notes that the challenge of diversifying the methods used for implementation of the ICP have proven risky. The implementation of the various Funds by national partners is not adapted to local capabilities in the current environment. LuxDev's use of direct management is appropriate and pragmatic given the difficulties (turnover of staff and lack of human resources within the services) as well as the more liberal approach of the new government. This management will be able to evolve gradually provided that Cape Verdean partners have sufficient human resources to promote the ownership and sustainability of results.

2.2. Efficiency

The expected results of the cross-cutting themes of ICP IV are difficult to evaluate due to an insufficient amount of data. At the level of the priority areas of intervention, **the evaluation draws a contrasted assessment of the results achieved for the various components of the ICP, with the prevailing trend being that the various components have been partially achieved or are in the process of being achieved**. Several obstacles (executive rotations, slow decision-making processes and insufficient human resources) hindered the proper implementation of the ICP within the electoral backdrop of political transition and institutional uncertainties in Cape Verde.

The main principles of Luxembourg's development cooperation were taken into account during the formulation and implementation of the ICP IV programmes. However, there are notable areas

for improvement (the lack of a structured platform that establishes a dedicated dialogue between PTF, the determination of the amount of assistance is sometimes miscalibrated in regard to the human resources available to appropriate the assistance).

With regard to cross-cutting themes, the topic of gender was the most common theme, notably in the framework of 'Jobs and Employability' but was insufficiently integrated into other components of ICP IV (the triangular cooperation project, PADFI II) and in the follow-up phase (lack of disaggregated indicators for some aspects). The protection of the environment and of climate change is taken into account mainly on certain aspects of the ICP (CVE / 083 with a DAC marker equivalent to 2). Strengthening governance is a systematically sought-after objective, of which the implementation runs up against the aforementioned blockages and must be understood in the long-term.

The monitoring and evaluation mechanism of ICP IV relies on several appropriate steering bodies for political and technical exchanges that monitor the progress of programmes and projects and facilitate their operationalisation. Although these steering bodies are numerous and have integrated several good practices such as a recent revision of the monitoring and evaluation matrix of LuxDev programmes, the monitoring tools are not sufficient to cover certain aspects of the ICP (for example for the triangular cooperation project) and measure the impact of the results. The results monitoring matrix in the ICP annex will in the future be reviewed on the basis of the PEDS, while ensuring the availability and the possibility of informing these "macro" indicators. More generally, some structural factors currently hinder the monitoring of the results of ICP IV programmes and projects (lack of IT tools and monitoring, even if positive steps have been taken to improve this; a lack of available indicators; a lack of human resources monitoring and evaluation management; and Cape Verdean techniques).

The approach taken to diversify relations encouraged by the ICP, notably with private actors who are needed to support the fund (which is not operationalised to date), would benefit from being improved since there has been a lack of definition for this approach. On the other hand, cooperation with decentralised actors has been promising and made possible in large part by the multilateral programme.

Organisation and efficiency of implementation and monitoring / evaluation

Relating to the difficulties encountered (instability, staff turnover, insufficient human resources), the programmes and projects of ICP IV (outside the ABS) are to varying degrees characterised **by their under-execution**. Several good practices bolster the efficiency of programmes and projects. These good practices include having appropriate steering bodies and resources pooling at the local LuxDev office via the establishment of a Support and Technical Management Platform (PAG).

To achieve the objectives at a lower cost, progress will need to be made to increase the potential synergies in terms of mobilised resources and targeted actors (between the multi-bilateral channels). There will also need to be progress to strengthen inter-donor dialogue (responsibility of the TFPs) and sectoral coordination (Cape Verdean responsibility) as well as strengthen the development of tools for monitoring results and impacts for Cape Verdean partners.

Luxembourg's development cooperation **enjoys significant visibility** with internal and external stakeholders of the ICP IV in Cape Verde. This visibility can be attributed to several factors such as the long-established presence and consistency of Luxembourg's support, valued expertise, recognition in the donor community, high-level visits, and the presence of multiple

communication channels. However, there is room for improvement of communications (the use of social networks) and of better targeting certain categories of the population (young people, investors, civil society).

2.3. Sustainability and impact

The objectives and goals expressed by the ICP and its programmes/projects are intended to contribute to poverty reduction in Cape Verde. The objective to reduce poverty in the framework of ICP IV is shared with the government of Cape Verde that aims to reduce poverty from 35% in 2015 to 28.2% by 2021.

Measureable in almost all of the programmes and projects of the ICP IV, **the goal to reduce poverty is multifaceted** ranging from the objective of improving job conditions, employability and professional integration (especially for the youth and women who are more impacted) and access to inclusive financial services (Jobs and Employability Axis), as well as access to water and sanitation services for the population with a focus on islands with the highest needs (Water and Sanitation) and contribute to universal access to clean, reliable, modern and affordable energy (Renewable energies axis).

However, **it is often too early to measure the real impact of the contribution**. The contribution of the Luxembourg Cooperation to the reduction of poverty of Cape Verde is difficult to evaluate for several reasons: difficulty to measure the part attributable directly to the Luxembourg Cooperation in this effort, measure of impacts impossible because of the discount since 2015 of statistics (poverty rate, although it should be noted that an INE survey is currently under way on family expenditure to update this indicator), delays in project programmes, coupled with lack of statistics and update.

2.4. Specific questions

Although ICP IV, as such, has not included a paragraph and/or an annex with a risk matrix, these elements have in nearly all cases been taken into account for each programme and project. In this respect, the risk identification made at the start is relevant (clarifying the categorization of multi-factorial risks for LuxDev's sectoral programmes). However, the risk identification **underestimated** the obstacles related to political transition, slow decision-making processes and a lack of human resources, which had a direct impact on the depth of programme implementation and delays.

Even though the resources and tools for monitoring these risks are generally sufficient, further monitoring will benefit from being improved for certain aspects of ICP IV (the triangular cooperation project).

At the core of the ICP and its programmes/projects, the capacity building of Luxembourg's cooperation is characterised by certain characteristics and assets (high-quality technical assistance, participatory process for setting up programmes/projects, multi-level approach: human resources, organisational and institutional in particular).

Nevertheless, the ICP is confronted with the aforementioned obstacles (notably the beneficiaries' political instability, staff turnover, insufficient human resources and over-estimated capacity to deliver on the ground) that hinder the achievement of objectives and the sustainability of providing assistance. These cross-cutting constraints, combined with other specific constraints,

explain that the multi-dimensional RC approach of the Luxembourg's development cooperation results in uneven results for the various programmes/projects of the ICP IV.

3. Recommendations

Based on the findings identified, the evaluation puts forth the following recommendations:

- ▶ Continue the search for alignment with government priorities and strengthen the consideration of beneficiaries' needs
- ▶ Support the operationalisation of full harmonisation with technical and financial partners
- ▶ Strengthen and formalise sectoral coordination in the priority areas of ICP IV
- ▶ Strengthen the results and impacts of ICP IV
- ▶ Increase ICP IV monitoring
- ▶ Improve the visibility and efficiency of the implementation of ICP IV
- ▶ Strengthen the analysis and risk management of ICP IV and better calibrate capacity building assistance in the future