



Terms of Reference:

Developing Infrastructure services in Cabo Verde

Cabo Verde's ability to compete successfully in the global market and implement an economic transformation agenda depends on efficient, adequate and quality infrastructure. High GDP level is usually associated with good quality and availability of infrastructure. Therefore, the Transformation Agenda adopted in 2003 identified infrastructure investment as a priority. The Government expanded and improved the quality of roads, built ports and airports, increased access to energy, modernized the telecommunications sector, and extended access to water and sanitation. Moreover, important policy reforms were initiated in areas such as water and sanitation.

In spite of these developments, infrastructure availability and efficiency and the quality and cost of services are still an obstacle to Cabo Verde's competitiveness. The reality is that, when building infrastructure to support its economic transformation agenda, Cabo Verde will face the constraints of a microstate consisting of nine inhabited islands, some with small populations, scattered in a 300-mile radius. This situation is not unique to Cabo Verde and is the reality of many Small Island Developing States.

Small Island States face high costs for international transportation. Insularity and small size translate into higher transportation costs, affecting the country's competitiveness. The cost for transporting a 20-foot container from Lisbon to Cabo Verde is about twice the cost of shipping the same container to nearby Las Palmas. The problem is compounded by the fact that internal distribution of such imports faces additional inter-island transportation obstacles, such as irregularity and high costs. On average, shipping a 20-foot container from Praia (Santiago) to either Maio, Fogo or Brava costs about three and a half times more than shipping the same container from Lisbon to Las Palmas. Small and old passenger and cargo ships with mechanical breakdowns and frequent service interruptions, combined with insufficient logistics and limited or non-existent inter-modal planning, make inter-island ship transportation a major challenge. Barriers to inter-island transportation complicate the functioning of the domestic market by limiting the movement of goods and people from one island to another.

Similar stories of high costs and low quality services can be applied to other infrastructure in the field of energy, air transportation, water and sanitation, and telecommunications.

The Government recognized that more investment will be needed, despite high investments made in infrastructure over the last decade. It also realized that there is a need to improve infrastructure management and make crucial reforms to improve service delivery and reduce costs. Efforts are underway to carry out reforms and develop public-private partnerships (PPP), seeing that it is clear that the public sector cannot meet the challenge of infrastructure development alone and that the private sector needs to play a significant role in financing and providing infrastructure services.

The workshop on infrastructure services will be strategic in nature and focus on policymaking. Participants in the workshop will make a strategic assessment of the context and situation of infrastructure services in Cabo Verde and explore the challenges and opportunities, in order to advance an agenda and a policy package, to contribute significantly to attract funding from the private sector, improve infrastructure management, and reduce infrastructure service costs. More specifically, the workshop will examine and answer the following questions:

1. What is the impact of the infrastructure program on developing the following sectors: tourism; rural development; territory unification and inter-island transportation; access to essential goods?
2. How can we better select priority infrastructure to undertake?
3. How do we improve infrastructure management to ensure greater service quality and efficiency?
4. What lessons can we take from the infrastructure development process in the last decade (establishment of PPP, the funding system, etc.)?
5. Which specific critical areas should be prioritized for reform and what should be the aim and focus in each area?
6. What should be done to attract private sector investment and its participation in infrastructure services?