



# CABO VERDE

# COMMON

# COUNTRY

# ANALYSIS

DECEMBER 2021

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## Abbreviations

**AAAA** Addis Ababa Action Agenda  
**ACP** African, Caribbean and Pacific States  
**AECOM IDEV**  
**AfDB** African Development Bank  
**AFOLU** Agriculture Forestry and Other Land Use (Sector)  
**AGOA** African Growth Opportunities Act  
**ANAS** National Agency for Water and Sanitation  
**ARAP** Public Acquisition Regulation Agency  
**ART** Anti-Retroviral Therapy  
**ARV** Anti-retroviral  
**AU** African Union  
**BCV** Cabo Verde Central Bank  
**BO** Official Gazette (Boletim Oficial)  
**BSG** Budget Support Group  
**CBD** Convention of Biological Diversity  
**CCS-SIDA** Committee of Coordination and Fight against AIDS  
**CEACR** Committee of Experts on Application of Conventions and Recommendations  
**CESCR** Committee on Economic, Social and Cultural Rights  
**CEDAW** UN Committee for the Elimination of all forms of Discrimination Against Women  
**CDM** Clean Development Mechanism  
**CIGEF** Centre of Research and Training on Gender and Family  
**CITES** Convention on International Trade in Endangered Species of Wild Fauna and Flora  
**CMYP** Comprehensive Multi-Year Plan  
**CNDHC** Human Rights and Citizenship National Commission  
**CNE** National Electoral Commission  
**CNPS** Centro Nacional de Pensões Sociais  
**CPLP** Community of Portuguese Speaking Countries  
**CPR** Convention for People with Disability  
**CRI** Commitment to Reduce Inequality  
**CRNA** COVID-19 Recovery Needs Assessment  
**CSOs** Civil Society Organizations  
CSU Single Social Registry  
**DNAP** National Directorate for Public Administration  
**DNE** Directorate of National Education  
**DPE** Domestic Public Expenditure  
**DREI** Derisking Renewable Energy Investment  
**ECOWAS** Economic Community of West Africa States  
**ECREEE** ECOWAS Center for Renewable Energy and Energy Efficiency  
**ECV** Cabo Verdean Escudos  
**EDCV** Cabo Verde Digital Strategy  
**EEZ** Economic Exclusive Zone

**EIB** European Investment Bank  
**ENRRD** National Strategy for Disaster Risk Reduction  
**ETF** Enhance Transparency Framework  
**EU** European Union  
**FAO** Food and Agriculture Organization  
**FDI** Foreign Direct Investment  
**FGM** Female Genital Mutilation  
**FDI** Foreign Direct Investment  
**GAVI** The Vaccine Alliance  
**GBV** Gender Based Violence  
**GCF** Green Climate Fund  
**GEF** Global Environment Facility  
**GFATM** Global Fund to fight AIDS, Tuberculosis and Malaria  
**GDP** Gross Domestic Product  
**GHG** Greenhouse Gas  
**HDI** Human Development Index  
**HIV** Human Immunodeficiency Virus  
**HPV** Human Papillomavirus  
**ICCA** Cabo Verdean Institute for Children and Adolescent  
**ICCAT** International Commission for the Conservation of the Atlantic Tuna  
**ICIEG** National Institute for Gender Equality and Equity  
**ICT** Information and Communication Technology  
**IDRF** Survey on households' expenses and revenues  
**IDSR** Demographic and Sexual Health Survey  
**IFAD** International Fund for Agricultural Development  
**IFMIS** Integrated Financial Management Information System  
**ILO** International Labour Organization  
**IMF** International Monetary Fund  
**INE** National Statistical Institute  
**INFF** Integrated National Financing Framework  
**INPS** National Institute for Social Protection  
**IOM** International Organization for Migration  
**IPU** Informal Production Units  
**IPV** Inactivated polio Vaccine  
**JIS** Justice Information System  
**LDC** Least Developed Countries  
**LGBTI** Lesbian, Gay, Bisexual, Transgender/Transsexual and Intersex  
**LNOB** Leaving No One Behind  
**MAPS** Mainstreaming Acceleration and Policy Support  
**MDG** Millennium Development Goals  
**MDR** Multidrug Resistant  
**MIC** Middle-Income Countries  
**MICE** Ministry of Industry, Commerce and Energy  
**MMR** Measles, Mumps and Rubella  
**MNT** Maternal Neonatal Tetanus

**MPD** Movement for Democracy (political party)  
**MoF** Ministry of Finance  
**MPAs** Marine Protected Areas  
**MSA** Monitoring and Evaluation Module  
**MSME** Micro, Small and Medium Enterprises  
**MSSS** Ministry of Health and Social Protection  
**NAFTA** North American Free Trade Agreement  
**NAMAS** National Appropriate Mitigation Actions  
**NAPA** National program of Action for Adaptation to Climate Change  
**NCD** Non-Communicable Diseases  
**NDCs** National Determined Contributions  
**NEET** (Young people) Not in Education, Employment or Training  
**NOSI** Information System Operational Nucleus  
**NPL** Non-Performing Loan  
**NRREPP** COVID-19 National Response Recovery and Economic Promotion Plan  
**NSI** National System of Innovation  
**ODA** Official Development Aid  
**OECD** Organization for Economic Cooperation and Development  
**OOF** Other Official Flows  
**OR** Rectificatory Budget (Orçamento Retificativo)  
**PAICV** Partido Africano para a Independencia de Cabo Verde (political party)  
**PALOP** African Portuguese Speaking Countries  
**PARGEF** Public Finance Management Reform Action Plan  
**PCNA** Post Crisis Needs Assessment  
**PEDS** Strategic Sustainable Development Plan (Plano Estratégico de Desenvolvimento Sustentável)  
**PEE** Strategic Education Sector Plan  
**PEMDS** Municipal Sustainable Development Strategic Plan  
**PNSE** National Energy Sustainability Program  
**PNSR** Reproductive Health National Program  
**POOC** Coastal Areas Territorial Plan  
**POSER** Promotion of Rural Socioeconomic opportunities  
**PPP** Parity Purchasing Power  
**PPP\*** Public-Private Partnerships  
**PRC** People’s Republic of China  
**PwD** People with Disability  
**R&D** Research and Development  
**REMPE** Specific Regime for Small Enterprises  
**RIA** Rapid Integrated Assessment  
**RSI** Inclusion Social Revenue  
**RSO** Solidarity Revenue  
**S.A.M.O.A** SIDS Accelerated Modalities of Action  
**SDG** Sustainable Development Goals  
**SEIA** Socioeconomic Impact Assessment  
**SG** Secretary General  
**SEN** National Statistics System

**SIDS** Small Islands Development States  
**SIDS AIS** SIDS from Atlantic, Indian Ocean and South China Sea (subgroup)  
**SIGOF** Integrated Financial and budgetary Information System  
**SIJE** Judicial Information System  
**SINPROMI** Insular Society for the Promotion of the Rights of People with Disabilities (Spanish NGO)  
**SMEs** Small and Medium /sized Enterprises  
**SNP** National Planning System  
**SOE** State Owned Enterprises  
**SPF** Social Protection Floor  
**SRRH** Sexual and Reproductive Health  
**STEM** Science, Technology, Engineering and Mathematics  
**STI** Sexual Transmissible Infections  
**SW** Sexual Workers  
**TB** Tuberculosis  
**TIP** Trafficking in Person  
**TVET** Technical, Vocational Education Training  
**UNCAC** United Nations Convention Against Corruption  
**UNCCD** United Nations Convention to Combat Desertification  
**UNCT** United Nation Country Team  
**UNCTAD** United Nations Conference on Trade and Development  
**UNDAF** United Nations Development Assistance Framework  
**UNDP** United Nations Development Program  
**UNDESA** United Nations Department of Economic and Social Affairs  
**UNFCCC** United Nations Framework Convention of Climate Change  
**UNIDO** United Nations Industrial Development Organization  
**UNWomen** United Nations Entity for Gender Equality and Women Empowerment  
**UNWTO** **United Nations World Trade Organization**  
**VNR** Voluntary National Report  
**WASH** Water and Sanitation  
**WB** World Bank  
**WHO** World Health Organization

## Graphs and Boxes Index

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## Executive summary

1. This Common Country Analysis (CCA) delivers integrated and evidence-based joint analysis of the context for sustainable development in Cabo Verde. It connects the analysis of issues for the achievement of each Sustainable Development Goal (SDG), and across SDGs, with the overall commitment to leave no one behind, and focusing on the action of the Government, civil society and private sector to reach their sustainable development objectives.
2. The CCA is largely fed by the COVID-19 Socioeconomic impact assessment (SEIA) and National Socioeconomic Response and Recovery Plan (SERP) developed in 2020, as well as the longer-term sustainable development strategy Ambition 2030. It also relies on the joint Government-UN process to develop the Cabo Verde 2021 SDG Voluntary National Review (VNR) and the 2021 Leave No One Behind (LNOB) assessment.
3. These various processes brought together the Government, the entire UN System and involved consultations with national stakeholders, the private sector, civil society organizations, and academia. **This broad participation produced a holistic, systemic, dynamic and strategic analysis of the pre-COVID trends, COVID impact and possible scenarios for recovery and sustainable development in Cabo Verde, based on the 17 SDGs.**
4. Cabo Verde, despite multiple structural constraints as a Small Island Developing State (SIDS), is a **country in multiple transitions** (demographic, epidemiological, nutritional, consumption patterns and income status). A Lower MIC for 15 years now, it had a **successful journey towards the MDGs<sup>1</sup>**, which continued in the first years of implementation SDGs.
5. The country is experiencing a **positive, yet complex path** improving **access to basic and social services**. Poverty decreased from 23.7% in 2015 to 13.1% in 2020, and the proportion of the population living on half the average income has decreased from 15% to 5.2% in the same period. These achievements owe to the country's strong governance, solid social contract and democracy, and well-functioning institutions and checks-and-balances. All major health indicators – life expectancy, maternal and infant mortality, SRH, vaccination coverage – improved dramatically in last decades, yet stagnated since 2015. Challenges include adolescent pregnancy and stunting and wasting



<sup>1</sup> INECV, [Resumo ODM](#), 2015. MIC = Middle Income Country



among children under 5. The situation is similar in the education sector, with outstanding indicators but slow improvements or even stagnation or deterioration in the last 5 years. Access to water and clean energy is almost universal, but water shortages and the limited share of renewables in the energy mix remain major issues, in a country relying on water desalination and imported fossil fuel to fulfil its needs<sup>2</sup>.

6. **Multiple, overlapping crises** came to challenge outstanding development progresses: COVID-19, with a socioeconomic impact amongst the highest in the world, led to a decrease of GDP by 14,8% and of employment by 5.7% ; climate change impacts on biodiversity and food security as changing weather patterns influence agricultural production and fisheries (especially droughts and floods); and the energy crisis and Great Global Supply Chain Disruption have potential devastating effects on public finances and services, and on an economy relying heavily on fossil fuels to operate.



7. COVID-19 only exacerbated existing challenges and fragilities, especially for **the most vulnerable groups**. Impressive achievements at national level correspond to an uneven reality within some populations and/or islands and municipalities. Most were able to reap the benefits of a steady growth and constant extension in access and quality of basic and social services. However, due to their deeply rooted socioeconomic structure and/or relative isolation, some areas (Santiago North, Fogo, Brava, to a lesser extent Santo Antão and São Nicolau, and informal settlements in big cities) are still lagging. Despite

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<sup>2</sup> Government of Cabo Verde, [Voluntary National Review](#), 2021. SRH = Sexual and Reproductive Health

important progresses in the reduction of gender-based violence and gender gaps in education, SRH, political representation, and economic opportunities, **some gender inequalities persist**. Children and youth also face specific barriers that lead to a disproportionate incidence of poverty and malnutrition, and unequal access to education, especially secondary education, skills, and jobs. Other groups struggle to fully enjoy their human rights, such as elderlies, African immigrants, people with disabilities, LGBTIQ+, and prisoners<sup>3</sup>.

8. **High environmental vulnerabilities** due to Cabo Verde's condition as a SIDS and exacerbated by the impact of climate change present another challenge for which resilience-building is of the essence. Five consecutive years of drought, recurrent floods, ocean acidification and biodiversity losses are already producing an overwhelming impact on rural populations and coastal communities, as well as people living in informal settlements. These extreme weather events and changes in natural capital are also affecting the State's revenues, calling for the better mobilization on climate finance, including through debt-to-nature swaps and carbon trading. The Nationally Determined Contribution (NDC) updated in 2020 sets an ambitious adaptation program to maintain access to water, food security and public health while protecting natural resources and reducing disaster risks. The NDC also includes the transition to



<sup>3</sup> LNOB National Partnership, [LNOB Assessment](#), 2021.

efficient energy production and consumption with a higher share of renewables and of carbon neutral mobility.

9. However, almost two years into the crisis, several signs allow for **hope regarding recovery**. The vaccination campaign is a success with 84% of the target population vaccinated with one dose and 70,6% with two doses<sup>4</sup>. The recovery of tourism, internal and international mobility and economic growth is underway, despite variants and uncertainties. Important private, foreign investments signed in the last few months in aquaculture, tourism, and renewable energy will affect positively the economy in the coming months, gradually impacting GDP and economic diversification, boosting recovery and helping build resilience. This may in turn have a positive effect on public finances.
10. Going forward, well-functioning institutions and continued public administration reforms including through digitalization and improving business environment will be critical not only to maintain and improve access to quality basic and social services, but also to **revive and transform an economy dominated by the services sector and strongly dependent on tourism and imported intermediary and final goods**. This transformation should include a **dramatic change in critical bottlenecks linked to the water-energy nexus and the inner and external connectivity**, including with the ECOWAS region. In an economy where half of the jobs are informal and 97% of the businesses are micro and small, dominated



<sup>4</sup> [COVID-19 Vaccination Bulletin](#), Edition: N° 24, January 5, 2022

by services (58% of GDP, 66% of jobs) with a high concentration in tourism, economic resilience will also mean economic transformation to diversify the drivers of economic growth, in a SIDS context.

11. **Ensuring full employment by 2030 will need the net creation of around 70,000 jobs<sup>5</sup>.** Given the limits to domestic public and private finances, reinforced by COVID-19, and given the characteristics of the economy, inherent to a SIDS, it is likely that these jobs will mainly be created by or through dynamics linked to Foreign Direct Investment (FDI), which have been one of the main drivers of growth in the past two decades. Private investments signed in the last 18 months entails the creation of more than 20,000 jobs in the coming years. **FDI, although volatile by nature, should continue and even accelerate in the coming years.** Cabo Verde should make the best use of this opportunity. **The focus should therefore switch from only job creation as an end per se to the quality of jobs, i.e the creation of decent and resilient jobs.**
12. The knowledge of market needs and projection of FDI can be a foundation for the creation of the right profiles amongst youths and others, especially the most vulnerable, to fulfil the positions to be created, especially in the blue and digital economies that will be key. Better development of **local value chains will also have to be fully connected to this economic transformation process through a local economic development approach and a perspective of small-scale industrialization** – including certification and transformation of local products -, for local businesses to reap the benefits of renewed economic opportunities to create jobs and incomes for all sectors of the population and to ensure more resilience through a stronger socioeconomic fabric.
13. To continue building resilience based on its solid institutions and strong democracy, the country prioritizes **further transformations** (poverty eradication, economic diversification, energetic transition, universal access to basic and social services, gender equality, digitalization...). Apart from the structure of production (economic diversification), the drivers of **economic transformation will be a better gender equality, territorial cohesion, transition to formality and small-scale industrialization. To achieve this transformation, Cabo Verde can rely on important assets: its solid, multilevel (national-local) institutional arrangements, its youth and human capital; its ocean and untapped potential in the blue economy; its vibrant culture and creative industries; and a dynamic digitalization process<sup>6</sup>.**
14. **Financing these transformations will demand** solid institutions, partnerships and policy coherence, smart public and private investments, and enhanced domestic resource mobilization and quality of expenditure. From 2020 to 2024, public revenues have been/will be a quarter less than in a non-COVID scenario. They will not fully recover before 2025. Pressure on public expenditure for immediate response is still high, making 2022 State budget one of the most challenging ever. Finally, debt-to-GDP ratio is 155% at the end of 2021, and debt service account for 58% of total tax revenues. **The situation calls for the emergence of a strong national coalition underpinned by solid strategic partnerships, across sectors and including civil society, the private sector and the academia, in close articulation with harmonized international support.**
15. **Multidimensional risks - linked to multiple, unfolding crises that will last for years – include:**  
*High probability/High Impact:*
  - Limited fiscal space and public investment in sustainable development, including in social protection

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<sup>5</sup> Author's calculations based on INECV, [IMC 2020 Labour market indicators](#), 2021 and [demographic projections for 2030](#), 2013.

<sup>6</sup> Based on CV Ambition 2030, PEDS I and II.

- Continued disruptions in global supply chains leading to limitations to imports and high inflation
- New exogenous shocks (global economic, financial, environmental, political or health crisis) leading to a sharp decrease in tourism and FDI and therefore of GDP, employment and incomes
- A deepening digital divide at national level, and widespread digital disruptions at both global and national levels due to cyber-attacks/virtual viruses

*Low probability/High Impact*

- A slow recovery of tourism
- Disruptions in inner and international connectivity
- Severe food insecurity due to drought and supply chain disruptions
- Limited economic development and opportunities
- Water and power shortages due to limited (and expensive) fuel

*High probability/Low Impact*

- Limited job creation, persisting poverty and social exclusion
- Extreme weather events (floods, drought, destructive storms)
- Internal and external migrations, brain and manpower drain
- Slowed regional integration due to limited investment in infrastructure and limitations to international trade

*Low probability/Low Impact*

- Significant biodiversity losses (on the short term)
- Breaches in social contract and social unrest, violence and crime (domestic and public)

16. **The main challenges ahead** include 1) Vulnerability to exogenous shocks; 2) Stagnation in institutional and human capital development; 3) Exclusive growth and slow employment creation; Persistence of poverty and malnutrition; 4) Increase in inequalities and socioeconomic exclusion; 5) Access to concessional finance and diversified, sustainable private investments; and 6) Climate change adaptation.

17. **The main opportunities** to boost sustainable development and build resilience include 1) Human capital and youth dividend ; 2) Islands' untapped potential and territorialisation of public policies; 3) Economic diversification and Blue Economy; 4) Digitalization of administration and businesses; 5) Inclusion of LNOB groups in the sustainable development paths; 6) the status of Cabo Verde as a SIDS and the innovative solutions this can offer for sustainable development (including digital and financing solutions)<sup>7</sup>.

18. To overcome the challenges and make full use of emerging opportunities, beyond financing issues, recovery and sustainable development will require **strong institutional capacities and coordination**. Cabo Verde can count on its outstanding governance settings and democratic culture. Its solid institutions, human capital – based on education and health systems well above regional average - and social contract will be key assets to drive the rollout of the new National Development Plan (PEDS II - 2022-2026), which divides the coming years in a period of recovery (2022-2024) and a period of

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<sup>7</sup> Challenges and opportunities are presented in details in the conclusion

sustainable development acceleration (2024-2026), and will have a strong focus on local development and human capital.

19. To address in an integrated manner these economic, social and environmental dimensions of recovery and sustainable development acceleration, these efforts will have to be inclusive, with a **focus on socioeconomic inclusion of the most vulnerable populations and islands and to consider the constraints and potential of Cabo Verde as a SIDS**, including by mainstreaming this condition in the new national development plan PEDS II and developing South-South Cooperation with other SIDS for experience sharing, technology transfer, and joint advocacy at regional and global levels. **Localizing the SDGs and territorializing public policies** will be of paramount importance to tailor strategic planning, policy making and public investments (including through potential public-private partnerships) to the potential and needs of each island. **This effort should include the emergence of territorial systems of public and private stakeholders to build the enabling environment for local transformation.**
20. In the coming months and years, Cabo Verde will therefore not only recover but create decent and resilient jobs, transform its economy, eradicate extreme poverty - the overarching goal of Cabo Verde's Government for 2026 -, strengthen its health, education and social protection systems, consolidate its Governance framework, and adapt to climate change, while reducing inequalities between islands and groups, within a human rights-based approach. Although these priorities demand important transformations, they remain feasible - considering for instance the success of the vaccination campaign -, if all development stakeholders, public and private, national and international, work together in a coherent manner towards the same objectives and within the same pathways.

## Introduction

The 2030 Agenda for Sustainable Development called for transformative change at global level towards sustainable development. Cabo Verde is both experiencing and undertaking deep transformations, and the continuity or acceleration of these are a top priority for the Government in all dimensions of sustainable development: social, to ensure universal access to and enhanced quality of basic and social services ; economic, to diversify the economy and embrace a more inclusive, sustainable and resilient economic development path ; and environmental, to adapt to climate change while moving away from a high dependence on fossil fuels.

Within this transformative momentum, and in an ever changing regional and global landscape, where multiple crises rise uncertainty at the level of norm, - joint, integrated and forward-looking analysis of the evolving situation and emerging futures, and harmonization of the vision of this situation and trends amongst multiple stakeholders is critical.



The Common Country Analysis (CCA) presented here is the 2021 update of the full-fledged analysis developed in a participatory manner in 2020 and embedded in a broader process of analysis and strategic planning amid COVID-19. Over the past fifteen months, Cabo Verde has carried out a series of participatory strategic planning exercises critical to the country's development. These processes, led by the Government through the Ministry of Finance and supported by the United Nations, counted on

**the active and intense participation of the local authorities, civil society, academia, private sector, and international partners.** It included the long-term development strategy Cabo Verde Ambition 2030, the Assessment of the Socio-Economic Impact of COVID-19, the National Response and Recovery Plan.

The 2021 updated CCA also integrates the outcomes of other assessments conducted with the same wide range of stakeholders in 2021, including the evaluation of the National Development Plan 2017-2021, the SDG Voluntary National Review and SDG Voluntary Local Review, and the 2021 Leave No One Behind (LNOB) Assessment, developed by the newly formed national LNOB partnership – all extensive participatory processes that form the preliminary work for the PEDS II – the National Plan for Sustainable Development 2022-2026, currently in elaboration.

This CCA responds to the urgency of the recovery process, and the need for coherence and efficiency to resume progresses towards the 2030 Agenda for Sustainable Development, through new pathways dictated by the new context. It does so by delivering integrated, forward-looking and evidence-based joint analysis of the sustainable development landscape in Cabo Verde. As such, it represents a signature

function of the United Nations country team and a tailored analytical product able to inform strategic planning and policy/decision making for all development stakeholders. For the UN, this analysis will be the foundation for the design of the United Nations programmatic response through the Cooperation Framework to be developed in 2022 and implemented starting in 2023.

This CCA is based on an **integrated approach**. It connects analysis of issues for the achievement of each SDG, and across SDGs, in line with the overall commitment to leave no one behind, UN Charter values, and international norms and standards. It reflects systems thinking, an approach that captures the interlinked relationships, resources, information, institutions and capacities necessary to identify and address pathways to achieve the 2030 Agenda. This approach spans national borders, factoring in the regional and transboundary issues that impact a country's SDG trajectory.

This CCA goes beyond past or "snapshot" analysis to be **forward-looking** and anticipatory, estimating, modelling and projecting to 2030 and beyond. With a heightened focus on risk and foresight analysis, it is relevant and valuable for stakeholders seeking to "future proof" their sustainable development strategies.

This imperative also speaks to the United Nations Secretary-General's statement that *"we spend far more time and resources responding to crises rather than preventing them"*. The CCA thus examines the underlying and structural factors affecting the lives and livelihoods of women, men, girls and boys, and addresses historical, current and emerging political, security, social, economic, disaster and environmental risks.



The CCA is data-driven and build an **evidence base** sensitive to dynamic changes. To do so, the CCA is mainly based on official national statistics, yet also draws on all sources of qualitative and quantitative data from across the data ecosystem, including the resident and non-resident UN agencies data portals and the various reports produced by the Government, the National Statistics Office, different public agencies, human rights institutions and civil society organizations, the academia, the UN agencies, the International Financing Institutions, among others. All these stakeholders were also consulted, either directly during the drafting phase or during the broader national strategic planning process described above, to include their qualitative analysis. The results of the 2021 LNOB Assessment feed directly into the CCA, and during this assessment, CSOs representing groups at risk of being left behind, as well as people left behind, were consulted (persons with disabilities, rural women, sex worker, youth NEET, descendants of African immigrants, etc



## Cabo Verde country profile

Located in the Atlantic Ocean, about 550 km from the western coast, Cabo Verde is a small country made of 10 islands and 13 islets, with a land area of 4,033 km<sup>2</sup> and an Exclusive Economic Zone that reaches approximately 734,265 km<sup>2</sup>. The islands of Santo Antão, São Vicente, Santa Luzia (uninhabited), São Nicolau, Sal and Boa Vista form the northern part of the country and are known as the Barlavento group. The islands of the South are Maio, Santiago, Fogo and Brava. They form the Sotavento group.

Morphological and geological features vary greatly from island to island. Mountainous islands – Santo Antão, São Nicolau, Santiago, Fogo and Brava - are very steep, culminating in high altitudes such as 2,829 meters and 1,979 meters in the Island of Fogo. In flat islands - São Vicente, Sal, Boa Vista, Maio -, the landscape is relatively homogenous and dry. The average temperature is 23.5°C and the year comprises three seasons: the dry season from March to June, the rainy season from July to October, with heavy and sporadic rains, and the transition season from November to February, with colder temperature and strong winds. For the last 5 years, the rain season has been very short and with very limited days of rain in total.



In 2020, Cabo Verde's population was estimated in 556,857<sup>8</sup> of which about 51% are male and 49% are female, the population is relatively young, as 64 out of 100 individuals are under 35 years old. 5.7% of population was aged 65 years and over (7.2% of women and 4.3% of men); these percentages of population will increase to 8.5% in total (10.2% of women and 6.9% of men) in 2030.

The annual population growth is 1.1%, the resident population is expected to reach 621,141 inhabitants in 2030. About 72% of the population currently live in Santiago and São Vicente, and 69.3% live in urban areas and 30.7% in rural areas. However, the concentration of the population in two municipalities are putting much pressure on Praia and Mindelo which increase the proliferation of slums, pressure on the basic social services, insecurity and so forth. The internal migration is the principal causes of lack of workers in agriculture and other development sectors, that may jeopardize a harmonious and fairly development.

Cabo Verde submitted its declaration of acceptance of the obligations contained in the United Nations Charter on July 21, 1975, 16 days after its independence, becoming a member state of the United Nations and starting the path for the ratification of several protection instruments of international human rights. The country is a reference in the region for its commitment to uphold human rights and the rule of law. However, despite constant investments in its human capital and an important reduction in poverty and inequalities since 2015, even amid COVID-19 crisis different groups are at risk of being left behind.

After achieving most of the Millennium Development Goals (MDGs)<sup>9</sup>, Cabo Verde, a Lower Middle-Income Country for 14 years now, is experiencing a positive, yet complex development process in terms of universal access to basic and social services, such as WASH (Water, Sanitation and Hygiene), health, education and social protection, among others. Most indicators place the country among the ten-best ranked in Africa in terms of access to and quality of social services. Continuous investment in these sectors and a focus on inclusiveness will be needed to continue progressing in the areas described below. An important, longer-term trend with critical implications for public service delivery is demographic transition, shown by the total fertility rate (TFR) (7 children per woman in 1981, 2.9 in 2005, 2.5 in 2018<sup>10</sup>). This trend is associated with constant investment in human capital, including access to an integrated sexual and reproductive health services and family planning.

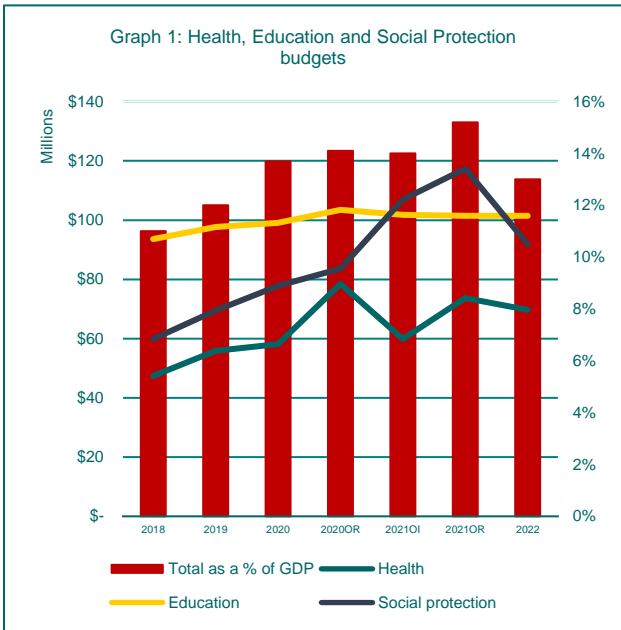
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<sup>8</sup> INECV, [IMC Mercado de Trabalho 2020](#), 2021. Final results from the 2020 National Census of Population and housing are expected in April 2022. Preliminary results are not displayed or used in this CCA.

<sup>9</sup> INECV, [Resumo ODM](#), 2015

<sup>10</sup> INECV, IDSR- III (2018).

Cabo Verde suffers from structural constraints which are common features of the SIDS, such as small markets, high dependency of external supply on energy, food, etc. It is a country in transition: income status, demographic, epidemiologic, nutritional, etc. Its vulnerabilities are currently exacerbated by other multiple, overlapping, exogenous crises: COVID-19, climate change, inequalities, energy, food prices. Volatility of Cabo Verde’s development, growth, employment, finances, was already high. Uncertainty is now an important characteristics of the country’s possible futures, making predictability almost impossible. This uncertainty is reinforced by the overwhelming pressure on public expenditure and the dramatic increase of public debt (from 124% of GDP in 2019 to 155% in 2021). On the short-run, debt service is almost as high as expenditure in education, health, and social protection combined. Therefore, debt service is already hampering the possibility for the State to invest. Short term investment in human capital will soon be matched by debt service. High public debt and limited public revenues hamper public investment. A slow recovery process is marked by risks associated to with a high pressure on incomes, jobs, poverty, domestic investment. The different, overlapping crises can lead to significant internal and external migrations, social unrest and violence (public and domestic), biodiversity losses, power and water shortages, amongst other risks. There is a need for the State, UN, private actors, and civil society to navigate in a difficult context amongst trade-offs: short versus long term and thematic priorities.



Source: Ministry of Finance, State budgets 2018 to 2022

## 1. Leave No One Behind: who (groups), why (drivers) and what (solutions)

Based on the 2021 Leave No One Behind Assessment elaborated by the National LNOB Partnership with support of the UN Gender and Human Rights Working Group, the Government and its partners, it was possible to identify:



**Who is left behind?** Identification of the main social groups in Cabo Verde that have been left behind or are at risk of being left behind;



**Why?** Analysis of proximate and root/structural causes that drive them to the risk of being left behind;



**What?** Elaboration of measures that should be put in place to stop or mitigate the risks of being left behind, and the locations to prioritize for policy and programme interventions.

The analysis in the LNOB Assessment is based on the Human Rights-Based Approach (HRBA), focusing on the enjoyment by the different groups of their political, economic, and social rights, adding gender sensitivity and three other approaches or layers of analysis, to identify the furthest left behind:



**Intersectionality:** analysing which of the people being left behind face severe and/or conflicting deprivations and disadvantages or multiple forms of discrimination that multiply the risks of being left behind



**Territoriality:** assuming space not only as the locus of life of these social groups, but also of invisibility, marginalization, and exclusion.



**Life cycle** to be able to analyse the barriers that build up over time from before birth to old age (pregnancy, birth, neonatal health, preschool education and nutrition, primary and secondary education, employment and income, etc.).

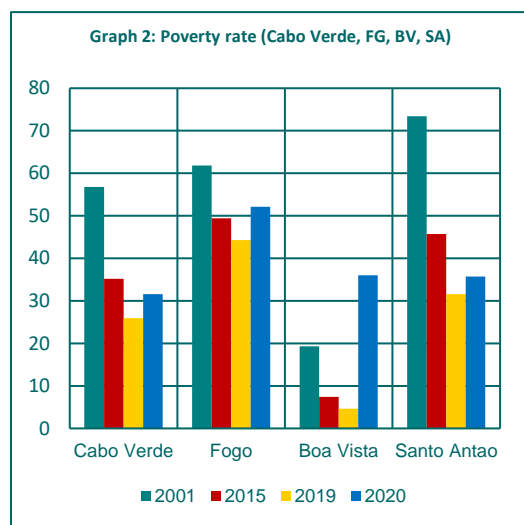
In addition, 20 SDGs indicators were prioritized based on their relevance and the level of disaggregation of data available, and through the indicators of poverty, hunger, access to basic and social services and economic opportunities, inequality, and access to justice, were measured.



## 1.1 Who is being left behind? Nine groups facing specific barriers to equitable access to rights, services and opportunities

Nine groups were identified as at risk of being left behind, and within each group, several subgroups face multiple barriers that put them at higher risk of being left behind.

### Groups and individuals with most risks of being left behind



Source: INECV, poverty profile 2015 and 2020, 2021

Within the 9 groups, subgroups living in income poverty, especially in extreme poverty, and whose limited social protection coverage does not ensure a minimum income or access to some services or care, are considered to be the groups at higher risk of being left behind, and this cuts across all other groups.

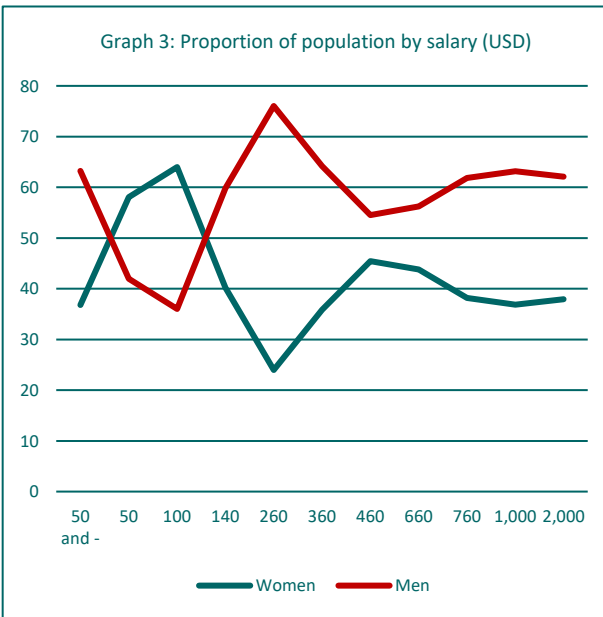


**People in food insecurity:** At the end of 2020, **36% of the population experienced moderate or severe food insecurity.** For 30.4% of the individuals surveyed, COVID-19 was identified as one of the main reasons for their food insecurity.<sup>11</sup> The most critical impact was felt on the tourist islands of Sal and, Boa Vista, and in the urban municipalities of Praia and São Vicente, but also in Brava and, Ribeira Grande de Santiago. **Families in rural areas are structurally food insecure, while families living in the urban environment have been more severely and cyclically affected by the pandemic.**

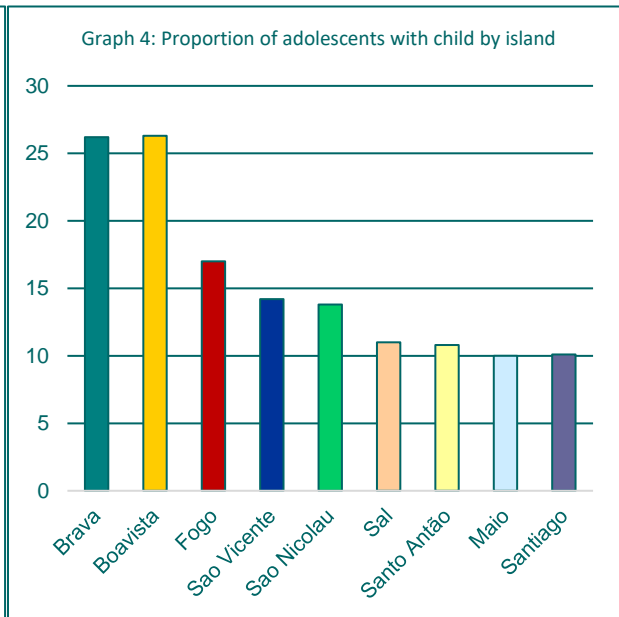
<sup>11</sup> Ministry of Agriculture and Environment. National Survey on Household Food and Nutrition Vulnerability Preliminary Results. Praia November 16, 2020



**Girls and women in situations of social vulnerability:** At the national level many **gender inequalities have either decreased** - such as the proportion of parliamentary women (from 23% to 34.7%) - **or were eliminated** - such as the unemployment rate (-3.4% for women on average in the last decade, no difference in 2020). However, some areas have not improved substantively, such as access to decision-making positions in the private sector (35.1% in 2015 and, 37.6% in 2020), or the presidency of city councils (1/22 in 2020). However, the economic dependence of women is still high, as shown by the fact that **63% of Cabo Verdeans living mainly from remittances and 67% living mainly from non-contributory social protection are women**. 92.6% of those who mentioned family responsibilities, 63.9% of those who mentioned COVID-related restrictions, and 60.9% of those who mentioned some type of disability as the main reason for not looking for work are women. Above all, some groups of women and girls are much more vulnerable, depending on their level of education, level and source of income, island of origin, and family situation.



Source: INECV, IMC 2020, 2021



Source: INECV, IDSR III - 2018, 2020



**Vulnerable and at-risk Children and Adolescents: 37% of the poor population is under 15 years old. 65.172 children under 15 are poor** (46% being girls)<sup>12</sup>. **Malnutrition** among children under the age of five decreased from 11.8 to 11 percent between 2015 and 2018. It decreased from 13.6 to 10.1% for boys but increased from 9.1% to 11.9% for girls. Similarly, it decreased from 11.3 to 10.5% in urban areas, but increased from 11.2 to 12% in rural areas. Acute malnutrition increased from 3 to 4.4% in the same period and affects boys more than girls (6.4 vs 2.3%)<sup>13</sup>. **School dropout increased in secondary education**, to reach 7%, affecting particularly boys (8.4%), and some municipalities, such as São Filipe (14.4%) and Ribeira Grande de Santiago (13.7%). In addition to children suffering from malnutrition and those not participating in formal education, the **8.3% of children under 6 years of age**

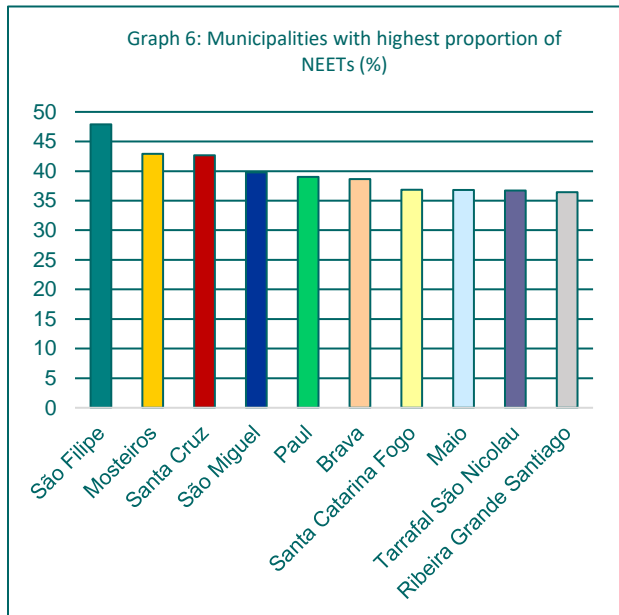
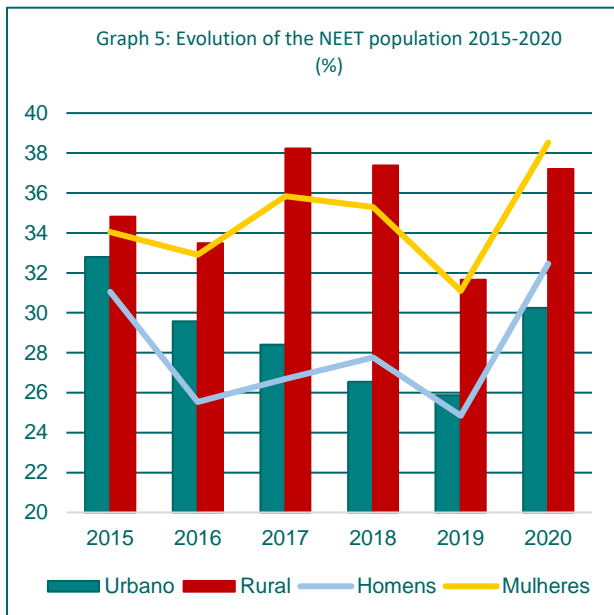
<sup>12</sup> INECV, Poverty Profile, 2021

<sup>13</sup> National Secretariat for Food Security and Nutrition (SNSAN), National Survey on Food and Nutrition Vulnerability (IN-VANF), 2018

who are not registered and the 6.2% who are registered without their father's name are at risk of being left behind. Children who are exposed to risks such as violence and sexual exploitation<sup>14</sup>, trafficking, child labor (8% in 2013, 14.2% in rural areas), forced and undignified work, as well as socialization and entry into delinquent or criminal practices, and initiation into alcohol and/or other drug use form other subgroups at higher risk of being left behind. At higher risk of being left behind are adolescents who are pregnant or who have already had a first child (19.6%), especially if they have left school or work because of this, and if they are single mothers.



**Youth NEET: 77.480 young people (35.4% of young people) find themselves Neither in Education, Employment or Training ("NEET").** The proportion of NEET youth has decreased from 32.5% in 2015 to 27.8% in 2019. In this group, women outnumber men (+ 6%). The gap between urban and rural environments is growing (+ 2% NEET youth in urban and 2016, and + 6% in 2019). In 2020 the proportion increased by 7.6%, mainly due to COVID-19. 60% of the jobs lost due to COVID were lost by young people, of whom 70% were between 25 and 34 years old and 55% were male.



Source: INECV, IMC 2020, 2021



**Socially or geographically isolated elderly people:** In 2020 there were 6.264 elderly people living in poverty in Cabo Verde, which represents 6% of the population and 3.6% of the total poor and 19.6% of the elderly over 65 years old, 63.4% of whom were women and 57% living in rural areas<sup>15</sup>. About 15% live alone<sup>16</sup>. The total number of poor elderly decreased by more than half in 5 years (44.3% in 2015).

<sup>14</sup> In the 2018/2019 judicial year, 257 cases of sexual crimes against minors were solved, and 414 child sexual abuse cases were reported as pending.

<sup>15</sup> INECV, Poverty estimates 2020, 2021

<sup>16</sup> INE, Curiosities about the elderly in Cabo Verde. Praia, 2016



**Immigrants from the African continent:** The 11.449 **African immigrants**, although they may have a higher average level of education than Cabo Verdeans, and a lower unemployment rate, find themselves discriminated against and excluded by prejudice of race, colour, origin and by linguistic barriers.



**People with disabilities:** 28.5% of PwD lived in extreme poverty before COVID, three times the national average. Data on HIV for 2018 shows a prevalence rate amongst PwD of 2.3%, four times the national average, with 1.7% among women and 3.5% among men with disabilities. The prevalence rises to 9.1% for people with mental health problems<sup>17</sup>.



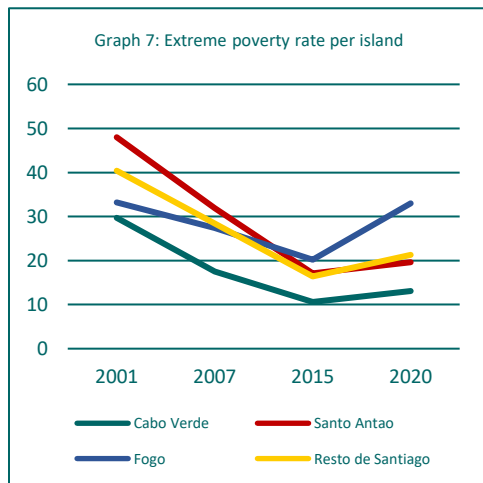
**LGBTI people** continue to be subjected to a pervasive atmosphere of hostility that results in discrimination both within the family, at school, at work, before the police, health professionals, media, and in other social spheres<sup>18</sup>. Access to employment and income is a big problem for LGBTI people, as well as the stigmatization suffered in the education and training system. In health care, especially for transgender people, care is precarious. 37.6% of respondents claim to have been victims of violence/discrimination<sup>19</sup>.



**Inmates and other people deprived of freedom:** The **inmates** (97.1% men, 10.7% are young people aged 16-21<sup>20</sup>) most at risk of being left behind are teenagers, inmates with mental illness and drug addiction without proper treatment, and those who still belong to gangs (2.3%).



**Islands, municipalities, and outlying and isolated neighborhoods/populations:** The **rural municipalities of Santiago island are lagging in terms of income poverty reduction**, access to basic services, and economic opportunities. **Extreme poverty remains high on three islands:**



**Fogo (20.2%); Brava (18.8%) and Santo Antão (17.1%).** These islands will likely not benefit from job creation linked to the SDG accelerators if they do not see a strong and rapid improvement in access to quality education, vocational and professional training, digital literacy, access to finance, and mobility. **Informal settlements** are located, predominantly, in areas of poor accessibility and high risk (mainly riverbeds and steep slopes), exposed to floods, landslides, falling blocks, among others. Inhabitants suffer from substantial deficiencies in infrastructure, equipment, and basic services with problems of security and public health. Improvement of urban space through sanitation and water supply, parks and open spaces, better transport conditions, are amongst the priority interventions to increase resilience.

Source: INECV, IMC 2019, 2020

<sup>17</sup> Ministry of Health and Social Security/CCS/SIDA/FECAD, Bio Behavioral Survey on the vulnerabilities of Persons with disabilities to HIV/AIDS in Cabo Verde, 2017

<sup>18</sup> CNDHC, II National Report on Human Rights, 2020

<sup>19</sup> Diagnostic Study on the Social and Legal Situation of LGBTI People in Cabo Verde, 2020


<sup>20</sup> INE/MJ. I Prison Census 2018. Praia, June 2018





## 1.2 Why are they being left behind? Main causes of exclusion


The manifestations of the risk of being left behind in Cabo Verde have been identified as poor living conditions, poverty, hunger, and incomplete enjoyment of human rights. The immediate causes of these manifestations are limited income, poor physical or mental health, and limited participation in the public sphere.

The **underlying causes** that limit the income of some individuals and groups<sup>21</sup> - whether the source of this income is employment, social protection, or other - are limitations in access to:


 **Education:** Difficulties in accessing quality education, technical and professional training that values the competencies, skills, and attitudes required for the labor market tend to have an impact throughout the life cycle of people and groups.


 **Communication and transportation:** The lack of Internet connection, either mobile or fixed-line, and the limited physical mobility to reach the school, the health center, other services, the market, or the workplace.


 **Finance, land and economic services:** The difficulty in accessing credit, land in rural areas, and economic services, such as those of the business and entrepreneurship support ecosystem, either due to lack of capacity or means to access them, or due to geographical, institutional, informational, or cultural barriers


 **Good working conditions:** Being in unpaid, child labor, or informal domestic work leads to a lack of time, mental space, physical condition or means to realize their economic rights.

The underlying causes leading to poor physical and/or mental health are limitations in access to:

 **Food security:** Chronic malnutrition affects children's physical and/or intellectual development, and physical and/or mental health throughout life. The impact is particularly felt in childhood and can compromise the child's entire development.

 **Water, sanitation and energy:** They affect health directly and indirectly through their impact on public health, particularly water-related diseases, nutrition, and sanitation.

 **Adapted health care:** The limited prevention and treatment of diseases, either due to lack of physical access, or due to the absence or limited care adapted to the specificities and conditions of the person, particularly in the field of sexual and reproductive health.

 **Decent housing:** The promiscuity resulting from precarious housing and the absence of sanitation and protection against humidity and pests, as well as the location of housing in areas of contamination and risks resulting from natural disasters.

The underlying causes leading to limited participation in the public sphere and full enjoyment of human rights are limitations in access to:

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<sup>21</sup> The underlying causes are classified by their connection to the immediate causes, although they can cause several immediate causes. For example, housework affects not only income but also physical and mental health and participation in the public sphere.



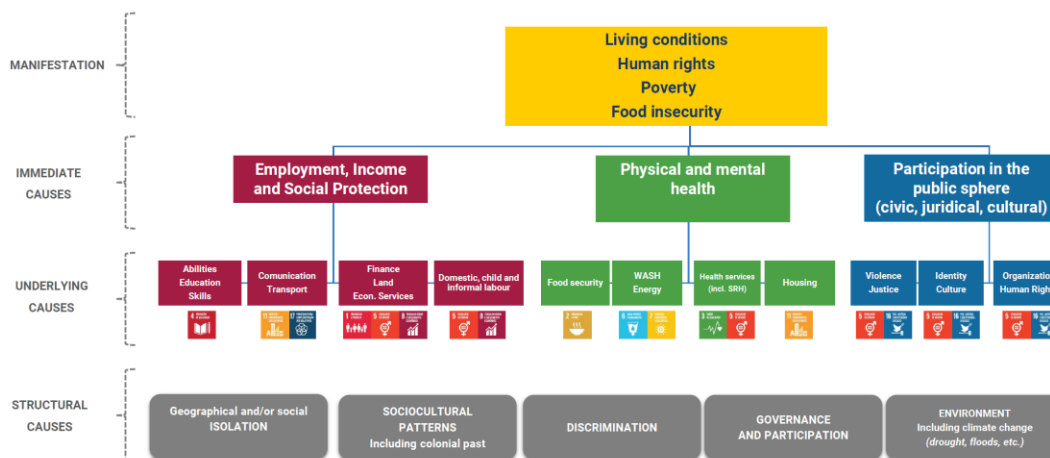
**Protection from violence and access to justice:** Exposure to violence in all its forms and limited justice response for victims, by limitations of laws and law enforcement protecting the rights of some groups or against some types of violence, by slow or limited resolution of cases, or by lack of knowledge of existing legal protection instruments or inter-institutional coordination between key actors.



**Respect for one's own identity and culture:** Limited recognition or value of identity (ethnic, cultural, religious, sexual) for individuals without legal status, or more extensively for populations not included in the data or whose culture, religion, or sexual orientation is subject to discrimination by a portion of society.



**Collective organization and defence of human rights:** Some groups or territories, whose poverty and health conditions are similar to those of the identified groups, do not suffer from the same level of exclusion, because they have organized and participate in the public sphere to make their voices heard and defend their rights. Some groups do not have this voice and are therefore more subject than others to monetary and multidimensional poverty.



Source: 2021 LNOB Assessment in Cabo Verde

**Socioeconomic and political inclusion of the most vulnerable populations is a top priorities for the Government.** The Prime Minister and Minister of Family, Inclusion and Social Development launched the Program MAIS (“*Mobilization for Accelerated Social Inclusion*”) in 2022, aimed at accelerating inclusion and eradicating poverty. This Program and the PEDS II as a whole will strengthen and enforce the legal and institutional framework ; boost economic transformation to allow for the emergence of an inclusive economic system ; invest in the reduction of regional asymmetries and in local sustainable development ; strengthen the education system, enabling the integration of the Education, Training and Employment system for girls and boys ; improve the national statistical system to reinforce disaggregation and timeliness of data and diversify the sources ; develop human and institutional capacities for a human rights-based approach in all public institutions and within civil society, academia and private sector, and empower human rights institution. As a result, Cabo Verde’s healthcare, gender equality and social protection systems, such as pensions, would be strengthened, and the country would be able to leverage its “longevity dividend”. An effective migration governance is also needed to ensure safe, orderly and regular migration and that migrants have access to decent jobs.

### 1.3 What? Recommendations for implementation of public policies

It is recognized that, globally, Cabo Verde has a legal and regulatory framework that favors the respect of human rights for all as well as their social inclusion. Likewise, most public policies, both economic and social, have sought to focus on groups and people in vulnerable situations, mitigating the factors that limit equal opportunities among people. Therefore, **the recommendations of the "Leave No One Behind" Assessment focus on measures and actions enabling the acceleration of the implementation of public policies for political and socio-economic inclusion.** To this end, a Workshop was organized with the LNOB National Partnership, civil society and individuals identified as being at risk of being left behind to obtain inclusive recommendations targeting vulnerable populations.

Each of the **seven main recommendations displayed below were broken down into ten concrete actions**, to be found in the LNOB Assessment and its executive summary.

1. Strengthen the statistical system with disaggregated and updated data, and consolidate the National Planning System to make it more inclusive
2. Building capacity at the sector level to ensure adequate services
3. Improve coordination between institutions and between levels
4. Foster collaboration between public entities and civil society organizations and private sector companies for inclusion



5. Accelerate administrative, legal and judicial procedures with a focus on those that offer a comparative advantage to groups most at risk of being left behind
6. Investing in the skills of the subgroups most at risk of being left Behind
7. Improve the population's understanding of discrimination and violence and their impacts

## 2. Progresses on the SDG path

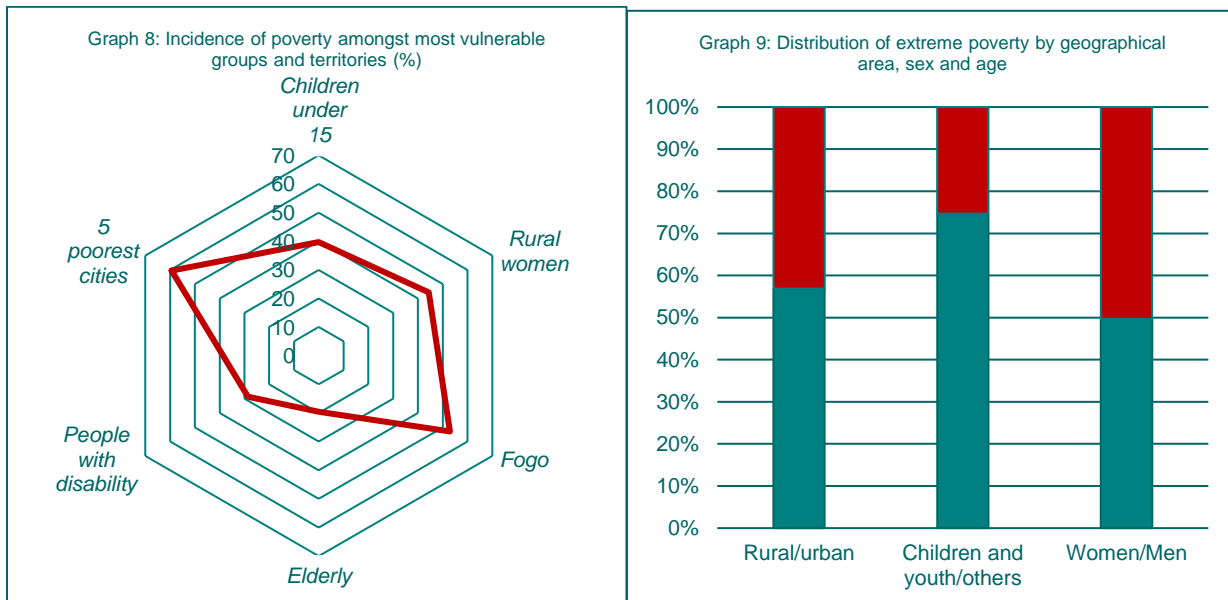
### 2.1 People: Access to basic and social services (SDG 1 to 6)

The fight against poverty and hunger is a priority across governments and investment in human capital has been constant. This continuity and a solid democratic and governance basis led to improvements of living conditions. Global absolute poverty was halved in the past 20 years, with a slow-down from 2% annual rate during the MDGs period to 1.2% since 2015. Because of structural constraints linked to the lack of arable lands and freshwater, food security is one of the country's major challenge and malnutrition the most important public health issue, with a high prevalence of stunting and wasting among children under 5. Human capital has always been a high priority and SDGs 3 and 4 are already outstanding performers on most indicators. The new parity Law, efforts to reduce Gender Based Violence and socioeconomic inequalities are consolidating gender equality in Cabo Verde into a regional best practice. Finally, 86% of the population has access to an improved source of drinking water and 82.9% to at least basic sanitation (92% rural, 73.2% urban).



SDG 1: Poverty and social protection

In 2020, 175.844 people in Cabo Verde were living on less than \$2.77 per day according to the national poverty line, equivalent to 31.6% of the population, up from 26% in 2019. Poverty has a higher incidence in rural areas, where 44.9% of the population is poor (25.8% in urban areas). The gender differences are not significant. 72,874 people live in extreme poverty, equivalent to 13.1% of the population<sup>22</sup>. Extreme poverty has a higher incidence in rural areas, where 24.3% of the population is poor (56.9% of the total poor), whereas in urban areas this rate is 8.1%. 1 in 3 extreme poor lives in Santiago Norte, 1 in 5 in Praia, 1 in 6 in Fogo. On the other hand, only 315 extreme poor live in Boa Vista, 582 in Maio, e 549 in Brava.



Source: INECV, Poverty estimates 2020, 2021

Source: Ibid

Income inequality declined sharply from 2015 to 2020. With the share of the population living with less than 50% of the median income decreasing from 15.5% to 5.2%, despite the COVID crisis. Although there has been a significant improvement in wage differentiation between men and women, mostly due to the installation of the minimum wage, wage inequality is still visible, because women usually occupy the lowest positions in the wage scale<sup>23</sup>. Women suffer from the lack of enforcement of the minimum wage too, as 64 percent of them received wages below this minimum (130 USD)<sup>24</sup>.

To fight poverty and inequalities and ensure sustainable growth, the country is on its way to achieving its objective of a Social Protection Floor (SPF). In 2019, 36.2% of Cabo-Verdeans were covered by at least one social protection benefit<sup>25</sup>, 55% when considering health assistance. The number of households covered by the non-contributory social protection regime rose dramatically during the COVID-19 crisis in the framework of the RSI/E (Emergency Social Inclusion Income) created as the first measure in the

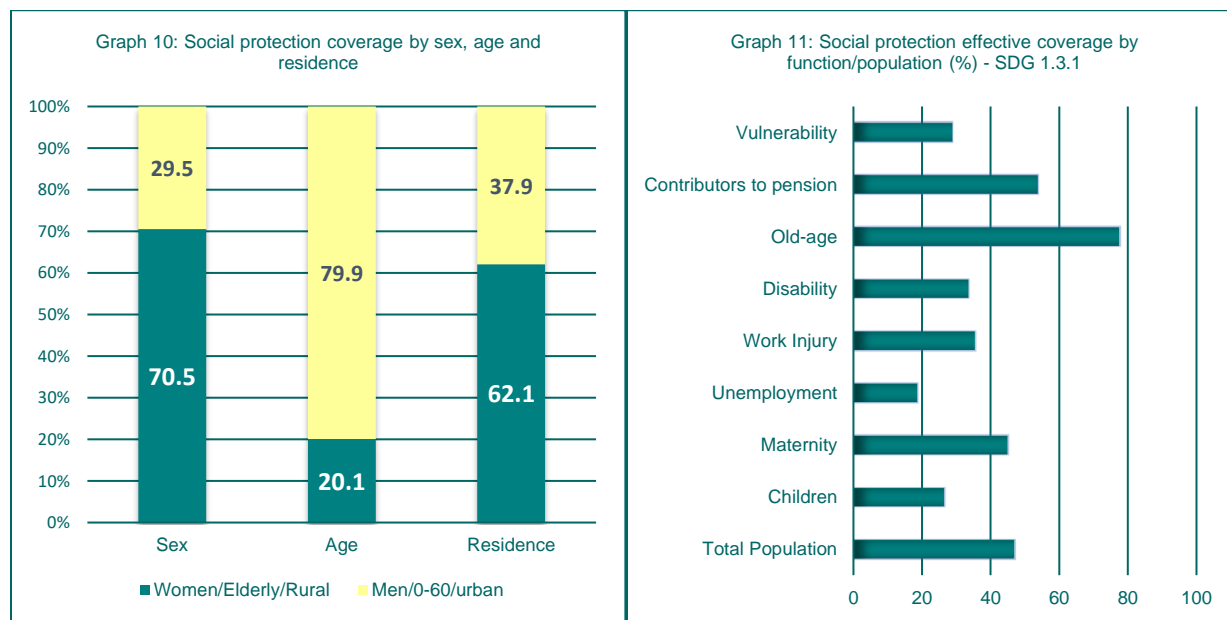
<sup>22</sup> INECV, poverty profile (estimates), 2021.

<sup>23</sup> ILO, Inégalité salariale au Cap-Vert: aspects explicables au-delà du salaire brut, 2021.

<sup>24</sup> ACLCVBG, Análise Participativa da Políticas Públicas: Direitos das Trabalhadoras e dos Trabalhadores Domésticos em Cabo Verde, 2018.

<sup>25</sup> [World Social Protection Data Dashboards, ILO](#), 2017

socioeconomic governmental response to COVID-19. From 5,800 families covered in March 2020, the number increased to 9,000 families in May, and 28,000 families in February 2021. Women benefit more from the non-contributory regime and men are more likely to receive old-age pensions from social security (60% men), due to longer and better-paid careers and women’s higher rates of inactivity<sup>26</sup>.



Source: INPS

Source: Ibid.

The sustainability of the RSI/E, together with the improvement of the efficiency (less fragmentation and adequacy of benefits) and effectiveness (broad coverage, especially in rural areas) of the system are governmental priorities to continue improve social protection coverage.

### SDG 2: Food security and nutrition

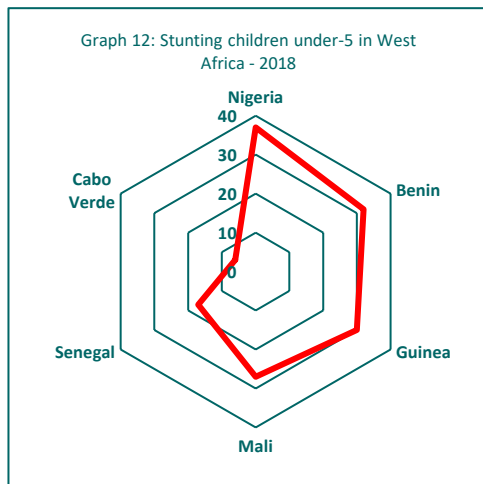
Given its territorial fragmentation, the existence of a limited area of arable land (10%), limited irrigation systems (5% of arable land is irrigated, 41% with drip systems vs 27% in 2016, 52% foreseen on the short term), and its exposure to extreme weather phenomena as a result of climate change, **Cabo Verde is highly vulnerable to food insecurity – both cyclical and structural.**

Soils are mostly of volcanic origin but are poor in organic matter, and crop yields are low. In recent years, more than 90% of the cereals (corn, rice, wheat) consumed came from abroad, both in the form of food aid and commercial imports. The weight of the latter tends to increase with the decrease in food aid, which represents around 30% of imports, largely due to the status of a Middle-Income Country and changes in the modalities of official development assistance (ODA). Dependence on food imports has been increasing exponentially over the years. The impact of climate change on crops is already visible, especially due to the increasing gaps in rainfall, making a continued increase in this dependence very likely.

<sup>26</sup> Calculations based on INPS and CNPS administrative data and INE demographic projections. 2015.

Hunger is not a mass phenomenon, but food insecurity is a reality for many households. The country has already reached the nutrition target for 2025 of the WHO indicators on nutritional status of children under 5 years old. However, according to FAO, in 2019, about 18.5% of the population was undernourished. Available data indicate that 33.8% of families did not have economic access to safe, nutritious and sufficient food (IN-VANF 2019).

Food insecurity in the country has a triple expression, namely the stunting in children under 5 years old, which affects 1 child in 10; overweight and obesity (respectively 20.4% and 7.9 %), with exponential



growth in the adult population ; and anaemia, which despite important gains is still considered a serious public health problem, affecting 43% of children under 5 years of age<sup>27</sup>.

Acute malnutrition is low (4.4%), but 5% of children under 5 remain underweight. Nutrition problems are greater in rural areas. In general, rural households experience structural food insecurity while urban households are impacted more severely by conjunctural shocks, such as trade contraction or the COVID-19 pandemic. Iron deficiency, despite positive developments over the years (down from 55% in 2005 (IDSR II) and from 70.4% in 1972)<sup>28</sup>, remains an issue, as well as stunted growth in children under 5 (11%, moderate severity, 27.7% in West Africa).

Source: INECV, IDSR III 2018, 2020

The effects of the COVID-19 pandemic in Cabo Verde caused a deterioration in food insecurity conditions. According to the recent Early assessment of the prevalence of Food Insecurity in Cabo Verde (FAO, 2020), 36.0% of population experienced moderate or severe food insecurity during the last semester of 2020.

For 30.4% of the individuals, COVID-19 has been identified as one of the main drivers. Sal and Boa Vista were the most impacted, together with Praia and São Vicente, but also Brava and Ribeira Grande de Santiago. Food insecurity affected women headed households (39,2%) more than men headed households (29%), as



<sup>27</sup> INECV, [Terceiro inquérito demográfico de saúde reprodutiva](#), 2018

<sup>28</sup> Ministry of Environment, Inquérito sobre prevalência da Anemia e Fatores associados em crianças menores de 10 anos (IPAC, 2010)

women report more difficulties in accessing food than men (25% versus 18%) and domestic workers are the most affected professional category in terms of access to food<sup>29</sup>. About 10,000 people (approximately 2 percent of the total population) were estimated to be in Phase 3 of food insecurity: “Crisis” and above in the June-August 2020 period. In 2020, Cabo Verde was amongst the 34 countries in Africa with severe localized food insecurity due to the poor performance of the 2019 agropastoral cropping season<sup>30</sup>.

The country’s agriculture is predominantly family-based type, occupying just over 9% of the national territory, characterized by small plots (0.4 hectares for irrigated land and 0.9 hectares for dry land, on average), with the water the main limiting factor, associated with the scarcity of arable soils, geographic and orographic conditions, and archipelagic structure. Notwithstanding all these limiting factors, agriculture is practiced by one third of the households. Although it represents but a reduced share of national wealth (8% of national GDP), it is, except in the dry years, the sector that employs the most. Together with fisheries, it is the only sector with net employment creation during the COVID-19 pandemic in 2020.

Although agricultural production during the 2019–20 period was, on average, slightly higher than during the previous period (2018-19), average annual output over the past five years was significantly lower compared to prior periods<sup>31</sup>. Due to five consecutive years of drought, 2021 was one more terrible year for agricultural crops, leading the Government to declare the State of Calamity in 18 out of 22 municipalities, and to deploy measures to support affected households, particularly in rural areas, for a total of 1.5 million dollar<sup>32</sup>.

For 80% of the population that lives in the coastline, fish and seafood are also a source of nutritious food, and provide a cushion, however thin, during droughts and imports shocks.

The Government intend to overcome the challenges faced by the primary sector and invest in equipment and infrastructure to significantly increase production, productivity and the added value of agriculture, the transition from traditional and subsistence agriculture to modern, competitive agriculture, capable of attracting private investment, strengthen the contribution to food security, penetrating the tourist market - likely to reach 1.5 million consumers in the coming years - and export, taking advantage of the newly ratified AfCFTA to enter the African market. Transforming agriculture into a new sector of opportunities for young people, generating decent employment, income and, above all, contributing to the reduction of inequalities, poverty and regional asymmetries are amongst the Government top priorities, and will demand support from all stakeholders to achieve challenging objectives.

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<sup>29</sup> ICIEG, Estudo de impacto da COVID sobre a igualdade de género, 2020

<sup>30</sup> FAO. 2020. Crop Prospects and Food Situation - Quarterly Global Report No. 2, July 2020. Rome. <https://doi.org/10.4060/ca9803en>

<sup>31</sup> [FAO, National agrifood systems and COVID-19 in ECOWAS; October 2020](#)

<sup>32</sup> Imprensa Nacional de Cabo Verde, [Official Gazette number 17](#), 16 February 2022



### SDG 3: Health, including Sexual and Reproductive Health

Progresses in health are historically remarkable with a health system featuring important strengths, both in terms of indicators and trends. Life expectancy has improved considerably, reaching 80.5 years for women and 73 years for men (66.5 in 2000 and 69.7 in 2010 for both women and men)<sup>33</sup>. Maternal mortality rates have fallen since 1990. However, in this last decade, this rate has been increasing considerably from 49.1 per 100,000 live births in 2010 to 105.1 per 100,000 live births in 2019<sup>34</sup>.

Infant mortality is also low compared to regional average. It has been reduced from 31.1 in 2000 to 16.7 in 2015 and to 13 in 2018 (52 in Sub Saharan Africa, 41 in Senegal)<sup>35</sup>. These improvements are due to a better coverage of vaccination (95.9%), prenatal consultations (98%), institutional deliveries by qualified personnel (97% against 78% in 2005). Concerning postnatal care, in 2019, 88.4% of births were attended by health professionals<sup>36</sup>, showing room for improvement, especially in the lack of obstetric care, the main cause of maternal mortality.

In 2018, 87% of women aged 15-49 received a postnatal visit within 48 hours after delivery (up from 26% in 2005)<sup>37</sup>.

Sexual and reproductive health (SRH) and rights improved in previous years thanks to constant investment in family planning (100% coverage of contraceptives products purchasing assured under the national budget), and an integrated SRH services. In 2018, the rate of unmet need in Family Planning was 19%, higher in urban areas (19.3%) than in rural areas (16.8%), and for the 20-24 years old (25.6%) than for the girls aged 15 to 19 (15,4%). The contraceptive prevalence rate decreased



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<sup>33</sup> INECV, 2019

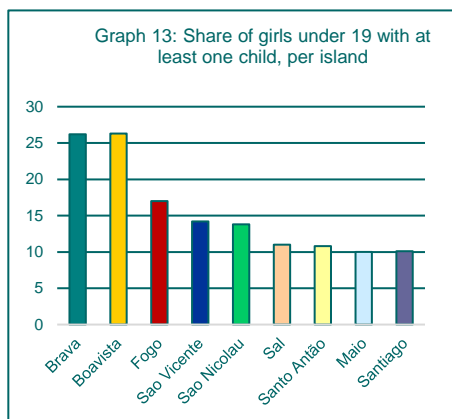
<sup>34</sup> Ministry of health, health statistics report 2019, 2020.

<sup>35</sup> [UN Inter-agency Group for Child Mortality Estimation](#), 2019. Number per thousand live births

<sup>36</sup> Government of Cabo Verde, [Voluntary National Review 2021](#), 2021. The rate was 97% in 2018, showing either high volatility, possible due to the small volume of total births per year, or discrepancy in data.

<sup>37</sup> INECV, [Third Demographic and Reproductive Health Survey \(IDSR III\)](#), 2018

slightly from 57% in 2005 to 56% in 2018<sup>38</sup>. It varies widely between islands, from 80.1% in S. Nicolau, to 47.5% in Santiago North<sup>39</sup>.



The gender issues and comprehensive sexuality education have been addressed with the students to reduce adolescent/student pregnancy. In 2018/2019, there were 340 pregnant students and mothers in the educational system. This number decreased to 229 in 2019/2020. Adolescent pregnancy (under 19) remains a challenge, with 18.3% of girls under 19 having at least one child. Over the last four years, this trend has hardly gone down (5.6% of all pregnant women are adolescents under 17)<sup>40</sup>. The access to and use of an effective means to prevent unwanted pregnancy is still low, as 57.5% of women use some method of contraception and 42.5% do not use any type of contraception (52.9% urban, 59.4% rural).

Source: INECV, IDSR III, 2018

Despite good health infrastructure coverage - 2 central and 4 regional hospitals, and 32 health centres in total, in all 22 municipalities- universal access to health services is not yet ensured, especially in remote islands and for people living with disabilities.

The COVID-19 crisis highlighted some structural vulnerabilities linked to the institutional organization at central and local level on human resources and services management. There are no intensive care services units in the country and public health care services face challenges related to diagnostic capacities due to the lack of basic and its functional maintenance, especially on the islands without a hospital.

With more than 84% of the target population ( $\geq 18$  years of age) vaccinated with one dose and 70,6% fully vaccinated, Cabo Verde has made an impressive leapfrog, in a very short period, in both access to vaccine and vaccine rollout<sup>41</sup>, thanks to its capacity to mobilize internal and external (diplomatic system and logistics) resources to boost achievements, including the capacity of the health system to manage a complex vaccination campaign across all islands within a tight schedule, and the capacity of the population to understand massively the public health interest.

Cabo Verde also stands out for its good results in non-COVID vaccination, including by financing itself the vaccines and reaching a vaccination coverage of 95-98% over 10 years, leading to more than 10 years without epidemics of vaccine-preventable diseases. Some challenges are yet to be overcome in terms of funding, human resources and data management.

In addition to the emerging challenges linked to preparedness for pandemics, others persist, such as improving access to quality health care by promoting equity, the prevalence of non-communicable diseases, the involvement of cadres and specialists from the diaspora, the strengthening of human resources and their continuous training, and especially the increased participation of the private sector<sup>42</sup>.

Non-nationals have access to government-funded health services independently of their legal status; emergency medical care is free of charge to all irrespective of nationality and irregular migrants also have

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Ministry of Health, [COVID-19 Vaccination Bulletin](#), Edition: Nº 24, January 5, 2022

<sup>42</sup> INECV, [Third Demographic and Reproductive Health Survey \(IDSR III\)](#), 2018

access to planned healthcare, though international evacuation to Portugal is available only to nationals and regular migrants<sup>43</sup>.

Drug use prevalence among the general population is around 7.6%, particularly between those aged between 15-44 (5.3% for men and 0.6% for women over previous 12 month). Among drug users, crack cocaine users - often associated with the criminal world as the drug is compulsive enough to make the user prompt to do whatever it takes to consume, including committing crimes and prostitution<sup>44</sup> - are the country's main problematic users with visible impact at security and public health level. Alcohol consumption is historically a public health concern. Alcohol abuse is associated, among many other problems, to gender-based violence (GBV)<sup>45</sup>. Tobacco prevalence is relatively low: 9.6% of the population (15.7% of men and 3.2% of women)<sup>46</sup>.

The ongoing epidemiological transition implies that non-communicable diseases account for about 68% of the deaths. Cardiovascular diseases account for 31% of deaths (37% of women's death and 25.6% of men's) and cancers for 11.8%<sup>47</sup>. Cancer is overall the third cause of death, and its prevention must be a top priority. 36% of adult women do not know how or where to get a cervical cancer test. This latter is the leading cause of death among women (11.7%). The incidence of tuberculosis (TB) has decreased significantly in recent years, from 138 to 46 per 100,000 between 2015 and 2018, a reduction of 66% in only 3 years. TB remains a public health problem though, with about 250 new cases expected per year.

HIV prevalence in the country is low compared to regional and even global standards: 0.6% (0.4% for men and 0.7% for women, with prevalence trends going up for women and down for men)<sup>48</sup>. The HIV prevalence rate is six-fold higher than the national prevalence among men having sex with men (6.1%). Four-fold higher for the most vulnerable groups as people with disabilities (2.3%, which 1.7% are women and 3.5% are men) and sex workers (4.6%)<sup>49</sup>. Specific gender vulnerabilities include exposure of women to sexual violence and gender-based violence (GBV) and low participation of men/partners in anonymous voluntary testing during pregnancy (prevention of mother-to-child transmission program)<sup>50</sup>. Antiretroviral Therapy (ART) coverage is high at 94%<sup>51</sup>. Drug Users (DU) are also associated with HIV/AIDS as they are vulnerable to infection through risky behaviours such as having unprotected sex and sharing needles when injecting drugs. Indeed, the prevalence of DUs was 3.1% in 2016, fourfold higher than that recorded in the general population (0.8%)<sup>52</sup>. Integrated in the elimination of mother-to-child transmission of HIV and syphilis (EMTCT) programme, Cabo Verde has achieved the HIV/AIDS prevention transmission rate of 2,2%.

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<sup>43</sup> Cabo Verde Migration Governance Indicators Report – August 2020

<sup>44</sup> Programa Nacional Integrado de Luta contra Drogas e Crimes Conexos (PNILDC), 2018-2023

<sup>45</sup> INECV, IDSR- III, 2018. Incidence of GBV is 11% at national level and 65% for women with a partner with drinking habits.

<sup>46</sup> MSSS e INE. Inquérito sobre doenças não transmissíveis e seus fatores de risco associado – IDNT II 2019.

<sup>47</sup> MSSS (2019) Relatório Estatístico 2018

<sup>48</sup> [III Demographic and Reproductive Health Survey \(III-IDSR\), 2018](#)

<sup>49</sup> Bio-behavioral study on VIH/SIDA vulnerability on disable people in Cabo Verde 2018

<sup>50</sup> CCS-SIDA. Plano Estratégico VIH/SIDA (2017-2020)

<sup>51</sup> UNAIDS, [Cabo Verde Country Fact Sheet](#), 2019

<sup>52</sup> CCS-SIDA, Study on HIV prevalence, 2016

#### SDG 4: Education

Education has been a strength of Cabo Verde since its independence, with very positive indicators, at both ends of the education process: literacy and secondary and higher education. The illiteracy rate (aged 15 and over) lowered from 61.3% in 1975 to 11% in 2016 (women: 15.3%, men: 6.7%; urban 8.2%, rural 17%). In the 15 to 24 age group, the rate was 0.9% in 2019, without gender gap nor significant differences between municipalities, making Cabo Verde the third most literate country in sub-Saharan Africa, behind Seychelles and Mauritius<sup>53</sup>. The completion rate in 2020 was 62.3% for secondary education (9<sup>th</sup> to 12<sup>th</sup> grade), 71.2% for girls and 68.3% for boys. For basic education (1<sup>st</sup> to 8<sup>th</sup> grade) the completion rate is 80.8%: for girls 85.2% and for boys 76.4%<sup>54</sup>.

Pre-primary and primary school enrolment has been stagnating or slightly worsening in the last 5 years (-4.3% for primary), only ranking among average performance in the region, despite investments in these sectors (e.g. an increase of 33% pre-primary institutions between 2015 and 2018<sup>55</sup>). COVID-19 has a significant negative impact on the attendance rate decreases considerably in Pre-school from 85.6% in 2019/2020 to 65.7% in 2020-21, with the counties in the worst situation being Praia, Boa Vista and Sal. Apart from the direct health impact, this decrease is due to economic losses of many households and

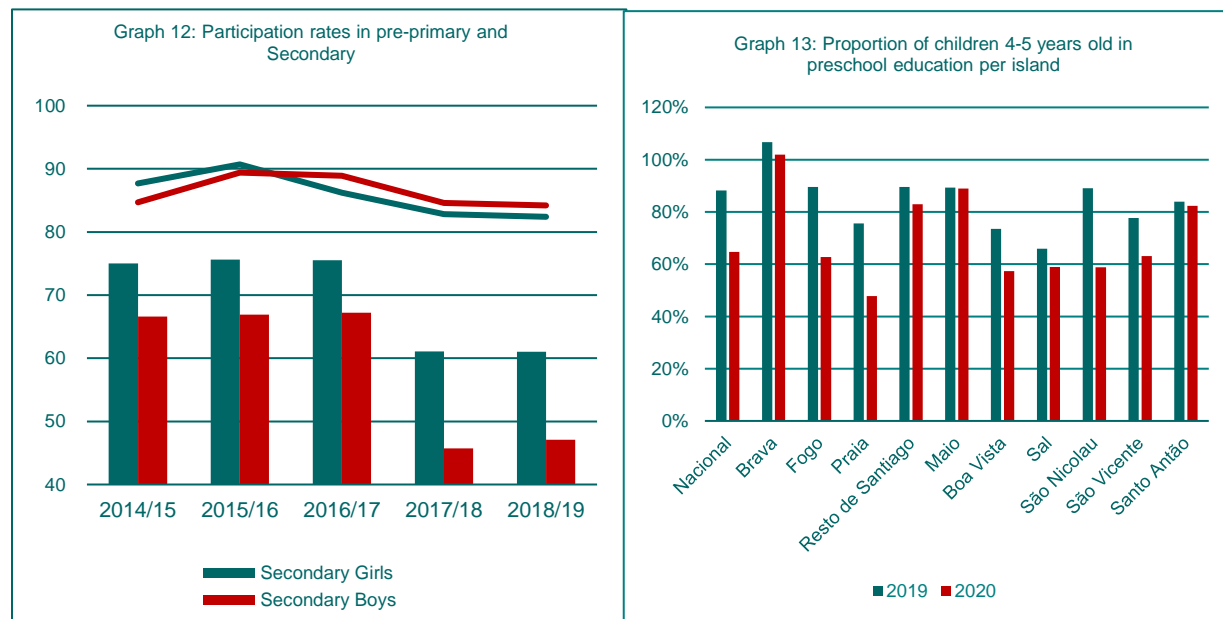


<sup>53</sup> The World Bank, [Development Indicators Database](#)

<sup>54</sup> Ministério da Educação, Anuários Estatísticos, 2019-2020

<sup>55</sup> Ibidem

families<sup>56</sup>. The number of students in higher education (23.1% of total age range 18-22) also decreased by 13% between 2013 and 2017-18<sup>57</sup>.



Source: INECV, Statistic report 2019, 2020

There is an important gap in terms of net schooling rate between basic education (94% in 2019-2020) and secondary education (54.1%), probably due to the extension in 2018 of the gratuity of basic education until 8<sup>th</sup> grade (previously from 1<sup>st</sup> to 6<sup>th</sup> grade only). The extension of gratuity until 12<sup>th</sup> year in 2019-2020 is expected to decrease the gap. Drop out (1% for elementary education and 6.8% for secondary education) are more frequent for boys (1.2% vs 0.7% for girls in primary, 8.1% vs 5.3% in secondary). The main causes of dropout seem to be failure rate and entrance in the labour market.

Inequalities persist in terms of gender and means of residence, and the likelihood of completing the last grade of primary school is 94.2% for boys and 96.8% for girls in the poorest households, whereas for children in richer households, no significant difference exists (98.4% for boys and 98.7% for girls)<sup>58</sup>. Only 65.8% of poor boys aged 12-14 had completed basic education and 77.6% of girls (81.5% of non-poor boys and 88% of girls of the same age). Children aged 4-5 from poor families have lower access to pre-school (80% national average, 74.5% for poor, 84.3% for non-poor), also impacting women's unpaid care work. Access to pre-primary is lower than national average in 8 municipalities (out of 22)<sup>59</sup>. Dropout also varies between islands' municipalities and reaches as high as 11.9% in the municipality of Brava and lower in São Salvador do Mundo, 1.4% (the national average is 5.2%)<sup>60</sup>. Inequalities deepen after secondary education,

<sup>56</sup> Ministry of Education, Statistics 2020-2021, 2021 (not published yet).

<sup>57</sup> Ministry of Education. [Anuário do Ensino Superior Ano letivo 2014-2015](#), 2017

<sup>58</sup> INECV, [Perfil da Pobreza em Cabo Verde](#), 2018

<sup>59</sup> Ministério da Educação. Estudo Diagnóstico da situação do Pré-Escolar, 2019. The 8 municipalities are Ribeira Grande de Santiago (62%), Sal (62.9%), Santa Catarina do Fogo (66.3%), São Salvador do Mundo (68.1%), Praia (71.7%) and São Vicente (76.7%).

<sup>60</sup> Ministério da Educação. Principais indicadores da Educação, ano lectivo 2017-2018

with only 2% of poor girls and 3% of poor boys accessing to higher education. In general, access to University and technical education has been stagnating in the past years<sup>61</sup>.

The access to schooling for children, young people and adults with special educational needs is still limited. Of about 1,900 of them<sup>62</sup>, 26% never attended school and only 3.1% have higher education<sup>63</sup>. Most teachers at all levels - pre-school, primary, secondary, vocational or higher education - have low or no capacity to address special educational needs. Strengthening this capacity is a priority to improve inclusiveness in education.

In terms of quality of education, the large-scale learning assessment demonstrate no significant progress in the learning outcomes in Mathematics (data interpretation, problem-solving) and Portuguese (writing skills) since 2010<sup>64</sup>. In pre-primary, quality of education is of major concern, with only 30% of trained professional. In higher education, the ratio students/PhD professors improved constantly to reach 1/68 in 2014 (28% women and 72% men)<sup>65</sup>.

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<sup>61</sup> Government of Cabo Verde, [Voluntary National Review](#), 2018

<sup>62</sup> Education Signaling System based on WHO's Functional Classification of Efficiency and Health, 2021

<sup>63</sup> INECV, Portrait of the disability situation in Cabo Verde, 2018 Handicap Internacional, Ministério da Saúde e Segurança Social, Estudo Biocomportamental sobre a vulnerabilidades das Pessoas com Deficiência face ao VIH/Sida em Cabo Verde (Relatório de Cabo Verde),

<sup>64</sup> Ministério da Educação, Relatório de Provas AFERIDAS no 2º e 6º anos de escolaridade, 2019

<sup>65</sup> Ministry of Education. [Anuário do Ensino Superior Ano letivo 2014-2015](#), 2017

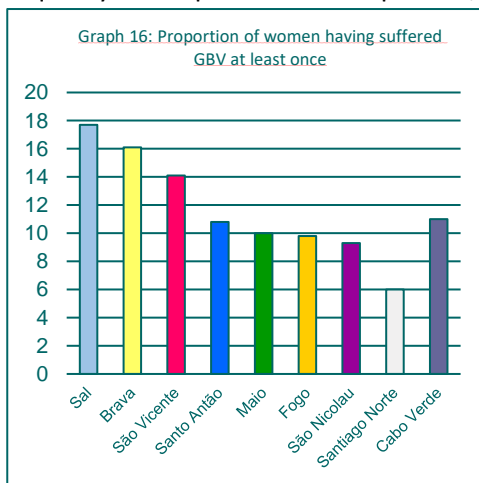
## SDG 5: Gender Equality

Human development has been a consistent priority since the independence in 1975, including significant advances in women's rights and gender equality; and Cabo Verde is a signatory to human rights and gender-related regional and international conventions and protocols (CEDAW, ICPD PoA, Beijing platform).

Cabo Verde has historically had a high share of households headed by women due to factors including the impact of slavery and colonization on family structure, the persistence of patriarchal attitudes and culture, and high rates of male emigration. 48% of households were headed by women in 2015 against 40% in 2000.



Many gender equalities targets have been met, principally in education and health. Gender policies are produced within an integrated institutional architecture, with the Ministry of Family, Inclusion and Social Development, the Cabo Verdean Institute for Gender Equality and Equity, the Inter-Ministerial Commission for the Mainstreaming of the Gender Approach, and the Gender Observatory. Social Services exist at municipality level with specific programs and services that promote gender equality. Gender equality is also part of sectoral policies, such as those relating to rural development, water and sanitation,



energy, education and training, sexual health and reproductive health, and tourism.<sup>66</sup> However, gender roles in Cabo Verde continue to deny women full equality, limit their access to and benefit from resources, political participation, and restrict their ability to fully contribute to sustainable and equitable growth. Many health, education, and legal issues remain, including for those women and girls facing specific challenges of rural isolation, physical handicaps, LGBTI, or sexual abuse (see section on women and girls in LNOB chapter above). Women face key issues that lock many of them in poverty and low productivity, such as the lack of:

- **Time**, due to the burden of primary responsibilities for household and dependent care;
- **Land**, due to harder access formal title to land and to

<sup>66</sup> VNR, 2021

- credit, hampering the ability to build assets;
- **Finance**, which inhibits growth and productivity of business efforts;
  - **Knowledge**, on options for stable and productive income-producing activities and services and networking structures to build skills, increase production and access markets.<sup>67</sup>

*Source: INECV, IDSR III 2018, 2020*

Against this backdrop, which contrasts with the gains in health and social areas, the next significant progress on gender equality, but also poverty reduction and economic growth is women's economic empowerment and political participation.

### **Box 1: The persisting incidence of Gender-based violence**

The GBV has been addressed by the Government of Cabo Verde and its civil society, with support from international partners. A major achievement was the approval of the Law on GBV in 2011, which imposes criminal penalties for all GBV - physical, psychological, and sexual. It also includes provisions against sexual harassment and a program for perpetrators to prevent a recurrence.

As a result, GBV was halved between 2015 and 2020, from 22% to 11%<sup>1</sup>. However, this national rate is still high, and hide different situations in different islands and groups. The likelihood of being a victim of GBV is higher for women from Sal and Brava (18% and, 16%), women who are separated or widows (33%), or women with a basic education level (19%). There is no correlation between family income level or social status and the incidence of GBV<sup>1</sup>. In addition, the societal and gender patterns (patriarchal society) also explain why women are more at risk of being left behind, - but also children, adolescents, and youth (boys and girls).

Despite progress on fighting GBV, additional resources are needed to speed action on complaints and ease judicial backlogs. Although the awareness of victims and the volume of complaints are increasing, the resolution rate is low. Data on GBV cases is weak and hampers appropriate policy making against GBV. 6% of women aged 15-49 think that the husband can beat his wife against 5% of men. And 90% of women said they can take the decision about their own health care. According to COVID-19 Impact Study on Gender Inequality (2020), during the lockdown, only 39.8% of women knew the existence of the GBV victim support measure as the protection house.

About 6% of women over 15 years were at least once victims of sexual violence, and 14% of women said they had experienced emotional, marital violence during the last 12 before the survey.

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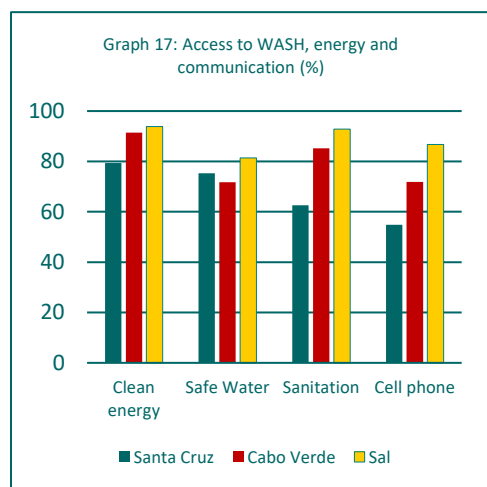
<sup>67</sup> Cabo Verde, Gender profile 2018



## SDGs 6 and 7: Water-energy nexus

Despite chronic water scarcity being amongst the main structural constraints for sustainable development processes, especially in terms of sanitation, hygiene, health and agriculture, Cabo Verde is by far above the region's means in terms of access to drinking water.

In 2019, 71.7% of households are linked to public networks as the main source of water supply. The rural-urban gap has been slowly narrowing since 2000 yet it remains significant (about 10% less connection in rural areas). Important disparities persist among municipalities, even in the same island (e.g. 18.7% in São Salvador do Mundo, 41% in São Domingos, 77.2% in Tarrafal, all in the island of Santiago) and between islands (e.g. 50.1% in Boa Vista and 94.1% in Brava)<sup>68</sup>. Women and girls are responsible for the task of water collection in 70% of the cases (78% in rural areas), and women have little representation in water management: farmers (mainly men) control and give preference to water use for agriculture, while women have to resort to water sources outside their communities for domestic use<sup>69</sup>.



In terms of water treatment, in 2019, 85.2% of households have access to sanitation systems, a high rate in comparison with most African countries and an increase by 7.8% since 2015. Only 8 municipalities, all poor municipalities from the island of Santiago, have a rate inferior to national average. However, the lack of sanitation and inadequate deposition of waste were, according to health statistics, considered one of the main causes of mortality (5th position), especially in children-under five years old (3rd position). A significant gap persists between urban and rural areas (90.1% vs 74%). In rural areas, 25.3% of the population do not have sanitary installation at home<sup>70</sup>.

Recent investment in sewage networks increased the number of wastewater treatment plants to 11 in operation, on five islands. In terms of water contamination, in many areas untreated wastewater, including industrial waste, is discharged into the environment. Heavy rainfall and flood events cause compromised or vulnerable sanitation systems to overflow, exposing people to dangerous pathogens.

A governmental priority for the years to come, universal access to water for domestic use and agriculture, including through the sustainable and just use of water, the reduction of losses and the extension of desalination are still important challenges. Most of the available drinking water at national level comes from desalination, with a share as high as 80% in the two main cities, Praia and Mindelo (half of the country's population in total). As desalination is energy consuming (10% of the energy to be consumed in the current decade will be consumed for desalination), directly impacting access and cost for end-users, the water issue cannot be addressed if not in the perspective of the water-energy nexus.

<sup>68</sup> INECV, [Estatísticas das Famílias e Condições de Vida](#), 2019

<sup>69</sup> Ministry of Agriculture and Environment/FAO/EU, Social gender diagnostic in the REFLORE project communities, 2020

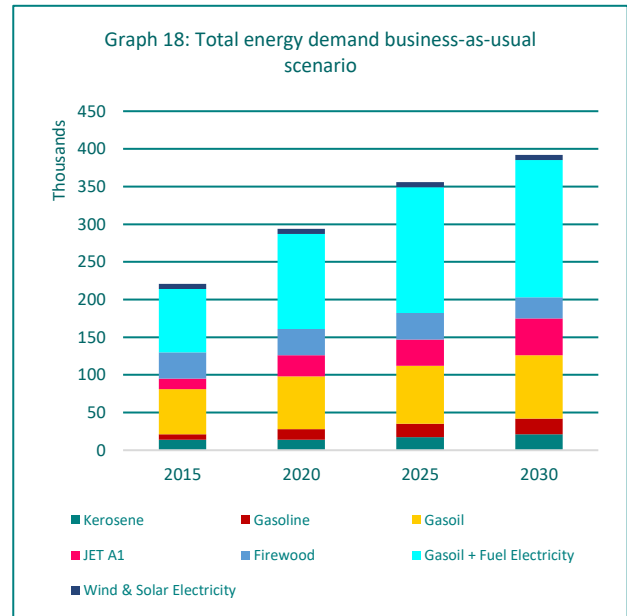
<sup>70</sup> INECV, [IMC 2019 Living conditions](#), 2020

The sources of energy in today's Cabo Verde, especially in times of a global energy crisis that may last for years are an important limitation to the country's energetic independence and economic transformation. However, the huge, unleashed potential of renewable energies: solar, wind and innovative sources (tidal and wave energy), rises hopes of a solid, swift energy transition.

In 2020, 42.9% of the energy consumed in Cabo Verde comes from gasoil and fuel to produce electricity, 23.8% from gasoil for non-electricity purposes, 11.9% from firewood, 9.5% from JET A1, 4.8% from Gasoline, 4.8% from Kerosene, and 2.4% from wind and solar<sup>71</sup>.

The share of renewable energies was 22.2% in 2014, 20.3% 2018 and 18.4% in 2019, and was forecasted to increase to 26.1% by the end of 2022 based on ongoing RE projects. Although the share of RE decreased, the production capacity increased from 420 Gwh in 2015 to 507 Gwh in 2019 (11 Gwh solar, 82 wind and 414 geothermal)<sup>72</sup>. The share of RE should further increase in the coming years, as the Government engaged in several climate change mitigation measures, amongst them the reduction by 18% of GHG by 2030 (24% if adequate international support is received) and the decarbonisation of the economy by 2050. Moreover, public investments, such as the upcoming building of pump storage and scaling up of other energy storage capacities ; and incipient foreign direct investment, such as a US investment in tidal and wave energy already negotiated with the Cabo Verde Trade investment, will imply important changes in the share of renewable in the energy mix in the coming years.

Demand for energy is expected to increase by 35% by 2030 (from peak demand of 110 MW in 2020 to 151 MW in 2030), which the Government is planning to match with a mix of enhanced energy efficiency, limited losses (from 23% today to 10% in 2030), enhanced storage capacities and higher penetration of renewable energies. This ambition also seeks to continuously increase the quality, including reducing system interruption which, in 2020, represented with a SAIDI/SAIFI of 34.4 hours/20.1 minutes<sup>73</sup>. In the coming years, 20% of the total electricity will be consumed by the tourism sector, and 10% by desalination<sup>74</sup>. The Master Plan provides that in 2030 at least 50% of the on-grid electricity produced in the country will be of renewable origin (in comparison to 18.3% in December 2020)<sup>75</sup>.



<sup>71</sup> Government of Cabo Verde, [Nationally Determined Contribution 2020 update](#), 2021

<sup>72</sup> INECV, [Anuario Estadístico 2019](#), 2021

<sup>73</sup> Ministry of Industry, Commerce and Energy, [Energy indicators](#), 2021

<sup>74</sup> Ministry of Industry, Commerce and Energy, [Master Plan for the electricity sector \(PDSE 2018 - 2040\)](#), 2018

<sup>75</sup> Ministry of Industry, Commerce and Energy, [Diagnostic on renewable energy use in Cabo Verde](#), 2020

The energy transition should increase electricity access, reduce dependence on fossil fuels and therefore on imports, and reduce the cost of electricity, promoting social inclusion. It is also a factor promoting the development of new economic activities and contributing to the reduction of the cost of water using renewable energies for seawater desalination and pumping stations.



## Box 2: Inner connectivity and regional disparities

Cabo Verde's structural constraints as a SIDS result in important disparities among islands and municipalities based on their isolation, economic development, population structure and connection to other islands, by air or sea. These challenges demand local solutions adapted to each island.

In terms of access to basic social services, disparities among islands are limited, although the poor municipalities in the Northern part of Santiago island are still lagging. Economic growth and employment are concentrated in five growing urban centres (Praia, Mindelo, Sal Rei, Espargos and Santa Maria). In Fogo and São Nicolau, progress in unemployment and poverty reduction has been slow in the past years. Brava and Ribeira Grande de Santo Antão are an exception with important decrease in unemployment in the last 4 years (See Economic Chapter). Higher education, specialized health, and other premium services are concentrated in two islands, Santiago and São Vicente (namely in Mindelo).

Disparities between islands have a direct effect on internal migrations. Populations of Boa Vista and Sal increased fourfold in the last 20 years and will double in the next 20 years. Maio's population is expected to double too. Half of the municipalities, on the contrary, will lose one fifth to one third of their population, despite a national increase of the population by 25%<sup>1</sup>. This migration is not accompanied by sufficient housing development and urban planning, resulting in the development of informal settlements and related poor living conditions.

A critical limitation for regional development and convergence between islands is the limited mobility of persons and goods. For instance, it is less expensive to ship the same container from Praia to Lisbon than to Mindelo<sup>1</sup>. Internal air transport, beyond the aerial bridge between the two main cities, Mindelo and Praia, is scarce and expensive. The number of passengers using maritime transportation increased constantly from 2016 to 2019 (+27%)<sup>1</sup>, yet delays and prices are still a concern, including for local companies moving goods among islands.

These challenges call for integrated solutions, developed together with local actors – local authorities, civil society and private sector – to improve access of all islands and municipalities to social services (beyond WASH), markets, and finance. While the approval of the regionalization law has been pending, associations of municipalities at island level and SDG Localization Platforms contribute to the creation of an enabling environment at territorial level in terms of institutional capacities, resource mobilization and horizontal and vertical coordination. The Municipal Sustainable Development Plans (PEMDS) may serve as a catalyser to drive public and private investment toward the remotest areas and improve local agriculture and fisheries systems. The Island Economic Specialization Profile, under development in each Island in the first semester of 2022 as the basis for the new NDP (see section on national strategic plans) will also be an important tool for convergence between islands.

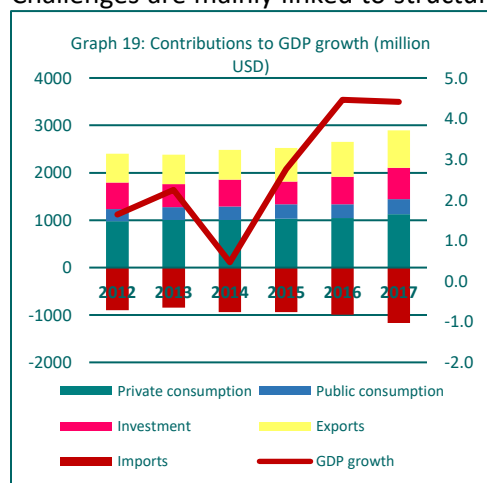
This convergence and territorial cohesion are top priorities according to the new Government program Strong policy focus and public investment in these areas are therefore to be expected in the coming months and years, and the UN is required to accompany this effort.

## 2.2 Prosperity: Economic transformation analysis (SDG 8 to 11<sup>76</sup>)

The SDGs related to **Prosperity** – Jobs and Inclusive Growth, Industrialization and Innovation, Inequalities and Cities’ sustainability -, performed well after a slow recovery post-2008 crisis and before COVID-19 socioeconomic impact on the country, amongst the highest worldwide. Growth took off in 2016 and was relatively high at 4,7% annual average until 2019 included, mainly driven by tourism and trade. Between 2015 and 2019, air passenger transport had an average annual growth of 8%, and cargo transport by 16.4%. Maritime passenger transport had an average annual growth of 6.2% and cargo transport 8%.

The economy continued to perform well throughout 2019, with strong growth, low inflation, and improving external position<sup>77</sup>. The main drivers of growth are **tourism services** (25% of GDP, 75% of FDI inflows and 39% of jobs creation<sup>78</sup>); **foreign direct investment (FDI)** (5.7% of GDP in 2019, 12.5% in 2007)<sup>79</sup>; and **migrants’ remittances** (11.1% of GDP in 2019<sup>80</sup>).

Challenges are mainly linked to structural constraints as a Small Island Developing State that hamper its economic development, such as a relatively small size and isolation, shallow domestic market, territorial dispersion, high cost of transport, energy and water, and a high dependence on external inputs (fuel, food, commodities, intermediary goods) and finance (Remittances, Foreign Direct Investment, External Loans, Official Development Aid...). The consequence is a high exposure to external economic shocks and consequent growth volatility, a growth insufficient to solidly improve employment, limited opportunities for innovation and industrial development, and a constant upward pressure on inequalities.



In 2020, a negative growth of 14,8% due to a two-month lockdown and a brutal stop to travel and tourism led to a decrease of employment by 5.7% and impacted severely households’ incomes in general. In 2020, air passenger transport decreased by 71.4%, air cargo transport by 43.3%, passenger sea transport by 31.7% and sea cargo transport by 36.9%. In terms of inequalities, the average annual per capita expenditure of the 40% of the population with the lowest incomes fell some 5.7% in relation to the year before, a drop that was greater in urban areas (8%) than in rural areas (3.5%).

Lessons from the 2008 crisis draw a perspective of slow recovery for the coming months, especially when multiple global crises continue to unfold, directly affecting or threatening economic recovery. Some signals are already encouraging though, such as the lift-off tourists arrivals, the renewed dynamics of growth (+7% in 2021) and Foreign Direct Investments (FDI), which increased by 31.9% in the first three

<sup>76</sup> For ease of reading and coherence, SDGs under Prosperity and Planet are not treated separately but rather within an overall analysis of the situation and trends, including future possible developments

<sup>77</sup> IMF, [Cabo Verde: First Review under the Policy Coordination Instrument](#), April 2020

<sup>78</sup> UNWTO, 2020.

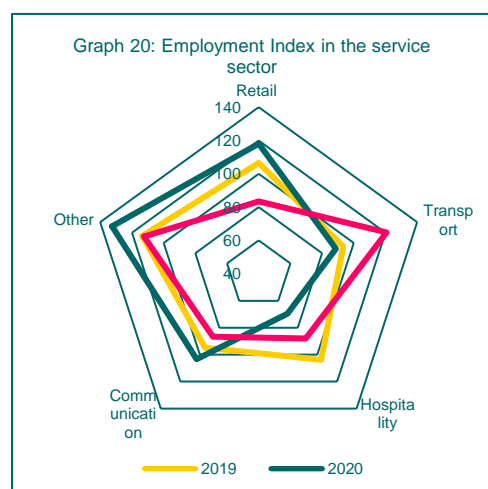
<sup>79</sup> UNCTAD, Investment Policy Review Cabo Verde, 2018 and [UNCTAD database](#).

<sup>80</sup> Cabo Verde Central Bank, [Synthesis of the main economic and finance indicators 2000-2019](#), 2020

quarters of 2021<sup>81</sup>, or remittances, which increased by 4.5% in 2020 and a staggering 38.1% in 2021, providing a cushion for many households to face the hardest part of the crisis. In terms of inequalities, despite the impact of the pandemic, the proportion of the population living on less than 50% of the median income has fallen from 15% in 2015 to 5.2% in 2020.

### 2.2.1 Pre-COVID growth, COVID impact and recovery pathways

Due to its high concentration in one sector (tourism), and dependence on FDI (and intermediary and final



goods), Cabo Verde's growth proved highly vulnerable to external fluctuating factors and global shocks. Consequently, when compared to its peers (SIDS and MICs), Cabo Verde's growth is less robust and highly volatile, with great variations from one year to the other<sup>82</sup>. Moreover, this growth has been faster than employment creation over 1991-2019<sup>83</sup>. Finally, Cabo Verde is also among the top 10 countries in Africa in terms of vulnerability related to trade intensity with Europe, China and the USA<sup>84</sup>. In general, about 13.5 percent of firms are directly connected to international trade of goods, as exporters, importers, or both. Traders are more commonly found in Santiago and São Vicente, the production islands of the country<sup>85</sup>.

Source: INECV, Activity indicators in the services sector

These vulnerability factors – economic concentration, dependence on external inputs, volatile growth, and negative employment elasticity– exacerbated the effect of COVID-19 on two out of the three main drivers of growth, an effect that led to a socioeconomic impact among the highest worldwide. Tourism decreased by 77.5% in 2020<sup>86</sup>, with levels of arrivals maintained low throughout the first semester of 2021. FDI decreased by 32.5% in 2020.

As a result, GDP decreased by 14.8% in 2020<sup>87</sup>, leading to the loss of 5,465 jobs (-5.7%)<sup>88</sup>. The informal sector, characterized by fragile jobs and activities in heavily affected sectors (fishing, construction, hospitality, small informal retailers, among others), was particularly hit (11.7% of job lost vs 7% in the formal sector)<sup>89</sup>. The impact was also much higher on the 15-24 age group, and to a lesser extent the 24-

<sup>81</sup> Banco de Cabo Verde, [Quadros estatísticos sector externo](#), 2021

<sup>82</sup> AfDB calculations using data from [World Bank Development Indicators database](#).

<sup>83</sup> AfDB calculations on the basis of ILOSTAT, 2020 <https://ilostat.ilo.org/data/#summarytables>. Employment elasticity to GDP was 0.5 over the period, an elasticity lower than 1.0 being a negative elasticity, i.e. growth is faster than employment creation

<sup>84</sup> African Development Bank, [African Economic Outlook amid COVID-19](#), 2020

<sup>85</sup> World Bank, [Cabo Verde Economic update](#), 2021

<sup>86</sup> INECV, Touristic demand 2020, 2021

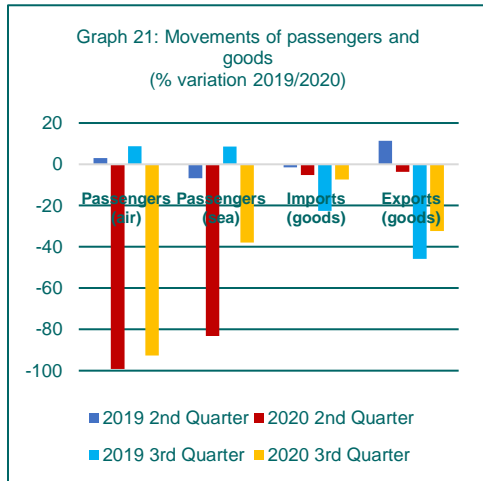
<sup>87</sup> Ministry of Finance, [State budget 2022](#), 2021

<sup>88</sup> INECV, [IMC 2020 Labour market indicators](#), 2021

<sup>89</sup> Labour Market Observatory, Diagnostic of informal employment in Tourism and domestic work, 2021 (not yet published)

35 age group than for the rest of the population. One in twenty youngsters lost their job, while for the rest of the population it was one in a hundred<sup>90</sup>.

Although the crisis went on throughout 2021 in different forms, some encouraging signs appeared. Among them is the recovery of half of the GDP lost to the pandemic (about 7% growth projected). FDI lifted off

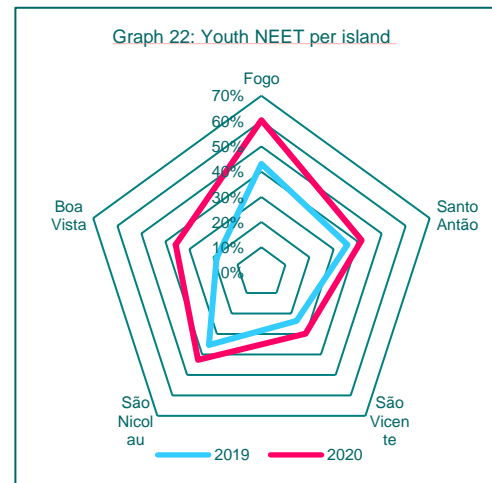


too in the first semester of 2021, increasing by 72.3% compared to the same period in 2020, to reach a level even higher by 26.8% to the same period in 2019. 85.5% of these investments were concentrated in tourism<sup>91</sup>. Remittances, which monthly average increased by 20% since the beginning of the pandemic, proved to be an important cushion for households in crisis time, especially the most vulnerable.

However, pre-crisis levels of tourists' arrivals and receipts, unemployment rate and public revenues may not be within reach before 2024. The long-lasting effect of multiple crises such as COVID-19, climate change, inequalities, shipping and energy crises are analysed in the risks section below.

Source: INECV, Conjunctural Indices 2020, 2021

Against this backdrop, getting back to pre-pandemic settings would imply important risks. Unemployment was fluctuating and relatively high (11.3% in 2019, the best rate in 8 years) and though it decreased in urban areas from 2015 to 2019, rural areas experienced a significant increase (+52%), so did women (+10.2 vs -12.2 for men). In 2019, the unemployment rate for the 15-24 age group (32.5%) was almost twice as much as for the 24-35 age group (18.6%), and more than four times superior to the 35+ age group (7.8%). Even at the highest education level (higher education), one third of the youth in the age group 15-24 was unemployed, compared to one tenth in the 24-35 age group and one in twenty for the 35+ age group.

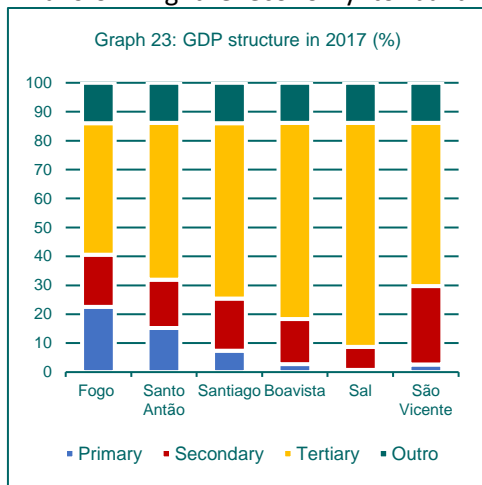


Source: INECV, IMC Labour Market 2020, 2021

<sup>90</sup> INECV, [IMC 2020 Labour market indicators](#), 2021

<sup>91</sup> Banco de Cabo Verde, [Statistic frameworks of the external sector](#), 2021

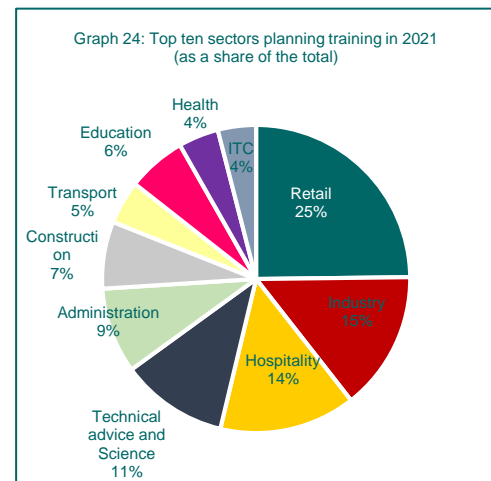
Transforming the economy to build resilience will mean changing the way wealth is created and



distributed, and the way jobs are created and occupied. This profound transformation will have to happen within a structure that did not change much since 2007, with about a twentieth of production occurring in the primary sector, a quarter in the secondary sector, and a third in the tertiary sector, with a high concentration in tourism (25% of GDP, 39% of jobs), mainly in the all-inclusive segment. Apart from tourism, but in many way dependent on it, the rest of the domestic production and jobs relies on small retail (11% of GDP, 14.6% of jobs), construction (9.3% of GDP, 11.2% of jobs), agriculture and fisheries (7% of GDP, 10.6% of jobs), manufacturing – mainly fish processing and to a lesser extent textiles/footwear – (6.2% of GDP and 10.6% of jobs), and transports (13% GDP, 5% of jobs)<sup>92</sup>.

Source: INECV, GDP per island, 2017

Economic diversification has become even more important in the COVID-19 context. Diversifying tourism and integrating conservation, tourism and local livelihood strategies and value chains in key destinations, including World Heritage Sites, Reserves of the Biosphere, underwater archaeological parks, integrating intangible cultural heritage, boosting the blue economy and untapping the potential of digital economy, while enhancing local agriculture and fisheries sectors, are all essential for immediate recovery and future resilience. This diversification will demand important investments by both the Government and the private sector in infrastructure, equipment and skills.



Source: INECV, Report on training needs, 2021

### 2.2.2 Main drivers of economic transformation

Apart from the structure of production (vertical and horizontal economic diversification<sup>93</sup>), the economic transformation process for the coming years should include better **gender equality**, **territorial cohesion**, **transition to formality** and **small-scale industrialization**.

**Gender equality:** Small retail (25.6% of women’s jobs vs 12.3% of men’s), hospitality (12.8% vs 6.1%), and domestic employment (11.6% vs 0.2%) are the top three sectors for women employment, the three of them characterized by high levels of vulnerability, informality, and abuse. In 2018, enterprises created jobs for almost 71.000 persons, mostly men (58.3%). Men are also heading 62% of enterprises - only in businesses linked to hospitality, education or health women are in leadership in greater proportion<sup>94</sup>. Half

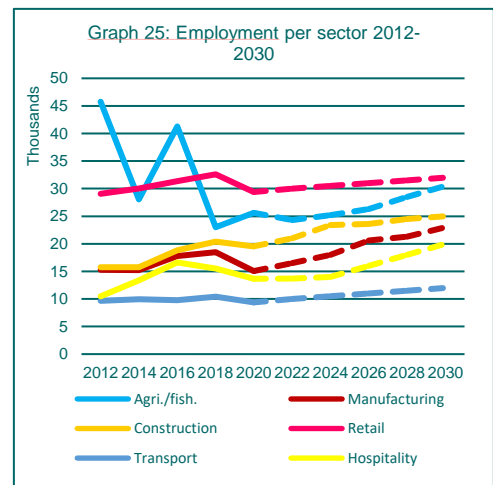
<sup>92</sup> INECV, [Quadro de Contas Nacionais 2007-2017](#), 2018

<sup>93</sup> Vertical diversification refers to diversifying economic activities within the main productive sector, in Cabo Verde’s case, it means diversifying tourism. Horizontal diversification refers to developing new or largely untapped sectors, such as sectors related to the blue economy or the digital economy for Cabo Verde

<sup>94</sup> Ibidem



of the women in working age are out of the labour force (vs 34.9% for men), especially in rural areas (61.6% and 41% for men). Underemployment affects 11.9% of the employed women (vs 9% men), especially in the rural areas (24.6% and 14.7% men)<sup>95</sup>. The availability of decent work for women is reduced compared to men as a result of inequalities in the distribution of unpaid work and labour market discrimination<sup>96</sup>. Only a ¼<sup>97</sup> of labour market discrimination, i.e. men’s and women’s differentiated probability of being inserted in the labour force, can be attributed to differences in human capital (such as more experience, years of education, skills), while the greater part of existing differences are attributed to discrimination factors<sup>98</sup>. In terms of human capital indeed, girls in Cabo Verde are more educated than boys and women in the labour force have more schooling years in average (9.2 vs 8.4). **Ensuring gender equality in terms of economic opportunities will therefore demand a more equal access to skills, finance and technology, but also continued efforts to accelerate a cultural shift towards a more equal distribution of unpaid work in the private sphere and decent, solid jobs and managerial responsibilities in the public sphere, for women to access the jobs to be created in the coming years.**



Source: Qualitative foresight based on INECV, IMC Labour market 2020, 2021

**Territorial cohesion:** Santiago is the predominant centre of production and commerce with 52% of GDP, while São Nicolau (1.9%), Maio (0.9%) and Brava (0.7%) represent but minor contributions<sup>99</sup>. Every island saw a slight decrease of their share in national GDP growth in the last decade (from 0.2 to 0.9%), except for Boa Vista, whose share doubled. Businesses are based mainly in Santiago (45%), São Vicente (20%) and Sal (11%)<sup>100</sup>. As a result, access to employment and entrepreneurship is far from equal in the different islands, leading to gaps in economic rights and untapped potential in terms of wealth creation. Beyond production, deeper cultural and socioeconomic causes lead to different patterns in terms of wealth distribution. Fogo’s economy, for instance, grew at a steady pace of 3% per year in average in the last decade, only 1% short of national average, while poverty decreased by 13% on the island. Santo Antão’s economy, on the other hand, grew 1.4% per year in average, while poverty decreased 31.4%<sup>101</sup>.

<sup>95</sup> INECV, IMC 2020, [Indicadores do Mercado de Trabalho](#), 2021

<sup>96</sup> INE (2012). Inquérito Multiobjectivo Contínuo (IMC) – Uso do Tempo. On average they dedicate daily 3 ½ hours more than men to unpaid work, and many more in the case of less educated women, with more children, living in lower comfort levels.

<sup>97</sup> INECV, [Inquérito sobre despesas e receitas dos agregados familiares](#), 2015

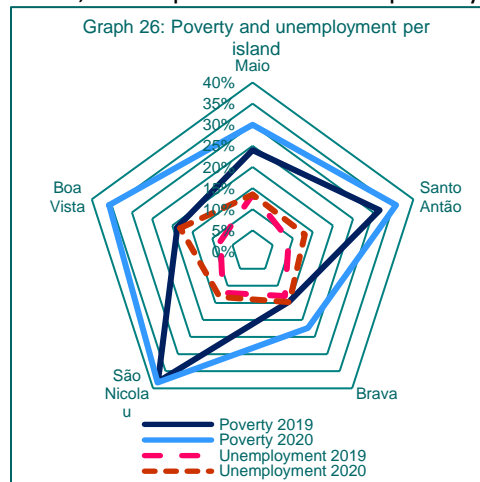
<sup>98</sup> Christie, T. & Rioja, F. (2013). Shifting the Composition of Expenditures and Financing to Enhance Growth Potentialities, chapter 3. In World Bank, Addressing the challenges of a middle-income small state - Country Economic Memorandum, 2013

<sup>99</sup> INECV, [PIB por ilha 2017](#), 2018

<sup>100</sup> INECV, [Inquérito Anual as Empresas](#) (Annual Survey for Companies), 2018

<sup>101</sup> INECV, [National accounts](#), 2021

The unequal distribution of the value added to local products in Fogo (cheese, wine, etc.) is certainly among the causes of this limited reduction in poverty. As a result of this uneven, more fragile socioeconomic fabric, the impact of COVID on poverty in Fogo (+13.8%) was much higher than in Santo Antão (+4.1%).

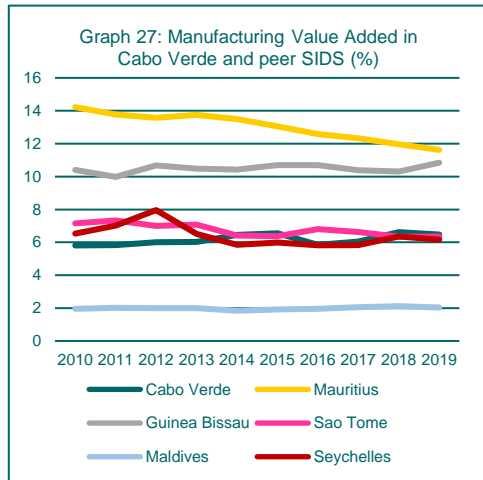


**Eradicating extreme poverty and ensuring territorial cohesion within the economic transformation process will therefore mean unleashing the specific potential of each island, especially in the blue and green economies, and transforming the way wealth is distributed to ensure more equal access to resources and value added.** This will entail democratizing access to technologies, skills, finance and tailored economic services in each island. This will also imply the full involvement of all territorial stakeholders, public and private, including social and solidarity economy organizations and the academia, local and national, rich and poor, to create or consolidate territorial pacts and partnerships for local economic development.

Source: INECV, Poverty estimates and IMC Labour Market 2020, 2021

**Transition to formality:** Cabo Verde's economic structure is predominantly characterized by micro, small and medium-sized companies (97%), predominantly concentrated in the tertiary sector (86.4%), mainly in commerce (44.6%) and hospitality (16.2 %), and mostly operating in the informal sector. This composition of the economic structure represents an impediment to largescale investment and financing as informal businesses cannot access capital markets and a risk-averse domestic banking sector remains hesitant to lend to smaller businesses. The informal sector accounted for 51.6% of total employment and 12.1% of GDP in 2020. Women makes up to 43.5% of informal workers and business owners, being 48.8% of women active in the informal sector, with overwhelming majority in domestic employment and significant presence in tourism. Rural populations and youth are much more likely than others to be in informal employment. Boosting transition to formality will not only be critical to reinforce resilience, especially in the face of multiple ongoing and upcoming crises, of businesses and people owning them or working for them and improve access to decent work. It will also improve the positive impact that the State and its partners will have on economic transformation and strengthen public finances, by enlarging the tax base. Successful progresses in this transition will depend on the capacity of the Government to propose attractive incentives to informal business owners, as it has been the case during the pandemic. Building on the REMPE (Special Small and Medium Enterprises Regime) structure and on the governmental measures to support businesses in coping with the crisis, the Government and its partners will propose a wider range of services and entitlements to business-owners formalizing their activity, and will introduce new instruments, laws and policies to enable progressive formalization, such as the electronic invoice, now being piloted with large, importing enterprises and soon to be extended to smaller businesses, possibly including informal units.

**Small scale industrialization:** Cabo Verde's rank in the Competitive Industrial Performance Index improved slightly from 139th in 2019 to 136th in 2021, out of 152 countries<sup>102</sup>. In 2020, its industry



employed 9% of the workforce and represented 7.7% of GDP. Stronger competitiveness of industrial products at regional and global levels is hampered by the challenges that the national industry sector faces, starting by a small domestic market, limited access to domestic and foreign investment and high dependency on imports for intermediary consumption. The latter constraint is exacerbated by the current global inflation crisis. Contribution of the manufacturing sector to the GDP (Manufacturing value added, MVA) experienced a slight increase from 6.6% in 2018 to 7.6% in 2020<sup>103</sup>. Another limitation is the limited Research and Development (R&D). In 2020, expenditure on R&D reached approximately 0.15% of GDP<sup>104</sup> (vs 0.4% in Sub-Saharan Africa<sup>105</sup>).

Source: UNIDO, *Global database*, 2022

An Industrial Policy should soon be adopted, with the vision of achieving, by 2030, a competitive and innovative industrial sector, contributing significantly to sustainable and inclusive development, integrated in the regional and global value chains.

Enhancing small-scale industrialization to add value to local production will have a special focus on transformation of primary ocean-production. Capacity building to improve workforce skills, including lifelong learning - limited as shown in Graph 20, and investments in Research and Development (R&D), as well as mobilization of diaspora and partnerships between national and international scientists to transform the country into an ocean-based circular economy are improving, but still needs to get up to speed.

### 2.2.3 Assets and Opportunities for economic transformation

To undertake these important transformation, Cabo Verde can rely on important strengths: **its youth and human capital**; its untapped potential in **the blue economy**; **its vibrant culture and creative industries**; and a **dynamic digitalization process**.

**Youth and human capital:** Building on its well-educated and rather healthy youth, the development of the proper skills amongst youth in Cabo Verde to adequate the professional profiles to the future labour market demand and reap the benefits of the youth dividend will continue to be a priority. According to the Cabo Verde demographic dividend (DD) profile, the window for the first DD opened around 1982 and may close around 2070, so it is a priority to invest in human capital particularly quality education with appropriate skills and competences for the job market before 2030, to make employment grow at a level much higher than the population growth rate and, above all, to promote the qualification of human capital

<sup>102</sup> UNIDO, <https://stat.unido.org/country-profile> at 26-11-2021

<sup>103</sup> UNIDO, [SDG9 Monitor](#)

<sup>104</sup> Government of Cabo Verde, [SDG Voluntary National Review \(VNR\)](#), 2021

<sup>105</sup> UNESCO, [Global dataset](#), 2021

in order to increase productivity<sup>106</sup>i. The number of youth (15-34) is projected to be 182,747 in 2030, 18,656 less than a decade before. Compared to the current number of unemployed youth of 22,578, this would mean that the net creation of 3,922 is needed in the next 8 years to ensure full employment amongst the youth. Digital and financial literacy is high among youth but is not perfectly harnessed to seize economic opportunities linked to digital and blue economies. Another asset in terms of youth is Cabo Verde's vibrant diaspora. The strong focus on attracting youngsters of caboverdean origins living abroad to start their business in Cabo Verde, whether in person or remotely, will lead to the development of many thriving businesses. Although the direct impact on overall employment may remain limited, this phenomenon may lead to a boost in economic development and especially in innovation.

**Blue Economy:** Moving from the existing tourism model to sustainable tourism, harnessing ocean-based renewable energies, reinforcing small-scale fisheries, developing sustainable aquaculture, offering sustainable shipping (and related) services, exploring possibilities linked to blue biotech, should lead to unleashing the potential of the blue economy in Cabo Verde. Blue sustainable tourism will include the diversification of the current offer mainly based on a sand-sea-sun offer to more sustainable segment, including relatively untapped or disorganized subsectors such as sport fishing, yachting (including small ship repair), marine sighting, etc. Fisheries will continue to receive support to include in their catch new, valuable products, connect them better with tourism actors, and make them fit for exporting. Aquaculture (Nortuna) and offshore renewable energies started to receive important investments and should further develop in the future, creating jobs and public revenues, and potentially boosting some local value chains.



Apart from sustainable, this new economy should be inclusive, providing decent, resilient jobs and incomes to coastal communities and considering women's and men's differentiated roles in fisheries. The considerable set of strategic documents on Blue Economy – the Blue Economy strategy, political charter and investment plan, amongst other- supported by the UN and the African Development Bank, is an important asset. The newly installed Campus do Mar<sup>107</sup>, bringing together higher education, Research and Development and vocational training to harness the potential of the ocean, may spur innovation in blue economy and boost inclusion of poor fishing communities if connected to the development of value chains that can add value to production of fish and sea foods (fish, seafood, blue biotech, well-being product and services). This embryo of a territorial ecosystem of actors for the blue economy, the Special Economic Zone, the important foreign direct investments recently approved in aquaculture and wave energy, are meaningful signs of a future blue economy competitiveness pole in São Vicente. If well-connected with local economic and social services, and in general to private and public, local, national and international blue economy stakeholders, this system could be a game-changer in economic transformation, which benefits could be reaped by neighbouring islands such as São Nicolau and Santo Antão. The extensive ocean areas (Exclusive Economic Zone, 734,000 km<sup>2</sup>) is also an opportunity for climate action, using climate finance (Climate/carbon finance, Debt for Ocean swaps, market-based blue finance) to invest in marine protected areas, adapted coastal infrastructure and equipment, production of energy and water, and development of nature-based solutions to mitigate the impact of climate change.

**Creative industries:** In 2019, Cabo Verde ratified three key copyright treaties – the two so-called “Internet Treaties” and the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled<sup>108</sup>. In mid-2021, the country joined the list of states that have ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, thus becoming the 150th signatory state<sup>109</sup>. This comes at a time when the cultural and creative sector, of critical importance in Cabo Verde in terms of local culture, national livelihoods and international projection, is undergoing a slow recovery after the COVID-19 hit. The country recognizes the dual nature, both cultural and economic, of contemporary cultural expressions and the economic potential of the sector, with strong focus on addressing the status of artists and creators and supporting the sector. “We must understand that the creative industry is a business. This is the next level Africa must reach. If we take the US as an example, the creative industry generates around 763 billion dollars. It represents more than the US transportation and storage sectors”<sup>[1]</sup>. To develop its creative industry, Cabo Verde will have to better reward production in this domain, as is already happening with the “WIPO Connect” system for automatic distribution of copyrights and related rights since 2020<sup>110</sup>.

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<sup>107</sup> The recently created [Campus do Mar](#) brought together different Universities and Research Centers dedicated to the Ocean to boost higher education, vocational training and R&D linked to the sea

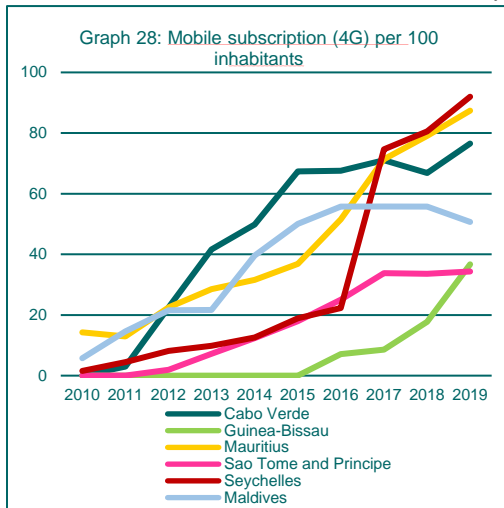
<sup>108</sup> [WIPO 2019](#)

<sup>109</sup> [UNESCO, 2021](#)

[1] Samba Bathily, CEO of African Development Solutions, on its multimillion investment in Mansa Floating Hub, music studios in Sao Vicente

<sup>110</sup> World Intellectual Property Organization, [WIPO Connect webpage](#), 2021

**Digitalization:** Cabo Verde is a highly digitized country compared to regional averages, with 62% of the population using the Internet (29% in Africa or 60% in the world)<sup>111</sup>. The country benefits from a relatively important penetration of digitalization in public administration and businesses, and digitalization is one of the five SDGs accelerators identified by national development stakeholders in the strategy Cabo Verde



Ambition 2030. About 80 solutions of e-government in public health care, education, elections, and public services to the population have already been developed. However, the interoperability of processes in public administration is yet very low, there is proliferation of digital solution that do not interact with each other and schools connectivity is still a challenge Digitalization of the Public Administration is a critical development issue in order to efficiently respond to the needs of citizens and businesses in a timely manner while improving access to and quality of administrative and social services, boosting human capital development, creating business opportunities, and developing an open economy to promote trade, competitiveness and export and to alleviate poverty.

Source: ITU, World telecommunication database, 2021

**Cabo Verde's Digital Strategy (EDCV)<sup>112</sup>** establishes four strategic axes for the digital transformation in line, aiming at building a [Regional ICT HUB in Cabo Verde](#): I. Connectivity; II. Capacity; III. Marketplace and IV. Governance. To move forward in the rollout of this strategy, the country needs a solid framework to counter cybercrime and to ensure the security of both private and public IT infrastructure. In this process, consolidating the response to cybercrime will not only be a critical security issue, but also a developmental issue<sup>113</sup>. Forward looking digital development of the country may rest in the extensive capacity of the public company NOSI (Nucleo Operacional da Sociedade de Informacao), with 20 years' experience in e-governance, and the Technological Park currently under development (where the state-of-the-art Data Center managed by NOSI is located). The country also has a comprehensive data protection law.

<sup>111</sup> [Digital global report 2021](#) and ITU info.

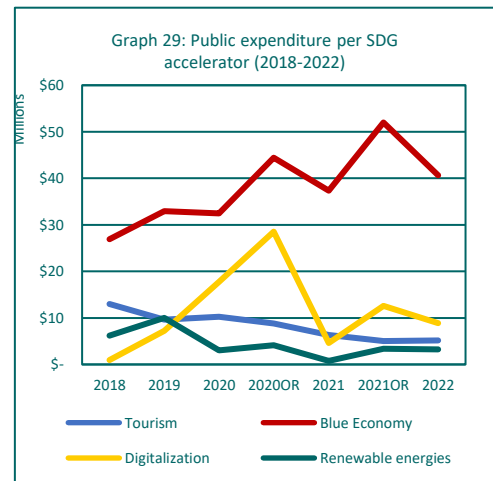
<sup>112</sup> Secretariat of State for Digital Economy, [National Digital Strategy](#), 2020

<sup>113</sup> Ibidem

## 2.2.4 Challenges and bottlenecks hampering economic transformation

Apart from the structural constraints of Cabo Verde as a SIDS and the emerging risks due to the multiple ongoing and upcoming crisis (see risks section below), different challenges and bottlenecks will continue to hamper economic transformation, mainly **access to water and energy ; inner and international connectivity, and regional integration.**

**Water and energy:** As shown in the social services section above, the nexus is instrumental for lifting natural resources constraints inhibiting agriculture and industrial development. Water and energy shortages limit local productive capacities, especially in terms of reliability and consistency through quality assurance systems, and represent critical barriers for local businesses and organizations operating within the agriculture and fishery value chains to successfully compete with foreign suppliers, mostly based in Europe and currently accounting for a vast majority of services and goods within the tourism industry.

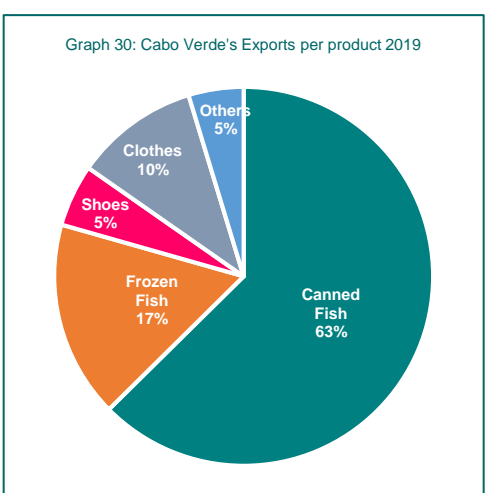


Source: Ministry of Finance, State budgets 2018 to 2022

**Inner and external connectivity:** Another critical barrier is limited mobility and connectivity within and between islands, especially via maritime channels, which hampers access to services and markets. This is mainly due to the thin market and the high costs of operating, which make it a challenging environment for airlines and maritime companies to sustain their operations in the long run. It is, for instance, cheaper to send a container from Praia to Lisbon than to Mindelo.

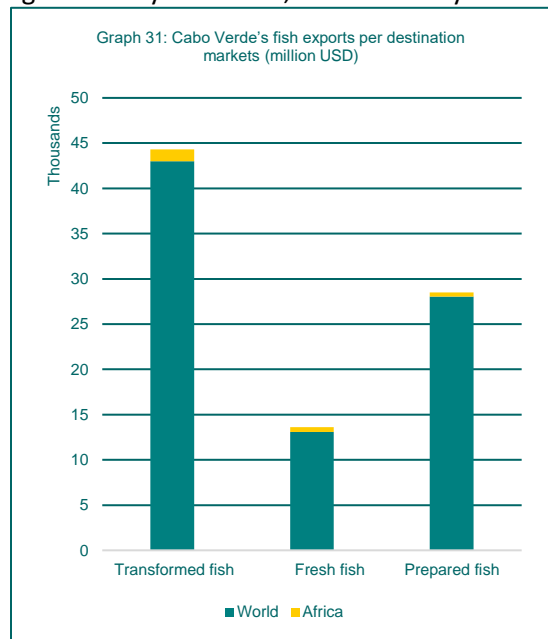
The same applies for persons travelling between islands compared to traveling to Portugal (depending on the dates of travel). Due to the limited volume of passengers and goods transiting between islands, prices can only be lowered through public subsidies. While this seems justified, given the importance of transport for human mobility and economic development, it is more challenging in a context of limited fiscal space due to COVID and energy crises, amongst other. Some progress has already been made in trying to improve the safety and reliability of inter-island maritime connectivity, especially from August 2019 when a 20-year concession was awarded through an international bid, to CV Interilhas (CVI), led by Transinsular (ETE group). The gradual improvement of the regulation of the maritime concession and incentives should minimize public subsidies in the future. On the short to medium term, fostering tourists hopping on several islands, to make at least some segments more profitable, and promoting consumption of domestic production are amongst the limited options to boost inner connectivity. Improving external connectivity in the future will include investments in port and airport infrastructure and public-private international partnerships, as well as the design and implementation of a systemic strategy to reduce cost and make operating international routes more profitable. In this sense, improving inter-modality and the coordination amongst modes (air/land/sea) will also be critical.

### Regional integration:



This improved external connectivity, especially with West Africa, is a critical aspect of a better regional integration. Although the African Continental Free Trade Agreement will certainly offer advantageous conditions for Cabo Verde's products to be exported to ECOWAS countries, it will need to be accompanied by an improved connectivity to West African ports and airports, and competitiveness of domestic products. For now, Cabo Verde's trade with ECOWAS is limited (2.2% of imports, 0.2% of exports on average in the last decade, fluctuating from year to year). Imports from ECOWAS originate from only 5 countries (Ivory Coast, Ghana, Guinea Bissau, Senegal, and to a lesser extent Togo). Exports on a regular basis go to only one country (Guinea Bissau), and sporadically to Senegal. No significant trade is registered with the region's biggest markets such as Nigeria (195.9 million people), Guinea Conakry (12.4 million

people), or Benin (11.9 million). Cabo Verde's good exports are concentrated in two products: canned and frozen fish (80%) and footwear and clothing (15%). According to a study from FAO, ECOWAS is by far the largest importer of fish products in Africa. In 2010, Nigeria was the fourth larger importer of fish in the World in terms of volume, mostly chilled and frozen fish (in volume) and canned fish (in value). Its main suppliers were the US, Chile and Albania. Ivory Coast and Ghana are two other net importers of fish products in the region. Cabo Verde's MSMEs producing footwear and clothing are all integrated in Portuguese value chains. Possibility for them to scale up production and integrate regional value chains will certainly be explored in the coming months. **To complement the effects of the AfCFTA on trade integration (lowering tariffs and non-tariffs barriers) and of investments in infrastructure, efforts towards regional integration should focus in the coming months on reinforcing comparative advantages of Cabo Verde's products vis-à-vis ECOWAS countries' production.** The National Quality Policy and its successful implementation should foster the competitiveness of domestic products in this sense<sup>114</sup>.



### 2.3 Planet: Environment and climate change analysis (SDG 12 to 15)

Although most data is missing on environmental issues, Cabo Verde seems to perform well on SDGs related to the **Planet's** health. Goal 13 on climate change is achieved and Goal 12 on sustainable

<sup>114</sup> The Decree Law 8/2010 established the National Quality System (SNQC), as the structure that encompasses, in an integrated manner, the entities that congregate efforts for the dynamization of Quality and that ensures the coordination of the three subsystems - Standardization, Metrology, and Conformity Assessment. In 2015, the National Quality Policy was established, implemented by the Institute for Quality Management and Intellectual Property (IGQPI).



consumption and production nearly. Almost all indicators for these two Goals are on track, especially in terms of waste and emissions (although recent data is missing in many cases).

Challenges remain though, since the country is ranking 144<sup>th</sup> of 180 countries in the Environmental Performance Index published by Yale, therefore impact achievements in Goal 14. Another interesting indicator is that the planetary pressure-adjusted HDI (PHDI) of Cabo Verde is not much better than its HDI, partly due to an important material footprint per capita.

However, the increasingly protective legal framework, important environmental projects and the diversification of tourism, bring perspective of important improvement in all environmental SDGs.

As many archipelagos in tropical regions, Cabo Verde has a rich, yet fragile biodiversity, characterized by small, localized, highly specialized, and very diverse populations with low variability and low abundance, making them vulnerable to any variation and easily driven to extinction<sup>115</sup>. The country is part of one of 23 most important marine ecoregions on the planet<sup>116</sup> and of the 10 coral reef hotspots, and it hosts two biosphere reserves belonging to the World Network of Biosphere Reserves<sup>117</sup>. In addition to the ecological importance, biodiversity represents the support of all economic activity, with emphasis on agriculture,



<sup>115</sup> Arechavaleta, et al, 2005. Identified 3,000 terrestrial and 2,000 marine species

<sup>116</sup> Spalding, [Marine Ecoregions of the World: A Bioregionalization of Coastal and Shelf Areas](#), 2007

<sup>117</sup> (<https://en.unesco.org/biosphere/wnbr>)

fishing and tourism. Pressures on biodiversity in Cabo Verde are mainly concentrated in coastal areas, where a large share of the population is concentrated in 5 cities affected by unplanned urbanization and countless poor fishing communities. Main biodiversity threats are due to overexploitation, destruction of terrestrial and marine habitats, construction of infrastructure, organizational management and legislative enforceability, limited environmental awareness and climate change.

As a SIDS, Cabo Verde has one of the lowest per capita emissions of greenhouse gases (90% of it being from energy production) and is, however, among the countries most vulnerable to climate change. In its Nationally Determined Contribution (NDC), updated in 2020, Cabo Verde identifies 5 key contributions to mitigation, including energy efficiency and renewable energies, low-carbon transportation, nature-based solutions and sustainable tourism; and 9 key contributions to adaptation, including water management, food security, coastal management and spatial planning, and disasters risk reduction. To transition to a zero-net emission economy, Cabo Verde prioritizes Blue and Circular Economy, Digitalization for a resilient, low-carbon production. This should lead to a reduction by a fifth of the country's emissions compared to a business-as-usual scenario.

The country is vulnerable to several risks, such as volcanic activities, droughts, floods, and torrential rain, leading to landslide and mudflows, all of them with important social and economic consequences. The on-going and future impacts of sea-level rise (salinization, submersion, erosion), will also be significant on coastal infrastructure, human settlements and natural ecosystems.

These risks are linked to its volcanic origin, its archipelagic nature, its geographical location in the Sahel region – which causes scarcity of rainfall – and its small territorial, demographic and economic dimension. This situation in Cabo Verde is further exacerbated by climate change, which also causes sea current changes that induce important biodiversity disturbances and losses and the occurrence of rain and storms. The sea-level rise as a result of global warming is a crucial factor for these high risk as well as floods, recurrent droughts and storms and. The country has one of the highest disaster risks in the world, ranking 11<sup>th</sup> out of 181 countries (World Risk Index 2020) and the highest risk in Africa.

In the past ten years, Cabo Verde has suffered from several natural events such as:

- Volcanic Eruption on Fogo Island in 2014
- Hurricane Fred in 2015
- Severe droughts from 2017 to 2021
- Floods on several islands: São Nicolau (2009), Boa Vista (2012), São Miguel (2013), and Santo Antão (2016); Brava, Santiago, São Vicente and Santo Antão (2020)

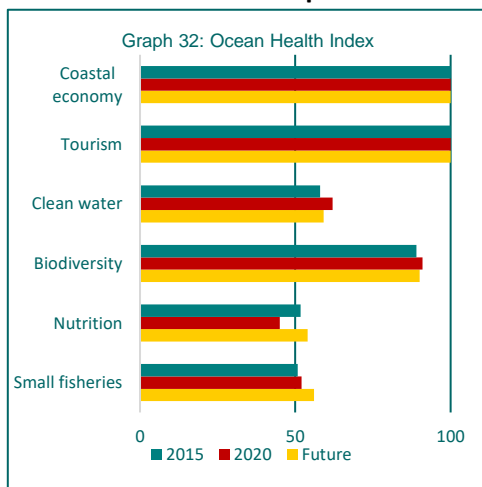
As an off-shore Sahel country, Cabo Verde has a history of recurrent droughts leading to poor agricultural yields, hunger and nutritional stress, loss of livelihoods, and forced migration. In 2017, a severe drought and food crisis occurred, referred as the worst drought since 1977. According to the Government Drought Emergency Plan, some 17,203 agricultural households (62.3% of rural households) were vulnerable to the situation of low agricultural production in the period 2017- 2018.

In Cabo Verde, women and men are exposed differently to the impacts of climate change, due to the social and cultures rooted gender inequalities. Gender norms interacts with social status, poverty, level education and social differences, such as age. The family headed by women have greater vulnerability to risks and less resilience to shocks due to lesser access and control over resources, therefore are likely to be the most affected by prolonged droughts, and even by epidemics, that devastates the country.

Considerable losses in the agricultural sector are also provoked by extreme rain events and floods. Cabo Verde also set up a national emergency fund in 2018. The fund is fed with 0.5% of the non-consigned tax revenues from the previous year to which the State Budget refers, as well as income from financial investments, contributions from public and private entities and international entities.

The disaster risk reduction policy promotes the development of an enabling environment and a guiding framework for changing the paradigm from disaster management to disaster risk management. This strategic policy framework marked a paradigm shift anchored in the underlying risk factors mitigation, to reduce exposure and vulnerability, to build resilience and to institutionalize disaster risk management. The National Disaster Risk Management System (SINAGERD) is articulated through institutional arrangements, based on a legislative reform and national strategy, on a broad set of objectives and principles, planning instruments, information systems and coordination mechanisms with different partners and multisectoral management.

However, so far none of Cabo Verde’s municipalities has implemented an emergency response plan. The lack of adaptation capacities increases the country vulnerability. The UN system is supporting Cabo Verde’s efforts to improve the preparedness and resilience of the national authorities and communities and implement early warning systems. **Integrating traditional knowledge and Intangible cultural heritage in DRR and mitigation approaches is proving to be effective in other SIDS countries and may be tested in Cabo Verde to improve appropriation of emergency response plans. Nature-based solutions for DRR and climate adaptation should also be further explored, prioritized and financed.**



Land, ocean and biodiversity conservation measures are growing yet remain limited, while the need to diversify livelihoods, and adapt practices in existing ones, remains. **A more scientific approach to natural resources conservation and an enhanced partnership around ocean management are among the aims of the new “Campus do Mar”, bringing together different actors of ocean-based science and economy to improve research, education and sustainable development on coastal and marine areas.**

The marine protected areas, currently 128,000 ha or 0.2% of the Exclusive Economic Zone are planned to increase by 50% by 2030<sup>118</sup>. Nature based Solutions such as reforestation, reef restoration, dunes expansion areas can help both mitigation

and adaptation, while the combination of these with grey solutions, such as salty dams, artificial wetlands, etc. can complement this effort.

Cabo Verde signed the UNESCO Convention on the protection of underwater heritage and requires support to fully implement its latest law on Cultural Heritage and establish efficient protection mechanisms for its rich underwater heritage of 80 wreck sites of its Marine Archaeological Chart.

<sup>118</sup> Ministry of Agriculture and Environment, [Nationally Determined Contribution 2020 update](#), 2021

### **Box 3: Brava, Sustainable Island**

In 2018, the Government of Cabo Verde elaborated a pioneer energy transition plan for the island of Brava, which is home to 5 000 Cabo Verdeans. This endeavour was subsequently operationalised and approved via the Municipal Strategic Plan for Sustainable Development. The Brava Sustainable Island Project aims to leverage proven technological advancements and best practices to make the island a territory where most of its energy needs are provisioned through renewable sources (67% by 2030). With renewable energy as a catalyst, the project shall aim to foster low-carbon, resilient economic and social development across all sectors. Wind and solar power plants, including smart grid storage, are planned to be installed, the grid infrastructure extended and upgraded, sea-water desalination solar-powered. Energy efficiency is high on the agenda starting with buildings, appliances and public lighting. Road and sea mobility are planned to be electric.

*Source: Cabo Verde Nationally Determined Contribution 2020 update, 2021*

## 2.4 Peace: Governance and Political Analysis (SDG 16)

As far as SDG16 (Peace and strong institutions) is concerned, the country's strong institutional framework and well-functioning checks and balances are the solid basis of Cabo Verde's sustainable development achievements. Governance indicators are very good in Cabo Verde, especially in terms of freedom, institutional soundness and legal and policy frameworks, including the integration of Human rights and other global conventions at national level. Some challenges remain, mainly related to the enforcement of these laws and the perception of security and immunity amongst the population.

Between 2014 and 2020, the number of homicides per 100,000 inhabitants decreased by 57.2%, from 13 to 6.4 (6.2 in 2019), figures not seen since before the 2008 crisis. This positive trend in terms of security was expected to continue, though the COVID-19 pandemic and related increase in poverty may have had a negative impact on public and private violence and crime in 2021.

A slight improvement also occurred in children legal identity, with 99% of children being registered in 2019 against 98% in 2015.

With the Presidential elections held in October 2021, Cabo Verde successfully closed an intense cycle of elections, which started with municipal elections in October 2020 and continued with legislative elections in April 2021. No issue was reported whether in terms of acknowledgement of the results by all parties or in terms of violence between supporters, despite a challenging context due to the contingency measures and the socioeconomic impact of COVID-19. However, a high level of abstention persists.



By ensuring transparent elections and democratic alternation throughout 46 years of independence, the country stands out as a relevant example in the region. Well-functioning governance institutions are a related, distinctive feature: credible administration, clear parliament role, solid court of auditors, and functioning checks and balances form the backbone of a strong institutional setting.

Cabo Verde ranks third in the Ibrahim Index for African Governance, performing outstandingly in three out of four categories: Safety and Rule of Law (75.3/100), Participation and Human Rights (76.3), and Human Development (71.2). In general, in Cabo Verde, the respect for human rights as a system is unquestionable. However, it is worth noting that the country is experiencing a decline in the last 10 years, with increasing deterioration of the different indicators, therefore labelled “red” by the Index in terms of trends<sup>119</sup>. For the category Participation and Human Rights, Cabo Verde ranks lowest on the gender indicator Political Power & Representation of Women (rank 27, with a decline of -22.2). This indicator is likely to improve as a result of the 2020 municipal and 2021 legislative elections, due to the recently approved Parity Law (2019). Since women participation improved dramatically, the main concern in the future may be youth participation in the political and even in elections, with an important role of the political parties and the education system to improve public spirit and citizenship. The country also ranks very high in terms of democracy and freedom indices. It is third in Africa for the Democracy Index (30<sup>th</sup> globally)<sup>120</sup>, and second to Namibia in press freedom (25<sup>th</sup> globally)<sup>121</sup>. This strong governance environment set a solid ground for human security, public service delivery and sustainable economic development.

Public Administration employs 20,300 staff and represents 10.9% of jobs (12% of men and 9.5% of women)<sup>122</sup>, but suffers from weak interoperability. A national social concertation mechanism allows for a dialogue between the government and social partners, and the SDG localizing platforms provide a space for dialogue at local level too. The government also publishes the State budget proposal for public discussions and other information. Efforts to improve Open Government are likely to continue and accelerate in the near future and continue to benefit from UN support.

Cabo Verde has ratified 8 of the 9 main international human rights conventions under the United Nations system<sup>123</sup>. At the regional level, as a State Party to the African Union and the Economic Community of West African States (ECOWAS), Cabo Verde has adhered to the main instruments promoting human rights in Africa: African Charter Human and Peoples' Rights (1987); African Charter on the E-Welfare Rights of Children (1993); Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women (2005); and African Youth Charter (2010). Cabo Verde has also ratified the United Nations Convention Against Corruption (UNCAC) in 2008 and is one of the first countries to have completed the both implementation review cycles of the Convention, respectively in 2016 and in 2017. Moreover, in 2020 Cabo Verde established the Corruption Prevention Council, an administrative independent authority tasked with leading corruption prevention efforts in the country. Cabo Verde ranks among the best performing African countries in terms of corruption perception among its population (3<sup>rd</sup>, behind

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<sup>119</sup> [Ibrahim Index of African Governance](#), 2020

<sup>120</sup> The Economist Intelligence Unit, [Democracy Index](#), 2020

<sup>121</sup> Reporters without borders, [World Press Freedom Index](#), 2020

<sup>122</sup> INECV, IMC 2020, [Estatísticas do Mercado de trabalho](#), 2021

<sup>123</sup> Estudo sobre o conhecimento e aplicação das convenções internacionais de direitos humanos em Cabo Verde

Seychelles and Botswana)<sup>124</sup>. . Accountability in Cabo Verde benefits from a solid framework, especially in terms of policy-based budgeting; predictability and control of Governmental execution (with notable exception of efficiency of internal audit and tax collection); and accounting, registry and reporting. External audit – especially parliamentary scrutiny on external reports – and donors’ support overview are weaker areas in terms of accountability<sup>125</sup>. In a country that relies extensively on its good governance and credibility, much needed to attract FDI, corruption remains a risk for good governance and efficient delivery of public services and all efforts for transparency and accountability are important.

The creation of a National Planning System (SNP) in 2014 improved the quality of multiannual planning and provided the structures and instruments to implement a programmatic and budgetary planning cycle. This process is paving the road towards a results-based planning and budgeting, and a transparent and open Government that allows for information sharing and joint decision making, enhanced citizens’ participation, including in monitoring allocations to finance gender commitments, and a strengthened fight against illicit financial transactions. Among the intermediary results of these different processes is the alignment of national (PEDS 2017-2021) and municipal sustainable development plans (PEMDS) with SDGs targets<sup>126</sup>. This planning system should evolve in the coming months and years towards a more evidence and human rights-based system better connected with the statistical system. Foresight may take



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<sup>124</sup> Transparency International, [Corruption Perception Index \(2019\)](#)

<sup>125</sup> AECOM IDEV (financed by the EU), [Public Expenditure and Financial Management \(PEFA\) report Cabo Verde](#), 2016

<sup>126</sup> UNDS, Cabo Verde Rapid Integrated Assessment, Mainstreaming, Acceleration and Policy Support (MAPS) mission report, November 2019. 75% of the PEDS is aligned with SDGs targets

a more important role in supporting strategic planning processes, to integrate the demographic dividend, the macroeconomic equilibrium. Beyond policy options for any newly elected Government, cyclical planning should be consolidated into an exhaustive technical work triggered ahead of implementation time for the new National Development Plan, including studying scenarios for possible, probable and desirable futures to help better political decisions.

Local governance is gaining strength within a slow yet steady decentralization process, started in 1990 with an acceleration in the last 3 years. The legal and policy framework is evolving within a perspective of “regionalization”, to decentralized competencies and resources towards municipalities and islands (within an “intermunicipal” perspective). Fiscal measures and policy instruments were installed to improve local finance, such as the Municipal Solidarity Fund, the Regional Development Regime or the positive discrimination of small municipalities in the State Budget, completed by programs to foster social and territorial inclusion and cohesion, such as the National Program to Fight Poverty or the Rural Socioeconomic Opportunities Program. All these instruments are managed at central level



l, and local fiscality is yet to be improved. For instance, local revenues come in most part from transfers from national Government (62.8% in Santo Antão, 64.1% in Fogo and Brava), and local taxes represent a very small part of local revenues (6.1% in Santo Antão, 4.8% in Fogo and Brava). Local expenses are in most part made of wages for municipal staff and fixed costs (about 35 to 50% depending on the islands) and local public investment remains very low (about 15 to 25% depending on the islands)<sup>127</sup>. Finally,

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<sup>127</sup> Ministry of Environment, Habitat and Land Planning, *Cenários de otimização das associações de municípios*, 2015



planning instruments were developed to promote the potential and specificities of each island and encourage private investment, within the National Planning System.

Given the territorial dispersion and relative isolation of several islands, e-governance is instrumental to improve access to public services, particularly given the geographical distancing among the islands. The country has therefore long embarked on an ambitious agenda for digitalization. Efforts to improve e-governance started in the 1990s with the integration of public finance management. With the creation of the Operational Nucleus of the Information System (NOSI), the digitization of public integrated financial management information systems (IFMIS) has made great progress. The citizen portal “*Porton di Nos Ilha*”<sup>128</sup> improved self-service and interactivity between citizens and public administration, though the system is yet to work full steam. Despite a positive trend, Cabo Verde still ranks very low in terms of e-



Government and e-Participation Indices (respectively 110<sup>th</sup> and 129<sup>th</sup> out of 193 countries), as well as Regional and Sub regional Indices<sup>129</sup>.

Organized crime and violence in public spaces are the main threats to Cabo Verde’s peace. The country’s strategic location off the coast of West Africa, combined with its long coastline leading to challenges in effective control of national and international waters, make combatting drugs and crimes complicated. Criminal behaviour and corruption that often accompany drug trafficking seriously affects the security of the country and wider region. The internal trafficking has contributed to increased consumption of illicit substances, changing its patterns in Cabo Verdean society and raising criminality and other social problems such as youth gangs and higher homicide rates in cities during the last decade<sup>130</sup>. Urban crime and associated threats have become one of the main concerns for Cabo Verdeans<sup>131</sup>.

During the last years, important legislative reforms and institutional capacity-building have been carried out in Cabo Verde, with a view to combating drug trafficking and organized crime. Data is available on trafficking in persons (TIP) since 2016, after the revised Penal Code criminalized TIP: the Public Attorney’s Office registered 12 complaints of TIP over

<sup>128</sup> Cabo Verde concentrated in a single Portal the provision of public services that brings together several public and private entities in the same space, with the aim of facilitating the relationship between citizens (including electoral issues of emigration and relations with the tax authorities) and companies with the public administration and information about the country.

<sup>129</sup> [UN E-Government Survey \(2020\). Indexes:](#) EGD: 0.5604, EPART: 0.4167, Regional: 0.3914, Sub regional: 0.3574.

<sup>130</sup> Cabo Verde National Programme on drugs and crime (2018-2023)

<sup>131</sup> Idem

3 judicial years (5 of which in 2018/2019), one having been resolved and 11 pending, under investigation<sup>132</sup>. Although data is not disaggregated by sex, it is known that most victims are women. At institutional and operational level, there has been great investment on establishing and strengthening the national criminal justice system, ensuring its integrity and effectiveness.

However, perception of impunity is still relatively high, partially due to a high level of criminality amongst youth and a slow justice system response. In the current judicial year, the Public Prosecutor's Office of Praia registered a pendency of 44,594 cases, corresponding to 71% of the pendency at national level<sup>133</sup>. The consolidation of the rule of law and the modernization of judicial structures continues through the enforcement of the utilization of the Platform of Judicial Information (SIJE), the management and delivery times in the provision of judicial services, the review of important legislative packages, and the requalification of physical structures. Improving the access to justice to all and assuring legal support to the poorest will be critical to leave no one behind. Legal representation in court is indeed provided to the poorest, yet information on access is presented in aggregated numbers (no data by sex, island/municipality, type of legal suit), making it difficult to monitor equitable coverage. Nonetheless representation in court is key to claiming rights, including in situations that specifically affect women's rights (formal recognition of de facto unions and ensuing rights, divorce, child support, gender base violence, among others).

Cabo Verde has ongoing relevant reforms aiming at consolidating the rule of law, modernizing judicial structures and improving the organization and performance of its judicial system. In terms of the legal framework, the new penal and procedural codes were published in February 2021<sup>134</sup>. Major improvements are likely to take place in the coming years, if not ongoing already, addressing the weak inspection system (including the absence of a forensic institute), the limited structuring of alternative ways of conflict resolution namely the functioning of arbitration and mediation, the poor judicial education of the population due to the lack of openness of the judicial system to the society, the fact that the court of small cases is not yet installed, and the acceleration of the legal revisions to be adapted to the new context. All of this should contribute to the productivity of the Justice sector. Human capacities are also lagging, since the number of judges and prosecutors is too low to respond adequately to the growing needs. A capacity building system for judges and prosecutors that could also prepare young lawyers interested in being judges should emerge in the coming years, with UN support.

Over the first semester of 2021, the Judicial Police received and investigated 57 complaints for cybercrime, including illegal penetration in an IT system, non-authorized disclosure of photos and videos, financial scams and sextortion. Cyber and ICT are also key enablers for drug trafficking and child sexual abuse, two major public security threats in Cabo Verde<sup>135</sup>.

Also, it is important to refer that the judicial system must be more active in the resolution of civil conflicts, not just crimes, very important for juridical security of investors, with direct impact on economic growth,

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<sup>132</sup> Legislative Decree No 4/2015, November 11

<sup>133</sup> Relatório anual do Ministério Público, Procuradoria-Geral da República e Conselho Superior do Ministério Público, sobre a situação da justiça – Ano judicial 2020/2021

<sup>134</sup> Government of Cabo Verde, [Official Gazette of the 11<sup>th</sup> of February 2021](#), 2021

<sup>135</sup> UNODC assessment report, 2021.

employment promotion and poverty reduction. The justice cannot continue to be a huge constraint for the business environment.

Since its independence in 1975, Cabo Verde has conducted five censuses, with the most recent carried out in June 2021. However, there is still to double efforts to improve the national statistical system (NSS) to produce accurate and timely data, alongside analysis and use of disaggregated data for planning and programming. Cabo Verde has a good civil registration and vital statistics system (CRVS), but lacks the capacity to analyse, disseminate and use of CRVS data.

Cabo Verde's numerous CSOs (724, i.e 1 per 663 inhabitants) operate mostly at community level (73.5% are "community development associations" in the areas of rural development (40%) and social and financial inclusion of vulnerable populations (39%). CSOs dynamics are very different from one island to the other, with CSOs from the island of Santiago – where half of existing CSOs are located - and São Vicente much more active. Five islands (Brava, Sal, Boa Vista, Maio and São Nicolau) totalize only 20% of CSOs. Most of CSOs present structural weaknesses that hampers their action in pro of sustainable development, such as weak governance structures and participation of members, poor management and planning instruments, limited general assemblies, and insufficient resources. Regarding gender equality, women are less represented in CSOs' decision-making bodies (27%<sup>136</sup>), especially in some islands (e.g. Fogo). SDGs and Cabo Verde Ambition 2030 can be instrumental in reinforcing links among CSOs, and with local and national authorities, within a common agenda for sustainable development<sup>137</sup>.

Regarding criminality, law enforcement and access to justice, the indicators are above regional benchmarks, though the slowness of the justice system remains a challenge and some issues are persisting. Gender based violence (GBV), sexual assault and sexual abuse of children complaints have decreased in number and proportion between 2017 and 2018, but still represent over 2 in every 10 crimes against persons<sup>138</sup>.

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<sup>136</sup> Ministry of Agriculture and Environment (MAA)/FAO/EU, Diagnóstico social e de género nas comunidades abrangidas pelo Projeto REFLOR - Reforço da Capacidade de Adaptação e Resiliência do Sector Florestal, 2020

<sup>137</sup> Jacinto Abreu Santos, [Economia Social e Solidaria em Cabo Verde](#), 2017

<sup>138</sup> Polícia Nacional, Estatística Criminal 2017-2018: Crimes Contra Pessoas

### 3. Multidimensional SDG Risk Analysis

The COVID-19 pandemic came to overlap with two major long-term crises, exacerbating their effect: the climate crisis and the inequality crisis. Climate change represent an extreme risk – already materialized though not fully. Inequalities, discrimination and disparities among municipalities and islands are a source of social injustice and are hampering economic development while raising risks of insecurity, social unrest and governance problems.

These three major crises are mutually reinforcing and have a disproportionate impact on the most vulnerable populations. A fourth crisis may come to add its effect atop the three others, with a devastating impact on Cabo Verde's economy and public finances, as well as Cabo Verdean's wellbeing: the energy crisis and the Great Supply Chains Disruption, both leading to high inflation at global and national levels.

Cabo Verde has been at peace since its independence, democracy and institutions work well, and no palpable tensions between communities are affecting social peace. The social contract is solid, and trust in institutions are relatively high, mitigating the risks of open conflict. However, inequalities and poverty are still high, some actors incipiently organize crime fabric and illicit goods and finance flows, and five years of climate change-induced drought triggered food insecurity, reinforced by COVID-19 and the rise in global prices of food commodities. Hence there is a risk of increased violence in the coming months and years, which calls on combined efforts from the Government and civil society to strengthen the social contract and maintain peace. Humanitarian action, especially in terms of food delivery, could be an option if food insecurity continues to increase, especially in a context of high inflation and global supply chain disruptions.



Overall, food insecurity, social unrest, and public violence are but some possible outcomes of external crises hitting hard on an extremely vulnerable Small Island Developing State such as Cabo Verde. All stakeholders in Cabo Verde, under the Governments leadership, are therefore anticipating major risks, especially linked to exogenous shocks on which they have but little influence, if any. Whatever its level of income may be in the future, Cabo Verde will always be on the verge of a humanitarian crisis, because of its structural, economic and environmental vulnerabilities, as well as their social consequences and the limited possibility of the State to respond quickly through public expenditures.

Building resilience and mitigating risks is then a priority, yet limited possibilities exist for the Government and other player to dramatically change the crisis prevention and response settings on the short run, especially due to limited fiscal space and competing priorities in a complicated global environment. Should

these multiple risks materialize in the near future, the worst possible impact – though very unlikely - would be the dismantlement of the social contract and good governance and democracy prevailing since the country's independence. More probable is the stagnation in human development indicators, including perhaps on poverty reduction and access to quality services. Even more probable is a limited diversification of the economy, hampering resilience building, economic transformation and job creation.

The **Multidimensional Vulnerability Index** - under construction with a leading role from Cabo Verde, Samoa and Barbados - identifies several vulnerabilities as higher than average in Cabo Verde (and other SIDS):

- Structural limitations: size, location, water scarcity, arable land extension
- Socioeconomic: Economic diversification, trade openness, income dependency from abroad, dependence on strategic imports
- Environmental: Frequency and intensity of extreme weather events (floods, droughts...) and changes affecting local natural ecosystems (ocean acidification).

**Box 4: Specific vulnerabilities of Cabo Verde as a Small Island Developing States**

*Extract from the common chapter on SIDS vulnerabilities features in the VNRs of all 6 SIDS presenting their Review in 2021*

We, the Small Island Developing States (SIDS) presenting our Voluntary national Review (VNR) this year (Antigua and Barbuda, Bahamas, Cabo Verde, Cuba, and Dominican Republic), decided to come together to **highlight our common vulnerabilities and development challenges and opportunities in our respective VNRs through this common section**. We come from different regions of the World, are from different income groups, have different national priorities and sustainable development paths, specific to our national contexts yet in line with the 2030 Agenda and the SDGs. **The Principle of National Ownership is central to our common pursuit of sustainable development**. As a result, each of our VNRs is of course country specific, as are the achievements presented in it. However, no matter how varied this progress has been so far, we all face unique **structural and exogenous vulnerabilities that are shared by all SIDS countries** and are specific to us

These vulnerabilities are presented in detail in their application to different aspects of the country's sustainable development landscape and pathways throughout this CCA. **Any external event impacting Cabo Verde through one or more of these vulnerabilities can lead to a materialization of the different risks leading below. These external events would probably be associated with further development of ongoing crises, such as the COVID-19 pandemic, the climate change crisis, the inequalities crisis and the Great Global Supply Chains Disruption.**

The greatest risk currently to Cabo Verde's sustainable development is a prolonged duration of recovery from the effects of the [COVID-19 pandemic](#) on economic activity and public finance, which could last until 2024. This long-term duration recovery process would entail the following risks:

- A slow **recovery of tourism**, which is the main driver of growth. Although tourism is already lifting off in the last two months of 2021, and economic growth should be higher in 2021 than initially projected - the projections from the Government and UN World Trade Organisation (WTO) do not foresee a full recovery to pre-pandemic levels until 2023 at least, with full effect on public finances until the 2024 State budget. The Governmental financial support to the tourism industry and to national businesses in general, to maintain their liquidity and safeguard employment while easing layoffs, will soon come to an end (layoff until December 2021 and moratoria until March 2022). This could lead to a vicious cycle of low consumption and investment, persisting unemployment, and Micro, Small, and Medium Enterprises (MSME) liquidity constraints and solvency risks.
- The continuous **drop in public revenues** already led to a dramatic and long-lasting increase in public debt, now at 155% of GDP (vs 124% in 2019). Debt service will continue to increase in the coming years, to reach 15% of GDP, representing an overwhelming weight, equivalent to the budget of Health, Education and Social Protection combined.
- This **lack of fiscal space** may lead to some austerity measures that could **hamper public investment** not only on the continuity of important health and social protection measures, but also on longer-term investment in sustainable development.
- These investments would be missed if their level fails to continue to improve living conditions of the populations, especially the third living in poverty, through a better **access to basic and social services**, and to unleash the potential of the blue economy, digitalization and other untapped sectors critical for **economic diversification and job creation**.
- Failing to diversify would mean **increasing the risks linked to the structural weakness** of the domestic economy, heavily relying on tourism and international trade, wherein the informal sector accounts for 51.6% of total employment. These weaknesses are limiting Cabo Verde's resilience and its ability to cope with future external shocks such as new COVID-19 waves or new pandemics, global economic crisis, etc.<sup>139</sup>
- These two first, main risks may lead not only to more job losses and an increase in poverty, but also to a gap in the creation of jobs and the development of skills needed to **reap the benefits of the youth dividend**.

The effects of [climate change](#) are already visible, increasing risks associated with:

- **Food insecurity**, especially in rural areas, results mainly from climate change-induced 4-years (2016-19) drought followed by insufficient rainfalls in 2020 and 2021. If this new rain patterns are to continue, rural populations may suffer malnutrition, limiting the ability of rural poor to work, thus further affecting the revenues of poor families. Fishes and seafood may not be able to take over as a primary source of nutritious food for these populations, as climate change is already impacting the productivity of the fisheries sector, putting at risks the livelihoods of rural coastal communities and urban fishing communities. Although it is hard to isolate the effects of climate change on fisheries yield, and even more its different forms, such as ocean acidification, change in current patterns, sea warming, qualitative data from these communities show that it is harder, year after year, to maintain their level of yield.

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<sup>139</sup> INECV, [IMC 2020 Mercado de Trabalho](#), 2021

- **Increased impact of extreme weather events.** Natural hazards are more frequent and more violent than before, leading to more damages and losses. The limited preparedness and disaster risk management capacity means the country is so far failing to adapt to climate change in terms of disaster risks reduction. In the capital city, Praia, up to 22% of residents live in landslide-prone settings, whilst at least 63% of the cover built-up urban areas are identified as being a risk of different types of events, such as flooding. People in informal settlements are particularly at risk.
- **Biodiversity losses.** Cabo Verde is one of the top 10 marine biodiversity hotspots. This has important implications not only for the environmental equilibrium of the country and the planet, but also for the living conditions of the Cabo Verdeans, benefiting from ecosystem services depending on this biodiversity, and reaping the benefits of the economic activities directly linked to it, such as tourism activities.
- **Disruption of global logistics and supply chains.** Since Cabo Verde relies heavily on imports to sustain living conditions of its population and its economy, climate change-induced disruptions of global trade can mean fewer access to goods and increasing prices, leading to abrupt pressure on the State and households' budgets, livelihoods and well-being. This include energy supply, vital to the country, which will be treated in the last point of this section.

The [inequality crisis](#) affects virtually all countries worldwide, and Cabo Verde to a lesser extent. Though inequalities diminished at national level (see social section on poverty above), disparities between municipalities/islands and between the most vulnerable groups and other (see social services section above). This inequalities crisis increases risks associated with:

- **Limited economic development and opportunities,** by letting untapped the resources of the different islands, municipalities and people not actively participating in economic development. Besides, if a small domestic market is indeed a structural constraints linked to Cabo Verde's condition as SIDS, this market is even smaller if more than 30% of the population, being poor, do not have the purchasing power to fully participate in the aggregate demand for goods and services.



- Limited economic opportunities can lead to **social unrest**, with consequences on the solid governance framework.
- Rising **violence and crime**, particularly armed assaults, homicides among youth, and the perception of impunity in the country with justice delays, which have been deteriorating during the pandemic.
- The inequalities can also lead to **internal and external migrations**, which while not being a problem per se, is a risk when migrating is the only option for the most vulnerable, conducting to a -brain-drain and further limitation to the workforce available from some islands or from the country as a whole, as well as to increased risks for human rights of the emigrant, during and after their migration.
- They will deepen the **digital divide**, leading to both economic losses and risks associated with widespread digital disruptions – especially in less protected countries and systems - due to virtual viruses

The energy crisis currently starting, may have dire consequences on the country's economy and its people well-being. Cabo Verde rely on fossil fuel from all aspects of social and economic activity, from water desalination to transport within and between islands, to tourism, construction, etc. The rise in fuel prices and the potential shortages in supply imply risks, especially when combined with the current **Great Supply Chain Disruption**<sup>140</sup> that leads to rising shipping costs (x5 globally since January 2020), associated with:

- **Power and water shortages:** The higher costs of fuel, in a context of shrinking limited fiscal revenues and high inflation can lead to the impossibility of the Government to continue buying enough fuel to supply households, the industry and water desalination plants with enough energy



<sup>140</sup> As exports declined in Europe more than imports in 2020, while exports in China remained high, the container distribution worldwide was unbalanced, leading to a container shortage in Asia. The rebound in global maritime trade in 2021 led to the congestion of most ports globally, with important delays in shipping. Both phenomena led to a shipping crisis that increased the shipping costs five-fold from January 2020 to November 2021



to function permanently, leading to more or less frequent shortages affecting access to basic and social services and livelihoods.

- **Regional integration**, since regional supply chains are not yet prepared to take over stretched global supply chains, both because of the quality of the product and the limited connectivity between African ports, and the additional costs of energy and shipping will limit possibilities to invest in the needed upgrade in Cabo Verde and its potential African trade partners, to make effective the African Continental Free Trade Agreement (AfCFTA)
- **Food insecurity (bis)**, since 80% of the food consumed in Cabo Verde is imported, resulting in high exposure to increases in international food commodity prices
- **Fiscal space**, since the crisis will deepen the commercial deficit and put further pressure on suffocating public finances
- **Economic activity, investment and job creation**, since the country's value chain rely on external inputs such as, shortages in supply or high costs of inputs such as commodities, raw material or intermediate goods will have repercussion on economic activity, investment and consumption
- **High inflation**, because the price of imported goods, whether final or intermediate will be reported to the consumer prices, and then affect the purchasing power of the population
- **Digital disruptions**: Due to the unbearable costs of maintaining low temperatures in data centres.

The combined, overlapping impact of these multiple crisis will affect directly people's access to basic and social services and livelihoods, and indirectly by imposing important, constant and coherent public investment across multiple sectors and amongst competing priorities, while limiting public revenues to do so.

Another transversal threat is linked to cyber security, being Cabo Verde very vulnerable to cyber threats. In the past few months, the country suffered attacks on national critical infrastructures: the government network (seven days of shut-down); the flight-control system and the communication network. These attacks by malware or ransomware are multiplying and constitute a threat for Cabo-Verde stability<sup>141</sup>.

| <b>Box 3: Risks matrix</b> |  |   |
|----------------------------|--|---|
|                            | <b>Low Probability</b>   | <b>High Probability</b>   |
| <b>Low Impact</b>          | Significant biodiversity losses (on the short term)<br><br>Breaches in social contract and social unrest, violence and crime | Limited job creation, persisting poverty and social exclusion<br><br>Extreme weather events (floods, drought, destructive storms)<br><br>Internal and external migrations, brain and manpower drain<br><br>Slowed regional integration due to limited investment in infrastructure and limitations to international trade |

<sup>141</sup> Idem

|                    |   |  |
|--------------------|---|--|
| <b>High Impact</b> | <p>A slow recovery of tourism</p> <p>Disruptions in inner and international connectivity</p> <p>Severe food insecurity due to drought and supply chain disruptions</p> <p>Limited economic development and opportunities</p> <p>Water and power shortages due to limited (and expensive) fuel</p> | <p>Limited fiscal space and public investment in sustainable development, including in social protection</p> <p>Continued disruptions in global supply chains leading to limitations to imports and high inflation</p> <p>New exogenous shocks (global economic, financial, environmental, political or health crisis) leading to a sharp decrease in tourism and FDI and therefore of GDP, employment and incomes</p> <p>A deepening digital divide at national level, and widespread digital disruptions at both global and national levels due to cyber-attacks/virtual viruses</p> |
|--------------------|---|--|

#### 4. National vision and development plans

Cabo Verde national development priorities are encapsulated in the Government’s Programme for the 10<sup>th</sup> legislative term and in the National Agenda for Sustainable Development, entitled Ambition 2030. The country’s new Strategic Plan for Sustainable Development –2022-2026 is under elaboration, and its implementation should start in the second semester of 2022. At local level, the 22 municipalities now have their Municipal Sustainable Development Strategic Plans.

Over the past fifteen months, Cabo Verde has carried out a series of participatory strategic planning exercises critical to the country’s development:

- Cabo Verde Ambition 2030
- COVID-19 Socio-Economic Impact Assessment and Recovery Plan (SEIA)
- Evaluation of PEDS 2017-2021
- SDG National Voluntary Report and SDG Local Voluntary Report 2021
- Leave No One Behind Assessment 2021
- The 2020 update of the Nationally Determined Contribution

All these exercises have benefited from extensive and intense participation from all stakeholders from the Government, municipalities, civil society, the private sector, and the academia, as well as international partners. The result is a common vision and a national purpose for recovery and sustainable economic, social and environmental development.

These plans use as references, and are mostly aligned to relevant sustainable development and human rights agendas at regional and global levels:

- Agenda 2030 (including the SDGs and the Paris Agreement on Climate Change)
- Agenda 2063 for Africa. The Africa that Africans want is: “an integrated, prosperous and peaceful Africa, driven by its own citizens, representing a dynamic force in the international arena”

- The SAMOA Pathways (2014-2024) for Small Island Developing States
- The seven core UN Human Rights Treaties ratified by Cabo Verde<sup>142</sup>: Universal Declaration of Human Rights (UDHR - 1975); International Convention on the Elimination of All Forms of Racial Discrimination (ICERD - 1979); Convention on the Elimination of All Forms of Discrimination against Women (CEDAW - 1981) ; Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT- 1992) ; Convention on the Rights of the Child (CRC - 1992); International Covenant on Civil and Political Rights (ICCPR - 1993); International Covenant on Economic, Social and Cultural Rights (ICESCR – 1993); International Convention on Protection of the Rights of All Migrant Workers and Members of Their Families (ICMRW - 2003)
- The main instruments promoting human rights in Africa: African Charter Human and Peoples' Rights (1987); African Charter on the E-Welfare Rights of Children (1993); Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women (2005); and African Youth Charter (2010). The country is a reference in the region for its commitment to uphold human rights and the rule of law.



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<sup>142</sup> CNDHC, [Estudo sobre o conhecimento e aplicação das convenções internacionais de direitos humanos em Cabo Verde](#), 2020. In parenthesis acronym and year of entry into force in Cabo Verde's legal framework

## 4.1 National Development Plans: from DECRP I to PEDS II

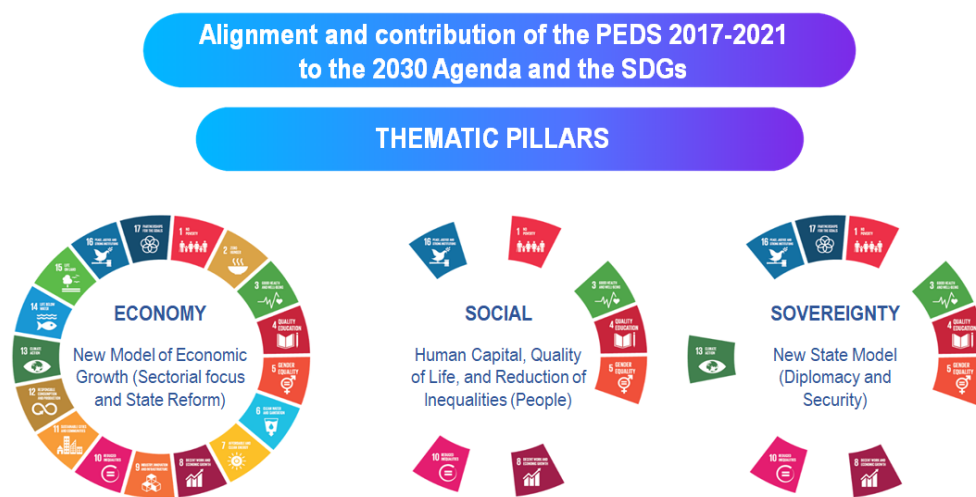
In 2002 - 2003 Cabo Verde began using the Growth and Poverty Reduction Strategy Paper as a development management tool, with the production of the Interim Poverty Reduction Strategy Paper (iPRSP - interim Poverty Reduction Strategy Paper). This was followed by the First **Growth and Poverty Reduction Strategy Paper** (DECRP I), prepared in 2004 to guide the Nation until 2007, which took care to incorporate the main intervention measures in the areas of economic growth and poverty reduction. The Growth and Poverty Reduction Strategy Paper (DECRP II) came in force between 2008 and 2011. However, unlike the GPRSP I, it adapted to the Government's Program and the Transformation Agenda as a vision for long-term development and as the path to achieving sustained growth and economic expansion, in order to alleviate poverty and social inequality. This implied significant reforms in several sectors. While progress was made on all fronts, challenges remained as the country moved forward. And in the wake of the challenges, mainly in the context of the country's graduation from Low-Income to Middle-Income Country in 2007 and the persistent 2008 international crisis, the Growth and Poverty Reduction Strategy Document (**DECRP III**) was introduced and reflected a set of priorities to implement and expresses how the Government should materialize its Transformation Agenda during its execution period from 2012 to 2016.

Building on the significant economic and social gains achieved by the country over recent years, the **PEDS 2017-2021** had set challenging targets for the period in a consistent long-term approach, centred around four structural objectives:

- (1) Make Cabo Verde a circular economy in the Mid-Atlantic (connectivity, blue economy, green growth, tourism development; and business, industry, and financial services);
- (2) Ensure economic and environmental sustainability (sustainable tourism, domestic industry and export promotion);
- (3) Ensure social inclusion and reduce inequalities and asymmetries (education and professional training; health and social security; job creation and youth and gender equality);
- (4) Strengthen democracy, justice and international diplomacy and engage the diaspora.



To achieve the 4 priority objectives, the **PEDS I was organized with 35 programmes clustered into 3 pillars**: Pillar 1 on the Economy, aims at a new economic and environmental growth model; Pillar 2 on Social Status, aims to improve human capital, quality of life and combat inequalities and asymmetries; and Pillar 3 on Sovereignty, seeks a new State model for the strengthening of sovereignty, and creating value in democracy. Gender equality is considered key to sustainable development and crosscutting to all pillars. The SDGs have been mainstreamed across the PEDS and as such each Strategic Objective from the PEDS logical framework is aligned with the SDG targets and indicators selected from the global framework of Agenda 2030 and the SDGs indicators.



The Government of Cabo Verde is preparing during the **first semester of 2022 its PEDS II (2022-2026)**, which will mark this decisive stage between the current moment of crisis and the profound transformation foreseen for 2030, in terms of access to economic opportunities and social services for the entire population, in every municipality and every island, in a country free from extreme poverty and hunger, and taking advantage of an inclusive, resilient and sustainable economic growth based on a diversified economy.

In addition to the Government Program for the 10<sup>th</sup> Legislature, the PEDS II should be based on some of the strategic documents mentioned above, for the identification of objectives and programs based on evidence. Above all, it will be able to count on the dynamics of broad strategic participation by the entire society, created through the exercises of the last fifteen months, using the same participatory approach to engage multiple stakeholders in the definition of the country's objectives, strategies and programmes.

The PEDS II will not differ much from the PEDS I, as it will continue to materialize the long-term development strategy CV Ambition 2030 (see dedicated section below). Three major differences are foreseen, though. The first is the integration of a recovery phase, in the continuity of the Socioeconomic Response Plan (see dedicated section below), which will be followed by an “acceleration phase” for the period 2024-2025. The second is that its elaboration is based on a bottom-up approach, using the Islands Economic Specialization Profiles (see dedicated section below) to build on the specific challenges and



opportunities of each island. The third is that it will include, probably as an Annex, structuring projects to catalyse efforts within each of the 30+ sectorial programmes.

The priorities already identified by the National Government as the backbone of the PEDS II are:

On the short to medium term (2022-2024 probably):

- **Sanitary safety**, making Cabo Verde a safe country from the health point of view, with a good health system, factors that generate confidence in the economy and the well-being of the population.
- **Resumption of economic growth**: through the dynamism of the private sector
- Reversal of the trend of public debt growth and **fiscal consolidation** towards a macroeconomic environment favorable to economic growth and reduction of sovereign and country risks
- **Social cohesion**, through active employment policies and active social and productive inclusion policies to eliminate extreme poverty, reduce absolute poverty and create opportunities.
- **Territorial cohesion**, for the reduction of regional asymmetries, creation of economic opportunities and convergence of the SDGs in the islands.

In a second phase (probably 2024-2026), identified as an “acceleration” phase, more transformative:

- **Development of human capital**, education of excellence and professional qualification oriented towards knowledge, learning, skills and entrepreneurship in a country open to the world

- Energy transition – reduction of dependence on fossil fuels through renewable energies, electric mobility and energy efficiency.
- [Climate action](#), through alignment with international principles and agreements, compliance with international conventions, Normative Convergence with the European Union in environmental matters and defence of the specificities of SIDS
- [Making agriculture viable](#), through the massification of water desalination and the safe reuse of wastewater associated with renewable energies.
- [Digital transformation](#), and digital economy to improve the quality of services to citizens and companies, reduce service asymmetries between islands, stimulate entrepreneurship, create quality jobs, export services and position Cabo Verde as a digital platform in Africa.
- [Sustainable Tourism](#), with better qualification, diversification of products and deconcentration of the tourism supply; diversification of operators and issuing markets; and with an increase in the weight of the national offer to the tourist market (agri-food production, creative industries).
- [Transition to the blue economy](#), using the emerging ecosystem of actors in Sao Vicente: center of knowledge, professional qualification and applied research linked to the sea (Campus do Mar); Port Development, Maritime Transport, Repair and Shipbuilding, Fisheries and Maritime Tourism (with epicenter in ZEEM-SV)
- [Industrial development](#), with a special focus on the Extractive Industry, Agrifood Industry, Clothing and Footwear Industry and Pharmaceutical Industry and special approach to ECOWAS and CPLP markets.

## 4.2 Local Strategic plans and SDG Localization

Territorial Cohesion is one of the cornerstones of the Government’s action for the 2021/2026 mandate. Priority is given to inter and intra-regional economic and social asymmetries, contributing to convergence and equity in access to development opportunities for all individuals, regardless of their island of origin and residence.

Indeed, preliminary studies carried out by the Government, namely through the calculation of the Localization Coefficient, show that, while some islands are highly dependent on certain economic services (e.g agriculture), in most cases the economic potential currently in place is not fully used and other potentials (e.g tourism) are not adequately exploited.

To address these issues, the Government prioritizes a more integrated territorial management and equitable spatial approaches to achieve balanced territorial development. The perspective includes strengthening the national system of cities and regional urban-rural links, in order to strategically allocate limited available resources, encouraging collaboration between municipalities and regions, not competition between them.

In turn, this systemic and integrated process demands strategic partnerships at all levels, municipal, inter-municipal, island, inter-island and at national level. These partnerships, catalyzed around the local authorities, but involving multiple public and private actors in the economic and social development of the islands, should contribute to the construction of a common vision of the future of the island, the channelling of domestic resources (financial, technical and technological) to realize this vision, and in mobilizing external resources to complement domestic resources when needed.

In line with the on-going decentralization of services to municipalities and Government reforms, the Government has invested strongly in the past 4 years in strengthening the needed capacities for medium-term planning and budgeting across municipalities. When preparing SDG focused strategies, SDG targets were integrated into locally defined strategies and action plans by demonstrating how established priorities are linked to the national and global SDG targets.

In this sense, the SDG Localization process, led by the National Government and local authorities, with UN support and participation of civil society organizations, the academia and private sectors entities, included the installation of Local Platforms bringing together all local development actors and the elaboration of Municipal Sustainable Development Plans (PEMDS) in the 22 municipalities.

The PEMDS count on a gender analysis and one of their five priority intervention axes is on gender equality and the empowerment of women. The PEMDS are an example of participation within the framework of local multi-stakeholder platforms and promotion of the SDGs. The SDG Localization Platforms across its municipalities is instrumental to facilitate the engagement of different society groups.

Based on the PEMDS and with a central role of the Local Platforms, Islands Economic Specialization Profiles (one per inhabited island) are currently under elaboration, to map the specific needs and potentialities of each island and ensure the implementation of the accelerators is differentiated based on challenges and opportunities at the regional level, as per the government priority of territorial cohesion.

The various PEMDS and the Islands Economic Specialization Profiles will serve as a basis for the PEDS II (2022-2027) to facilitate integrated action to tackle inter and intra-island regional disparities and leave no one behind.

### **4.3 Long-term national development strategy: CV Ambition 2030**

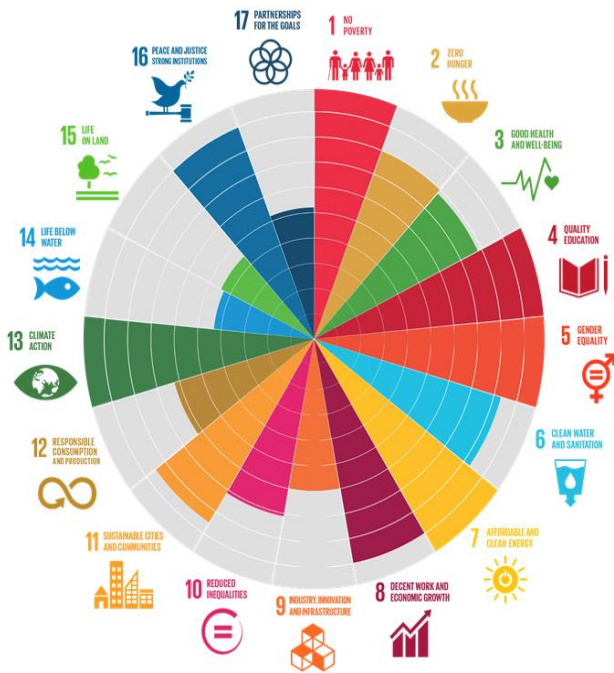
During the pandemic, in August 2020, a wide range of stakeholders from all sectors of society – governmental entities, local authorities, civil society organizations, private sector entities, academic sector, international partners, etc. – came together under the Government’s leadership to build a long-term development vision and strategy named “Cabo Verde Ambition 2030”, aligned with the Agenda 2030, the Agenda 2063 and the SAMOA Pathway (SIDS Agenda 2014-2024). Cabo Verde Ambition 2030 is materialized in the new National Development Plan “PEDS II” (2022-2026), under elaboration in the first semester of 2022. The PEDS II will be based on local priorities, thanks to important achievements made in the last years in the localization of the SDGs, and will have a strong focus on leaving no one behind (LNOB), the LNOB Assessment realized in 2021 by the National LNOB partnership being one of the reference documents for the planning process. Cabo Verde Ambition 2030 also aims at ensuring gender equality and resilience, and it is a mechanism to trigger a technical and political dialogue with society, development partners, and private sector. A shared vision of the country’s future, based on a consensus amongst multiple, key stakeholders and implying clear pathways for change can help the mobilization of resources and partnerships to make the foreseen transformations happen.

This exercise, a mix of strategic planning, econometric projections and qualitative foresight, built on the outputs of a MAPS mission conducted in November 2019. Back then, an UN inter-agency mission together with the World Bank and the European Union under the leadership of the Ministry of Finance and Planning supported the country in identifying SDGs accelerators to deliver on Agenda 2030 alongside a roadmap for an Integrated National Financing Framework. This was the first exercise to support *developing the*



national sustainable development strategy ‘Cabo Verde Ambition 2030’ that contributed to the identification of five key accelerators contextualized for Agenda 2030 in the country.

Graph 32: Level of alignment of the PEDS to each SDGs



Under full Government leadership and highly participatory methodologies, the United Nations supported a Rapid Integrated Assessment (RIA) exercise and a Mainstreaming, Acceleration and Prioritization mission respectively in 2017 and December 2019. The first exercise revealed an average of 75% of alignment of the national planning objectives and priority areas with the SDG targets. See results of the 2017 RIA alignment in the figure below noting the gaps in planning related to SDG 14 (on oceans) and SDG 15 (on life on land).

These accelerators interact with each other in a systemic way and are influenced by a set of enablers defined by financing, partnerships, security issues, institutions and systems, and connectivity within and across islands through physical or digital means (see chart next page).

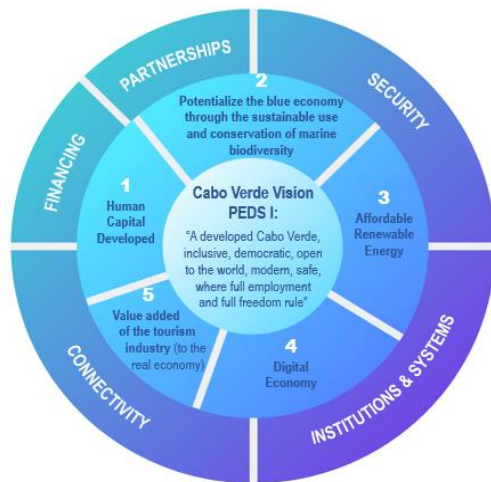
Source: Rapid Integrated Assessment Cabo Verde

Participation was ensured through 11 territorial consultations, 9 thematic studies and 27 strategic debates. It mobilized Cabo Verdean society, municipalities, the business sector, civil society organizations, public administration, academia, the diaspora, the media, development partners, personalities, and institutions with an interest in Cabo Verde. This exercise promoted the alignment of the main actors of sustainable development on major strategic guidelines, adopting the SDG accelerators.

Econometric projections were done by the Ministry of Finance. They were mixed with qualitative foresight, and forward-looking analyses were conducted collectively around possible futures and desirable scenarios.

Five SDG accelerators have been identified as priorities for promoting growth and accelerating progress:

Graph 33: The five SDGs accelerators.



Source: SDG Roadmap Cabo Verde

1. Human capital development.
2. The Blue Economy, recognizing the great potential of the maritime economy and the importance of protecting ocean health and coastal areas.
3. Digital Economy, to stimulate the adoption of technology and digital solutions to support value chains and inclusive digital transformation.
4. Renewable energies, as they will determine the reduction of factor costs.
5. Tourism industry, as when tourism anchors agriculture, fishing, crafts, creative industries, and other services, they accelerate modernization, productivity, and the entire constellation of tourism.

As the overarching aspiring statement for Ambition 2030 is that *“in 2030, Cabo Verde will be a consolidated and modern, inclusive democracy, a blue, digitalized, emerging and resilient nation, an economy of circulation located in the Middle Atlantic integrated in ECOWAS with full employment and shared prosperity, a country useful to world and reference of pride for all”*. Out of the Ambition 2030 International Forum, hundreds of participants validated a declaration of thirty commitment principles to sustainable development in Cabo Verde.

As part of the exercise, a gender analysis of the SDG accelerators was conducted, highlighting among others that women have very low participation in scientific and technological training, studies and professions, and that the accelerators identified to achieve full, productive and decent work are man dominated sectors, as is the case with renewable energies, blue economy, digital economy, agricultural value chains, especially in irrigated agriculture, there is a major gender gap. 76.1%<sup>143</sup> farms operating to sell products are headed by men versus 23.9% headed by women. Women have less access to land, technology, irrigation and modern agricultural and livestock practices – more productive and profitable, creative industries and interfaces with tourism. This led to the establishment of specific targets for women in the Agenda 2030 commitments on gender equality and on employment.

The exercise has linked a short-term response to longer-term sustainable development vision, including climate action. Two-years into the COVID-19 pandemic, the vision has not changed, only the context did. However, it remains important to continue exploring different possible scenarios to be able to adapt to an ever-changing landscape. In this sense, building partnerships to unleash potential for economic diversification, social inclusion, and resilience will be essential.

A widening financing gap after COVID-19 is making public expenditure in SDGs accelerator very uncertain and demands a joint work with private sector for them to take over or complement the investment needed in the SDG accelerators within the vision of Ambition 2030. This is only possible if both the Government and critical private sector entities share a common vision of the long-term objectives and explore together possible futures and pathways. Hence Ambition 2030 is (and must be used as) a critical

<sup>143</sup> MAA, RGA 2015

enabler for strategic partnerships (including public-private partnerships) and SDG financing (including catalysing private investments).

### **4.3 Bridging the gap: COVID-19 Socioeconomic Response and Recovery**

In April 2020, swiftly after the COVID-19 outbreak, a COVID-19 Socioeconomic Response Platform co-led by the Ministry of Finance, the United Nations and the World Bank brought together all relevant line Ministries, public agencies and UN agencies, in articulation with an International Partners Response Platform, to ensure coherence in the response and partners' supports.

A Socioeconomic Impact Assessment and a Socioeconomic Response Plan were elaborated in the framework of the Response Platform, with participation of all relevant line Ministries, Local Authorities, Civil Society Organizations and international partners. Several emergency measures were put in place in March 2020 and the country went on lockdown for two months.

Since early in the pandemic Government looked at the need to frame response, pandemic support and recovery in the long-term vision contained in the strategic agenda for sustainable development, Ambition 2030. Together with the United Nations and other partners the country realized its National Response and Recovery Plan for COVID-19 in 2020, already embedded in Ambition 2030 priorities. When launching the Socioeconomic Response Plan (SERP), the Prime Minister stressed that accelerating for Ambition 2030 "are given greater relevance with the health, economic and social crisis caused by the pandemic of COVID-19".

## Conclusion: Key challenges and Opportunities linked to SDGs implementation in Cabo Verde

The 6 key development challenges foreseen, based on this Common Country Analysis and national priorities for 2026 and 2030 are as follows:

1. **The economy and public finances remain fragile and highly vulnerable to exogenous shocks.** The economy is still highly concentrated in tourism, and in the all-inclusive segment. 85.5% of FDI received in 2021 was still on this same segment, consolidating prospects of continuity with pre-COVID growth. Limited public and private, domestic and foreign investments hamper economic diversification and resilience building. The potential of the less touristic islands still largely untapped, while temptations to follow the same (vulnerable) model as Sal and Boa Vista becomes stronger, as shown by big resorts projects in preparation for Brava and Boa Vista. Value added to local products is still limited and highly concentrated in some big exporting units pertaining to foreign firms. Digitalization of administration (especially interoperability) and businesses is much higher than regional averages but remains limited, as well as inner and external connectivity, including regional integration. Finally, energy relies for 80% on fossil fuels and potable water on energy-consuming desalination, making both very vulnerable to exogenous shocks affecting oil prices.
2. **The stagnation in development of institutional and human capital continues.** Although governance, education and health indicators are outstanding compared to African peers, they have been stagnating in the past 5 years. Although institutional and human capital are a top priority for the Government for the 2022-2026, COVID-19 and other crises, together with the high level of public debts, limit the fiscal space available to upgrade public investment in these sectors.
3. **Poverty, malnutrition and inequalities are persistent.** The path, and above all the structure of growth may not allow for a significant reduction of poverty and inequalities in the coming years, which may need to be addressed through social protection, at least on the medium term. Social protection coverage has been increasing spectacularly in the past two years, but the challenge here will be the sustainability of the financing of the extended Social Inclusion Income, funded for now by a World Bank loan covering two years of full coverage for the 28,000 benefitting families. The Social Single Registry (CSU) is a great asset and needs to be updated and extended to reinforce the information system. Institutional and human capacities and interinstitutional coordination is still limited, including with active participation of civil society organizations, especially community/grassroots organizations, so is the articulation between social and economic sectors.
4. **Access to services and opportunities remain limited for some territories and groups.** Leaving No One Behind is a priority for the Government, as shown by the launch of the ambitious MAIS Program, amongst other. Financing these efforts to boost inclusion of the groups analysed in the LNOB section above will be challenging in a limited fiscal space. Moreover, sustainable socioeconomic inclusion will need a profound economic transformation towards more inclusive growth pathways.

5. **The current growth model does not create enough decent jobs and informality is still high.** The concentration of the economy on tourism and related economic activities resulted in a limited creation of jobs (especially decent jobs). The Government's (and delegated authorities') bargaining power on wages in the tourism sector may be further limited by the shrinking fiscal space and economic opportunities. Upscaling economic services and streamlining administrative procedures is ongoing but still limited, as is access to finance for MSMEs. Although education and health standards are high, youth skills in emerging sectors, especially SDGs accelerators, are still limited and not widespread, and marked by gender gaps. The economy is still mainly informal and the transition to formality is slow.
6. **Climate change impact on livelihoods and biodiversity is already felt and will deepen.** The impact of climate change on natural capital, infrastructure, equipment, livelihoods and well-being (including health), and public finance is yet to be fully understood, and accounted for in institutional arrangements, strategic planning, policy making and budgeting. As a result, the preparedness for extreme weather events, especially droughts and floods, and for other climate-induced impacts, such as sea-level rise and ocean warming and acidification, is still limited. Marine protected areas cover a limited part of the ZEE, and ensuring law enforcement in these areas, and even more in further extensions, is complicated. Investing in nature-based solutions to climate adaptation, to mitigate the impact of droughts, floods and sea-level rise (coastal erosion) - in a context of limited fiscal space - is also challenging. Harnessing the potential of climate finance, including through the design and promotion of natural carbon sinks solutions (ocean and land), demands the construction of a pipeline of transformative projects at scale.

The 6 key development opportunities based on the five SDG accelerators identified by Cabo Verde Ambition 2030 and the priorities expressed by the Government for the 2022-2026 period would be as follows:

1. Keeping up with **Human Capital Development** to reap the benefits of the **Youth Dividend** and ensure the qualification of human and social capital needed to enhance social inclusion, further investing on women's economic empowerment, achieve economic transformation and adapt to climate change, including human resources, youth, skills, education and health at all levels. Creating the right profiles amongst youths and others, especially the most vulnerable, to fulfil the positions to be created, especially in the blue and digital economies, will be key.
2. Achieving extreme poverty eradication and boosting job and income creation for all sectors while building more resilience through a stronger socioeconomic fabric, by unleashing the **untapped potential of the islands** and **reinforcing territorial cohesion**, ensuring convergence between islands and municipalities through the localization of SDGs and territorialisation of public policies, adapting to local specific challenges and economic potentialities, notably for a better development of **local value chains through a local economic development approach and a perspective of small-scale industrialization** – including certification and transformation of local products -, for local businesses to take advantage of renewed economic opportunities.
3. Advancing **economic diversification, unleashing the potential of blue economy and the digital economy** as drivers of economic diversification and sustainable, inclusive and resilient economic development, in a context of limited fiscal and policy space, focusing on the drivers of **economic transformation (gender equality, territorial cohesion, transition to formality and small-scale**

**industrialization**) and fully using the country's main assets, such as its institutional (governance), human and natural capital.

4. Accelerating **digitalization of the tax system, the administration, the social services** – including the social protection system (reinforcing the Single Social Registry), and the businesses as a driver of social and economic inclusion and development. Digitalization could also be used as one in a range of incentives to foster transition to formality of micro and small businesses.
5. Including in the sustainable development **path the groups at risk of being left behind** (see vulnerable groups identified in the LNOB section above), by extending and upscaling the Single Social Registry and social protection coverage in general, offering privileged access to quality basic and social services (health and education in a first place), and fostering productive inclusion through enhanced access to productive assets such as equipment, technology, finance and skills.
6. using the credibility status and potential of Cabo Verde as a **Small Island Developing State** to leverage new financing and resources, including through technology transfer, and to develop joint innovative solutions, including financial and digital solutions, together with other SIDS, especially the SIDS AIS.

Use the new PEDS II opportunity to consolidate a coordinated a strong national coalition underpinned by solid strategic partnerships, across sectors and including civil society, the private sector and the academia, in close articulation with harmonized international support.

## 1. Annexes

**Content:** *For example, List all the sources of data/evidence for preparing the CCA; modality for keeping the CCAs update in a rolling manner.*

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<sup>i</sup> VNR 2021