



# THE 4-4-2

4 NEWS – 4 GLANCES – 2 QUESTIONS

ECONOMIC BULLETIN

FEBRUARY 2021

## INTRODUCTION

The 4-4-2 aims at sharing, at the end of each month, some punctual insights from calculations and analysis made in the past weeks by the UN and its partners on economic development and SDGs. It will stay away from subjective analysis, to focus on objective data, most of them published by the National Statistics Office and the Central Bank.

### In this issue:



**4 NEWS  
OF GROWTH  
AND JOBS IN TIMES  
OF CRISIS**



**4 GLANCES AT  
GROWTH  
AND JOBS IN TIMES  
OF CRISIS**



**2 QUESTIONS  
TO  
ANA TOUZA  
FAO REPRESENTATIVE**



## 4 NEWS OF ...

# Jobs under pressure despite effectiveness of governmental measures



Contributions to INPS (proxy for formal employment) decreased by 7.3% in the 3 first quarters of 2020



12,435 jobs should be created in the coming months or years thanks to 27 new investments in tourism (80%) and industry (19%), a record high



Unemployment subsidies in December 2020 were at their lowest in 2 years (181), after reaching a record high of 1,228 in July 2020



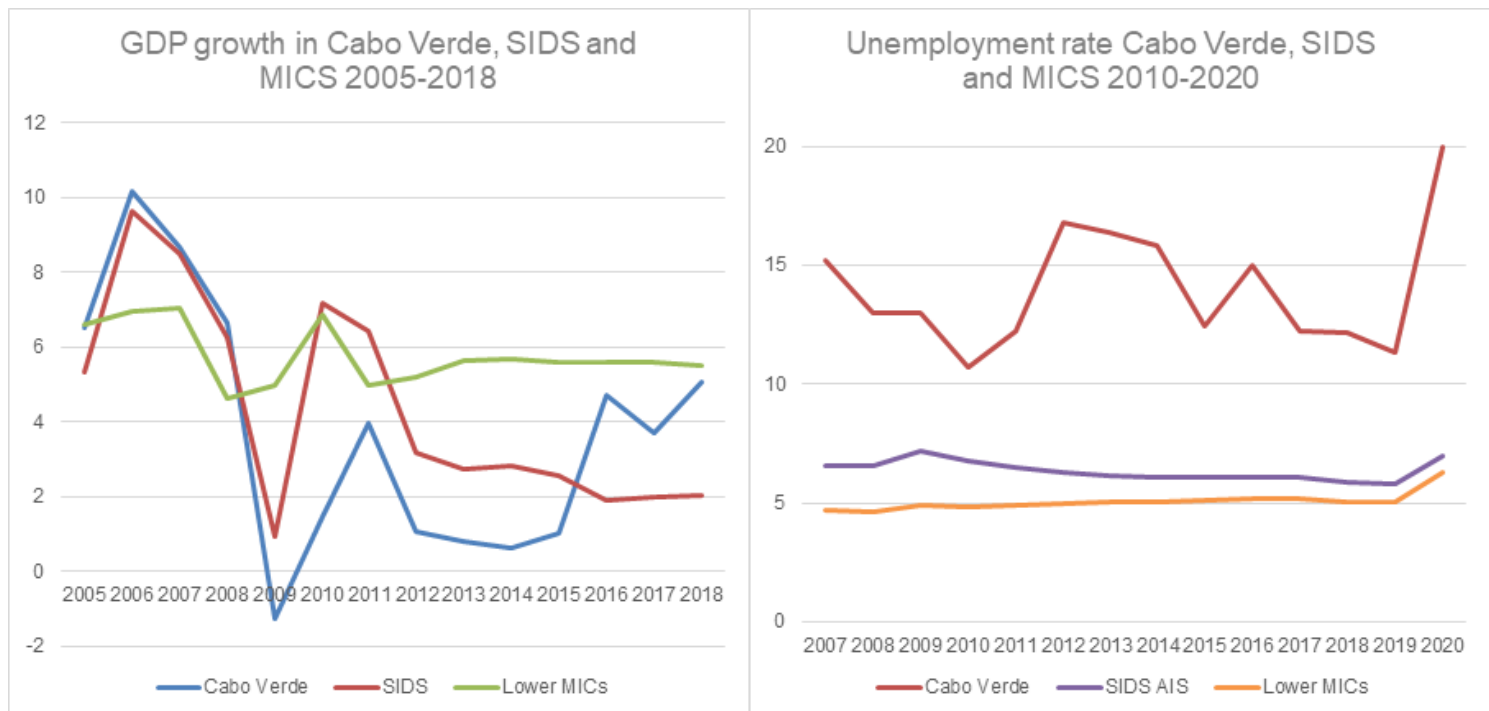
Beneficiaries of the lay-off regime decreased by 59.1% between May and December,

## Highlights from the Official Gazette

- The Emergency Social Inclusion Income (RSI/E) is extended for six more months, until June 2021 ([BO 04-02](#))
- A Partial Credit Guarantee Fund (6.3 M USD) will be created by PROCAPITAL to support MSMEs' access to finance ([BO 16-02](#))

## 4 GLANCES AT...

### Growth and jobs in times of crisis

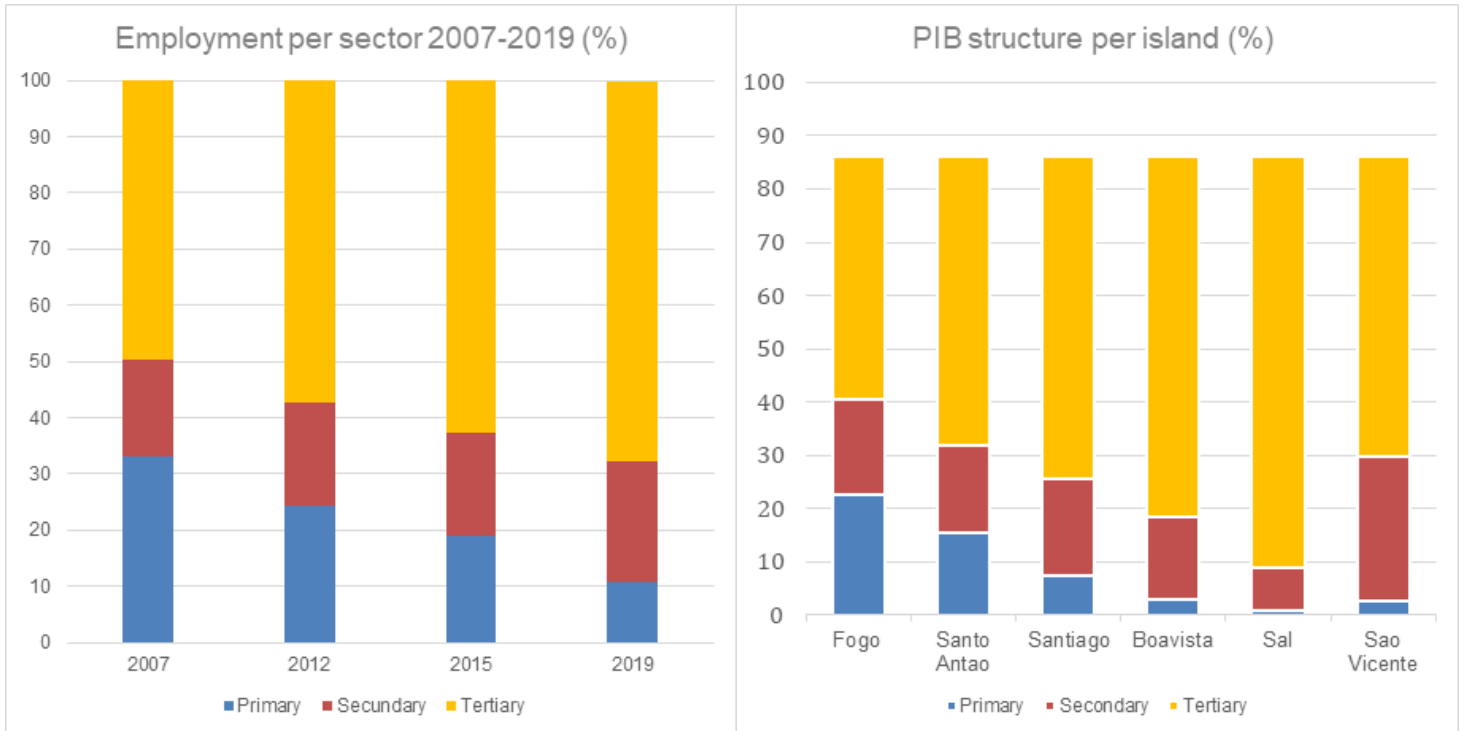


## Glance #1

GDP growth is highly volatile in Cabo Verde, even more than in other SIDS. Unemployment rates are also less stable than in peer countries. GDP historically grows faster than employment (Employment elasticity to GDP was 0.75 between 2009 and 2019). GDP is expected to plummet by 11% in 2020, and unemployment to double, making Cabo Verde one of the most affected countries worldwide in terms of socioeconomic impact of the pandemic.

## 4 GLANCES AT...

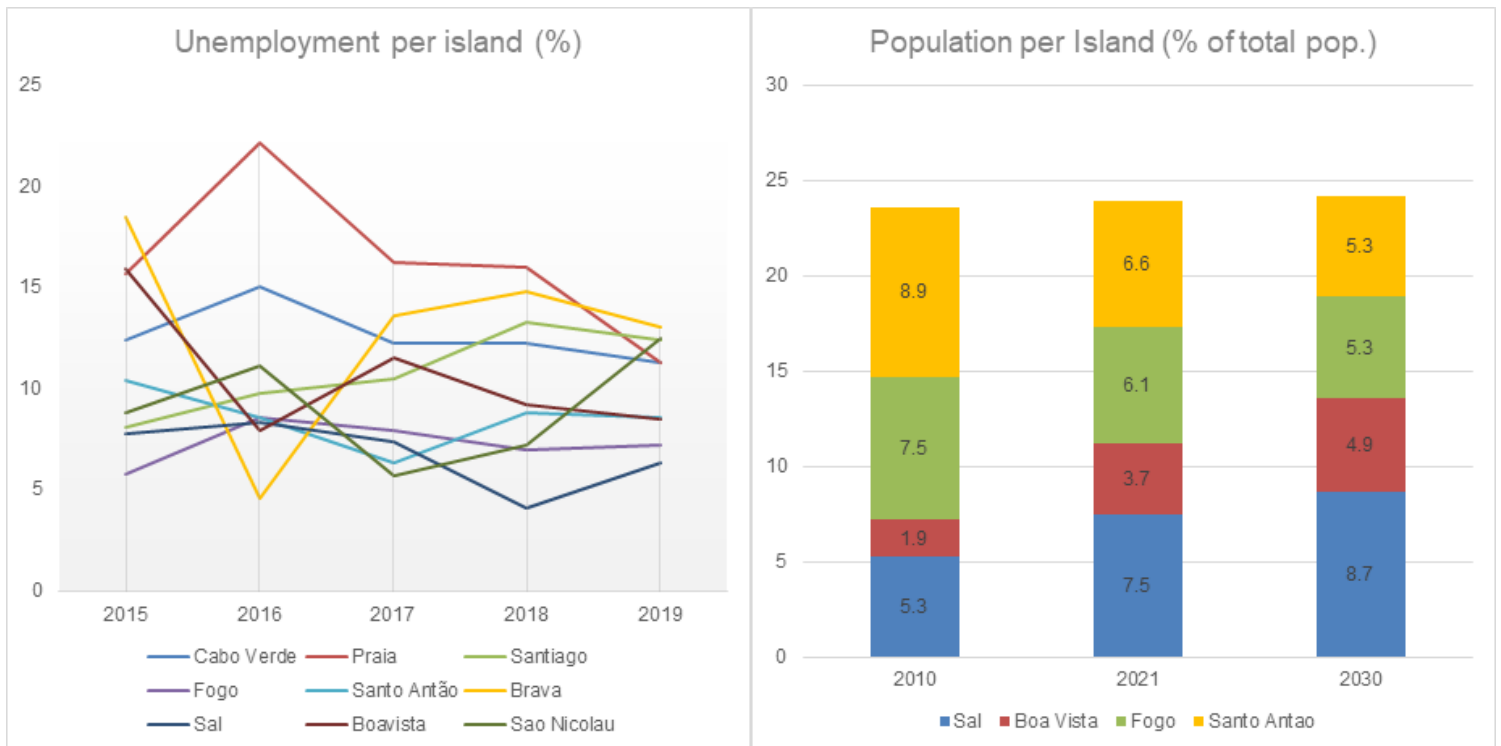
### Growth and jobs in times of crisis



## Glance #2

The share of primary sector in national employment decreased constantly, to the benefit of the tertiary sector, where employment has been concentrating in sectors vulnerable to external shocks such as tourism and transports. Employment in hospitality was 2.7% of total jobs in 2007, 9.3% in 2019. Agriculture and fisheries were 32.2% in 2007, 10.6% in 2019. Most of the transformative industry is linked to the fisheries value chains (canned and frozen fish). Despite important transformations in the structure of employment from 2007 to 2019, the structure of GDP did not change in most islands. The primary sector is still an important driver of monetary value (and even more for job creation) of Fogo and Santo Antão.

## 4 GLANCES AT... Growth and jobs in times of crisis



### Glance #3

Disparities between the structure of employment at national level and production in each island led to different employment dynamics in the islands. Where agriculture and fisheries dominate unemployment increase, while touristic islands create jobs. Within islands, for the same reason, gaps opened between rural and urban areas, and between sexes. Unemployment decreased from 2015 to 2019 (-10%) yet increased in rural areas (+52%) and for women (+7.8%). One strategy chosen by households for poverty reduction has therefore been internal migration: populations in Boa Vista and Sal are expected to triple and double respectively between 2010 and 2030, while Fogo and Santo Antão would experience a significant decrease over the same period.

## 4 GLANCES AT... Growth and jobs in times of crisis



### Glance #4

Within the service sector, employment has been concentrating in sectors vulnerable to external shocks such as tourism and transports. Activity in air and maritime transport plummeted in the second and third trimester, showing high vulnerability to external shocks, although this decrease in activity does not yet fully reflect in the employment index for this sector, due to a less flexible structure. In tourism, however, the employment index dropped far below other services subsectors in 2020 (-50 pts vs -30 pts in average for others), proving jobs to be most fragile in this sector.

## 2 QUESTIONS TO...

**ANA TOUZA**

FAO REPRESENTATIVE IN CABO VERDE



### WHAT IS THE ROLE THAT AGRICULTURE AND FISHERIES PLAY DURING THIS CRISIS PERIOD?

Food represents a significant share of the household expenditures in particular to the lowest income sectors. For that reason, keeping food accessible in both prices and physical availability is crucial during a crisis period.

Cabo Verde imports about 80% of the major food products. Therefore, the agriculture and fishery

sectors play a strategic role providing self-sufficiency of critical food products such as vegetables, fruits and fish, contributing to food security and food prices stabilization.

Additionally, as both sectors are considered essentials, the activity was sustained during the lockdown, so that jobs were not significantly affected.

### WHAT IS THE POTENTIAL OF THE BLUE ECONOMY AND THE GREEN ECONOMY FOR ECONOMIC TRANSFORMATION IN CABO VERDE, WITH A VIEW OF CREATING SUSTAINABLE, DECENT, BLUE/GREEN JOBS?

Agriculture provides more than 50% of jobs in rural areas, which represent about one third of the country's population.

Unfortunately, most of the agriculture employment correspond to low income seasonal jobs that negatively impact in the social conditions, 2 out of 3 Caboverdean living in rural areas are very poor, half of the poor and of the very poor are women.

During the last 15 years, before the Pandemic, there has been a positive trend as the agricultural sector grew faster than the annual growth of the national economy.

This reflects the growing shift from subsistence agriculture to an agriculture increasingly oriented toward meeting the demands of the market.

For that reason, creating decent employment and self-employment opportunities in agriculture (on- and off-farm, including agro and eco-tourism) agribusiness (including agro and eco-tourism) and fisheries for young women and men through improved individual skills and competencies is key to strengthen food systems. For doing that, it is important to promote innovation on smart agriculture and blue investment, particularly on technologies that would contribute to a better adaptation to a fragile environment.



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