



Escritório do Coordenador Residente  
**Nações Unidas** | CABO VERDE  
*Juntos na acção*

**STATEMENT BY THE UNITED NATIONS RESIDENT COORDINATOR,  
PETRA LANTZ, AT THE OCCASION OF THE  
III ANNUAL MEETING WITH AMBASSADORS AND INTERNATIONAL  
ORGANIZATIONS REPRESENTATIVES  
MINDELO, CABO VERDE  
(1st February 2010)**

**GAT - Lessons learnt**

Excelências

It is an honour to address this illustrious audience on the topic the Transition Support Group (Groupe d'Appuie a la Transition, GAT) – Lessons learnt.

(In June 2007, a declaration for effective and sustainable graduation from LDC status was adopted by the Government of Cape Verde and the Members of the GAT. The declaration recommended inter alia that the international community).

When the GAT was created, in May 2006, the upcoming Graduation of Cape Verde at the end of 2007, was both a cause for celebration as well as concern.

Cape Verde is only the second country in the world to have graduated from LDC status, the first being the natural resource rich Botswana which graduated in 1994. For natural resource poor Cape Verde, Graduation was indeed a momentous step as well as an acknowledgement of a development progress that has been steady and convincing since independence. At Graduation, Cape Verde met two of the three criteria for Graduation: per capita income and the human assets index. With regard to the third criterion, the Economic Vulnerability Index, the country found itself in a grouping of the most vulnerable of the LDCs. Graduation was thus both a bold and courageous move and to a certain extent also a leap of faith, faith in the country's ambitious transformation and modernization agenda and faith in the commitment and possibility to obtain sustained support from development partners.

While Cape Verde in three consecutive reviews of the UN Committee for Development Policy had qualified for Graduation, the country still appeared vulnerable to the risks of a brusque transition. Among the questions were:

- was the support from the Development Partners going to be maintained?
- was it going to be possible to preserve an adequate level of preferential treatment in terms of access to markets and to financing?
- was it still feasible to negotiate a favourable accession to the WTO?
- was the Graduation going to benefit the development dynamics of the Country?

While it is still quite early to look back, just over two years after graduation, I believe that we can provide a tentative YES in reply to all those questions.

On the basis of available information, I believe that it is fair to say that the GAT, both before and after Graduation has played an important role in preparing and ensuring a smooth transition. It helped raise the awareness of Development Partners with respect to the challenges connected with Graduation; it provided a forum for discussion and agreement on coordinated and continued measures; and it reinforced the reciprocal commitment of the Government and the international community to pursue the joint objective of sustainable, balanced, and long-term development. The GAT also recommended the continuation of the efforts of the development partners and the international community in general to provide support to Cape Verde in line with the Paris Declaration on Aid Effectiveness. In this regard, the Government of Cape Verde signed in December 2006 with six of its partners (Austria, Spain, the Netherlands, the African Development Bank, the World Bank and the European Union), a memorandum on Budget Support. Portugal has since also joined this group. The advantages of budget support are several, including increased predictability of aid, harmonization and alignment to national processes, reduction of transaction costs and a strengthened dialogue between Government and partners, all contributing to increased effectiveness and efficiency of aid and institutional development.

The positive results of the transition strategy implemented so far with the support of the GAT can be confirmed by figures. According to National Budget Data, overall ODA has remained relatively stable over the period 2007-2009, and 2010 predictions

are that ODA will increase quite significantly, particularly as a result of a sharp increase in loans.

Amount of ODA in the Transition Period (million €)

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Grants	71	63	65	75
Loans	47	47	59	151
<b>TOTAL</b>	<b>118</b>	<b>110</b>	<b>114</b>	<b>226</b>

\*source: National Budget

The still quite tentative transition success until now, should, however, not only be measured by the ODA in-flow to the country. Evidence of a sound management of the transition process and in particular of the effectiveness of the national development strategy, can be also found in the evolution of the same criteria that qualified Cape Verde for Graduation. This evolution is monitored on a triennial basis by the Committee for Development Policy of the United Nations as part of a common effort to accompany the sensitive transition period.

The most recent triennial review, completed in March 2009, confirms the country's positive development path and indicates a strong acceleration in the growth of GNI per capita together with a quite important reduction of Cape Verde's economic vulnerability.

Cape Verde's evolution in Graduation's criteria

	<b>2003</b>	<b>2006</b>	<b>2009</b>
GNI x capita (US\$)	1,323	1,487	2,180
Human Asset Index	72	82.1	81.9
Economic Vulnerability Index	55.5	57.9	48.1

\*source: Committee for Development Policy - Triennial reviews

The accession of Cape Verde to the World Trade Organization, completed in July 2008, is another crucial step in the Country's recent history. It demonstrated the concrete possibility of customizing and flexibly adapting the terms of accession to the needs of a newly graduated Country, taking into account the importance of a smooth

transition towards the full integration of Cape Verde into world trade and the global economy.

Cape Verde's response to the multiple challenges of Graduation is thus far promising and so is the response of the development partners. They are good examples of joint commitment and willingness to ensure continued development progress and a desire to award instead of endanger the success of a determined, pioneering and visionary nation such as Cape Verde. The world is still wanting in terms of development success and a continued smooth and positive development progress in Cape Verde can serve as an example and inspiration for future graduating countries.

While it is still early to draw very conclusive lessons from the Graduation and the role of the GAT, let me mention a few preliminary ones:

- The issue is not Graduation itself, rather the readiness of the Country and its development partners to effectively manage new and changing conditions.
- Institutional maturity and solid democratic and transparent national governance systems are pre-requisites for success
- Commitment and flexibility is required by development partners
- A formal and dedicated consultation mechanism ensuring coordination of efforts and sensitizing the international community on the factors affecting the implementation of a smooth transition process is necessary.

The positive role of the GAT so far is encouraging but the GAT may also need to adjust in order to face a new and dynamic development context, including the growth of the Budget Support modality, the increased share of loans in the composition of the Official Development Assistance, the need for improved aid coordination among all development partners. New conditions require new tools and both the Government and the Development Partners are committed to identify such tools. Coordinating the efforts, fine-tuning the instruments and customizing

the interventions to respond to emerging needs will require continued flexibility and commitment on both sides as well as a continued shared sense of purpose.

Before closing, let me just mention an ongoing debate with regard to middle-income countries (a term which in fact does not relate to the graduation from LDC, Cape Verde has belonged to the so called lower middle-income group as defined by the World Bank for quite some time before its graduation). There is a growing awareness among development partners and within the UN system itself that existing terms, strategies and policies for development financing and development cooperation of such a large and diverse group of countries is not sufficiently attuned to the dynamic and diverse circumstances of individual countries. There is a need to tailor strategies and programmes to specific country needs. A recent report of the Secretary General on development cooperation with middle-income countries presented to the UN General Assembly last year (A/64/253) suggests that a much broader measurement of development, rather than income alone, may be more appropriate for classifying middle-income countries in international development cooperation. The report suggested further study on this issue. Cape Verde's own development trajectory may be an inspiration for further thinking also in this field.

Finally, while we can applaud Cape Verde's hard-earned and deserved development progress to date we should not forget its continuing but also changing vulnerabilities. With increased integration in the global economy comes further vulnerability to global shocks.

It is important that a focus on the most vulnerable groups in society is maintained and that effective strategies are in place to ensure that development benefits are distributed equitably. Our efforts must jointly pursue the objective of inclusive, balanced and sustainable development for all Cape-Verdeans.

Thank You.