

Your Excellency Mr. Under Secretary General,

Excellencies, the Co-facilitators,

Distinguished Delegates,

Ladies and Gentlemen,

At the outset, I wish to congratulate the co-facilitators, H.E. Amb. Jan Grauls, Permanent Representative of Belgium and H.E. Amb. Brian G. Bowler, Permanent Representative of Malawi to the UN, for their leadership in this very important process.

Co-Chairs,

In 2004, Cape Verde – a lower Middle Income country, according to the World Bank classification – achieved a human development level of 0.722, the third in sub-Saharan Africa and a per capita GDP of US\$ 1,915. In fact the country is well on its way to achieving by 2015, and in some cases possibly earlier, most of the Millennium Development Goals (MDGs), agreed by the International Community in 2000, under the aegis of the United Nations.

According to the United Nations Commission for Africa (UNECA) in 2005, Cape Verde will successfully attain the targets related to MDGs goals 2 (achieve universal primary education), 4 (reduce by two thirds the under-five child mortality rate), 5 (reduce by three-quarters the maternal mortality ratio) and 7 (environmental sustainability).

These are, definitely, quite remarkable achievements, particularly when taken into account the country's economic vulnerabilities, numerous geographic constraints, the environmental adversities it deals with regularly, like prolonged droughts and deforestation and the lack of natural resources.

However, it is also true that, notwithstanding its relatively high per capita income, Cape Verde is still (i) extremely vulnerable to external shocks, (ii) limited by its insularity and aridness of its soil, (iii) restricted by the lack of natural resources and (iv) excessively dependent on the fluctuation of variables it detains no control over, namely ODA (Official development Assistance) and emigrants remittances.

In this context, it is important to mention that remittances sent by its large Diaspora are significantly responsible for the entry of international reserves, the reduction of balance of payments' imbalance and play an important role in promoting development and alleviating poverty.

Due to its small size, the economy of Cape Verde faces problems related to insufficient production diversification, tendency to concentrate production on sectors on which it detains competitive advantages like tourism services and heavy dependence on import products and external capital flows.

Being a SIDS and an archipelago, exacerbates even more these problems due to the country's territorial discontinuity, the distance and isolation from major markets and transport and communication difficulties.

Co-Chairs,

In 2003, having met for the fourth consecutive time, graduation thresholds for *per capita* income and human capital, the country was considered apt to graduate by the CDP (United Nations Committee for Development Policies) – a recommendation endorsed by UN General Assembly resolution A/59/210, of 20 December 2004, notwithstanding the country's still high economic vulnerability record.

The UN resolution approved, established a three-year smooth transition period before graduation takes effect. During this period, the graduating country should implement, in partnership with development partners, a “transition strategy to adjust to the phasing out”.

It was precisely with this in mind, that the Government of Cape Verde created on May 2006, the “Grupo de Apoio à Transição” (GAT), on which it takes part along with some of its development partners, namely Austria, Spain, USA, China, France, Luxembourg, Netherlands, Portugal, African Development Bank, World Bank, European Commission and United Nations System, with a view to building international goodwill in the context of graduation. The GAT was committed to support and follow-up Cape Verde's exit from the LDC category.

Aside from the work developed by the GAT on diplomatic front, following the recommendations contained in the UN General Assembly resolution A/59/209, the Government has ordered studies on the economic impact of the country's graduation, in an attempt to devise effective responses to this change.

Once Cape Verde's graduation became effective, in January 2008, the contribution of international partners was crucial, as it has been since the country's independence. Despite the international acknowledgement of the country's successful efforts to promote human development and economic growth, Cape Verde continues to face major development challenges, which, given its structural handicaps, it cannot properly address on its own.

For that reason, the continued engagement of bilateral and multilateral partners to support Cape Verde's development will be extremely important in the years following its graduation.

In fact, Millennium Development Goal 8 – *Develop a global partnership for development* – calls for precisely this kind of shared responsibility, with the aim of helping poorer countries surpass their vulnerabilities and achieve development.

One could argue that Cape Verde's expectations in terms of international contributions are unreasonable, because once graduated it should be prepared to "walk on its own" and no longer need international support.

However, we have seen that graduation will not dramatically change, either favorably or unfavorably, the many development-hampering structural handicaps Cape Verde has been facing like insularity, territorial discontinuity, prolonged droughts, deforestation, etc.

Indeed, graduation itself will change little in terms of the country's adverse geographical and environmental framework. The few changes will probably be in terms of the international preferential treatment Cape Verde has benefited from.

Given Cape Verde's geographic particularities, economic distinctiveness and environmental challenges, it seems fair to state that its graduation process is, surely, unparalleled. In fact, being the first SIDS to be graduated at the time, Cape Verde will undoubtedly set an important precedent for other island-nations, representing an important example for future graduation cases.

In 2009 the UNCDP concluded that "despite its continued development progress, Cape Verde remained economically vulnerable and that sustained efforts were needed to effect the structural transformation and upgrading of the economy.

Following pertinent UN resolution, "reiterating that graduation will not disrupt development progress already achieved", Cape Verde is now making a call to International Community to take into account the difficulties the country faces since its graduation, in getting the support of development partners, to access trade preferences, official assistance and concessional loans still necessary to its progress.

By this call, Cape Verde brings to the attention of International Community the consequences of sudden withdraw of support, namely the risk of reverse development progress, and then, appeals for new policies and instruments, new products and flexible mechanisms, that can support transition to Middle Income Country (MIC).

Cape Verde invite international stakeholders like the UN, WB, EU and others, who are already thinking on this issue to a "djuntamon", meaning to join hands, as we like to say in my country, to address, in a practical effective and speedy way these policies and guidance to be followed by others development partners.

More specifically, Cape Verde like SIDS and land locked MICs, takes graduation as a challenge as it is now in better position to seize new opportunities to formulate and implement a Transformational Agenda to forge its future sustainability. It means that the country can, with an innovative vision, create new mechanisms for resource mobilization to finance infrastructure, the construction of an information society, and the qualification of human resources.

We want this experience to be successful because our ambition is to build a developed country, which has conditions to sustain a strong dynamic growth. We consider that the graduation of Cape Verde to the Middle-Income Countries category is fundamental to the future of the country.

Among those small Middle Income Countries (MICs) there are some success stories and success doesn't deserve to be punished. In doing so, International Community is sending a wrong signal to those LDCs to meet the criteria of graduation by 2020 in the follow up of the Istanbul Declaration.

Definitely one should think and support graduation as a tool for development sustainability that can still address the development constraints where and when needed.

I thank you.