

**FOR  
INFORMATION**

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To: Members of the Executive Board

From: The Secretary

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N. Ref.: 308 / GMVPMFFE / 2023

Praia, June 6, 2023

**Subject:** Cabo Verde Strategic Plan for Sustainable Development (PEDS II) for the period  
2022–2026. PEDS II

Madame Managing Director,

I am pleased to present to you Cabo Verde Strategic Plan for Sustainable Development (PEDS II) for the period 2022–2026. PEDS II, the successor to PEDS I (2017–2021), seeks to operationalize the government's development program and will be the guiding instrument to drive change and accelerate progress towards achieving the first cycle of the 2030 Ambition.

PEDS II was discussed extensively with a wide cross section of stakeholders to ensure that their inputs were taken on board and help build community-based support. It was presented and adopted by the national parliament and was published in January 2023. PEDS II aims to ensure that Cabo Verde becomes an advanced democracy by 2026, with a dynamic economy, undergoing digitization and diversification, supported by an inclusive and integrated nation with shared prosperity, and high international prestige. To achieve these objectives, the PEDS II is based on four pillars and 28 programs:

- **The Economy Pillar:** Includes 13 programs aimed at assuring economic recovery, budget consolidation, sustainable growth, diversification, and making Cabo Verde an economic hub.
- **The Social Pillar:** Comprises 5 Programs targeted at social development of human capital, inclusion, and mobility, reducing inequality, eradicating extreme poverty, and gender equality.



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- **The Environment Pillar:** Consists of 3 programs with the objective of assuring water and sanitation for all, climate action, resilience, environmental quality, and valuing biodiversity and geodiversity.
- **The Sovereignty Pillar:** Includes 7 Programs geared towards consolidating national sovereignty; placing greater value on democracy, the diaspora, and the international reputation of Cabo Verde; and promoting regional integration and the country's dynamic membership of the global economic system.

The World Bank (WB) in their assessment indicated that PEDS II presents a comprehensive and ambitious development strategy for Cabo Verde. The WB also notes that climate change which is a significant source of social and economic vulnerability in Cabo Verde, is appropriately acknowledged. The mobilization of adequate resources to finance the implementation of PEDS II was identified as a key challenge.

The government of Cabo Verde is firmly committed to the PEDS II and the technical and financial support from development partners will be important for Cabo Verde to achieve the ambitious objectives contained in PEDS II. The Memorandum of Economic and Financial Policies (MEFP) of the current ECF-supported program is fully aligned with our national development program. The government looks forward to collaborating with the IMF to achieve the objectives outlined in the PEDS and authorizes the publication of the PEDs II on the IMF website.

Please accept, Madam Managing Director, my highest regards.

Sincerely Yours,

Olavo Correia

Vice Prime Minister, Minister of Finance  
And Business Development





**Vice-Primeiro-Ministro e Ministro das Finanças  
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# PEDS II

Sustainable  
Development  
Strategic Plan

2022-2026

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## LIST OF ABBREVIATIONS AND ACRONYMS

| ADR             | ÁGUA DE REGA/IRRIGATION WATER                                              |
|-----------------|----------------------------------------------------------------------------|
| AGOA            | African Growth and Opportunity Act                                         |
| AIA/EIA         | Environmental Impact Assessment                                            |
| AJOC            | Association of Cabo Verde Journalists                                      |
| ANAS            | National Water and Sanitation Agency                                       |
| ANMCV           | National Association of Cabo Verde Municipalities                          |
| ADR             | Água de Rega/Irrigation Water                                              |
| APD/ODA         | Official Development Assistance                                            |
| API             | Application Programming Interface                                          |
| ARES            | Higher Education Regulatory Agency                                         |
| ASA             | Airports and Air Security                                                  |
| BA-Cultura      | Access to Culture Grant Program                                            |
| BAI             | African Investment Bank                                                    |
| BCV             | Banco de Cabo Verde/Bank of Cabo Verde                                     |
| BVC             | Cabo Verde Stock Exchange                                                  |
| CA              | Blue Growth                                                                |
| CABNAVE         | Cabo Verde Shipyards                                                       |
| CAN/CHAN        | African Nations Championship                                               |
| CAV             | Victim Support Centers                                                     |
| CEDAW           | Convention on the Elimination of All Forms of Discrimination Against Women |
| CEDEAO/ECOWAS   | Economic Community of West African States                                  |
| CERMI           | Center for Renewable Energies and Industrial Maintenance                   |
| CEFP            | Center for Employment and Professional Training                            |
| CFI             | International Financial Center                                             |
| CSU             | Single Social Registry                                                     |
| CH <sub>4</sub> | Methane                                                                    |
| CGOV            | Head of Government                                                         |
| CIN/IBC         | International Business Center                                              |
| CNEST           | National Statistics Council                                                |
| CNQ             | National Qualifications Catalogue                                          |
| CO <sub>2</sub> | Carbon Dioxide                                                             |
| CPLP            | Community of Portuguese Speaking Countries                                 |
| CPPI            | Intellectual Property Policy Charter                                       |
| CQNUMC/UNFCCC   | United Nations Framework Convention on Climate Change                      |
| CRCV            | Constitution of the Republic of Cabo Verde                                 |
| CREAM           | Clear, Relevant, Economic, Adequate, and Monitorable                       |
| CSMJ            | Superior Council of the Judiciary                                          |
| CSMP            | Superior Council of the Public Prosecutor's Office                         |
| CT&I/STI        | Science, Technology, and Innovation                                        |
| CVA             | Cabo Verde Airlines                                                        |
| CVIF            | Cabo Verde Investment Forum                                                |
| CVFF            | Cabo Verde Fast Ferry                                                      |
| DD              | Demographic Dividend                                                       |
| DGPOG           | Directorate General of Planning, Budgeting, and Management                 |
| DHIS 2          | District Health Information Software 2                                     |
| DNOCP           | National Directorate of Budgeting and Public Accounting                    |
| DNP             | National Directorate of Planning                                           |

|          |                                                                     |
|----------|---------------------------------------------------------------------|
| DPI      | Intellectual Property Rights                                        |
| EB       | Basic Education                                                     |
| ECV/CVE  | Cabo Verde Escudo                                                   |
| EDS/SDS  | Sustainable Development Strategy                                    |
| EHTCV    | Cabo Verde Hospitality and Tourism School                           |
| EMAR     | Maritime School                                                     |
| ENAPOR   | National Port Authority                                             |
| ENDE     | National Strategy for Statistical Development                       |
| ENRRD    | National Strategy to Reduce Disaster Risk                           |
| ETAR     | Wastewater Treatment Plant                                          |
| EU       | European Union                                                      |
| EUA/USA  | United States of America                                            |
| FAA      | Federal Aviation Administration                                     |
| FADSTM   | Autonomous Maritime Transport Safety and Development Fund           |
| FAO      | Food and Agriculture Organization                                   |
| FCIT     | Foundation for Science, Technology and Innovation                   |
| FED/EDF  | European Development Fund                                           |
| FGV EESP | São Paulo School of Economics at the Getúlio Vargas Foundation      |
| FMI/IMF  | International Monetary Fund                                         |
| GEE/GGE  | Greenhouse Gas Effect                                               |
| GOPEDS   | Major Options of the Sustainable Tourism Development Strategic Plan |
| HNWI     | High Net Worth Individuals                                          |
| HPV      | Human Papillomavirus                                                |
| I&D/R&D  | Research & Development                                              |
| ICCA     | Cabo Verde Institute for Children and Adolescents                   |
| ICIEG    | Cabo Verde Institute for Equality and Gender Equity                 |
| IDE/FDI  | Foreign Direct Investment                                           |
| IDH/HDI  | Human Development Index                                             |
| IDRF     | Household Income and Expenditure Survey                             |
| IE&I     | Energy & Industry Institute                                         |
| IEFP     | Institute for Employment and Professional Training                  |
| IES      | Institution of Higher Learning                                      |
| IFH      | Imobiliária, Fundiária e Habitat, S.A.                              |
| INMLCF   | National Institute of Legal Medicine and Forensic Sciences          |
| IMAR     | Institute of the Sea                                                |
| INPS     | National Social Security Institute                                  |
| INFF     | Integrated National Framework for Financing                         |
| INE      | National Institute of Statistics                                    |
| IMC      | Common Multi-Objective Survey                                       |
| IPCC     | Intergovernmental Panel on Climate Change                           |
| IPP      | Independent Power Producer                                          |
| IQ/QI    | Quality Infrastructure                                              |
| IVA/VAT  | Value Added Tax                                                     |
| LBOTPU   | Framework Law on Land Use and Urban Planning                        |
| LBSNP    | Framework Law on the National Planning System                       |
| LEAD     | Experimental Laboratory for Arts, Crafts, and Design                |
| LNG      | Liquefied Natural Gas                                               |
| LMN      | National Metrology Laboratory                                       |

|           |                                                        |
|-----------|--------------------------------------------------------|
| MAA       | Ministry of Agriculture and the Environment            |
| MCIC      | Ministry of Culture and Creative Industries            |
| MDESP     | Ministry of Sports                                     |
| ME        | Ministry of Education                                  |
| NEE       | Special Education Needs                                |
| MIC       | Middle Income Country                                  |
| MPME/SME  | Small and Medium-sized Enterprises                     |
| NAP       | National Adaptation Plan                               |
| NDC       | Nationally Determined Contributions                    |
| ND-GAIN   | University of Notre Dame Global Adaptation Index       |
| NEET      | Not in Employment Education or Training                |
| NV        | Live Births                                            |
| OCDE/OECD | Organization for Economic Co-operation and Development |
| ODINE     | Delegate Bodies of the National Statistics Institute   |
| ODS/SDG   | Sustainable Development Goals                          |
| OE/SB     | State Budget                                           |
| OIT/ILO   | International Labor Organization                       |
| ONG/NGO   | Non-Governmental Organizations                         |
| PALOP     | Portuguese-Speaking African Countries                  |
| PCCS      | Jobs, Careers, and Wages Plan                          |
| PNASS     | National Plan of Action for Sanitation Security        |
| PASAS     | Water and Sanitation Sector Support Program            |
| PEDS      | Sustainable Development Strategic Plan                 |
| PECT&I    | Science, Technology, & Innovation Strategic Plan       |
| PEE       | Strategic Education Plan                               |
| PEFA      | Public Expenditure and Financial Accountability        |
| PEID/SIDS | Small Island Developing States                         |
| PEMDS     | Municipal Sustainable Development Strategic Plan       |
| PIB/GDP   | Gross Domestic Product                                 |
| PLANAH    | National Housing Plan                                  |
| PLENAS    | National Water and Sanitation Strategic Plan           |
| PNBIMA    | Inferno Bay and Monte Angra Nature Reserve             |
| PNC       | National Science Program                               |
| PNCTP     | National Plan to Combat Human Trafficking              |
| PNIG      | National Plan for Gender Equality                      |
| PNQ       | National Quality Plan                                  |
| PNUD/UNDP | United Nations Development Program                     |
| PNSIC     | National Homeland Security Program                     |
| PNASS     | National Plan of Action for Sanitation Security        |
| POT       | Tourism Operational Program                            |
| PPI/SIC   | Small Island Country                                   |
| PPP       | Public-Private Partnership                             |
| PRH       | Housing Regeneration Program                           |
| PSH       | Housing Sector Profile                                 |
| QDMP      | Medium-Term Expense Framework                          |
| RNI       | Notary and Identification Records                      |
| RNOTPU    | National Land Use and Urban Planning Regulations       |
| SAIDI     | System Average Interruption Duration Index             |

|              |                                                                   |
|--------------|-------------------------------------------------------------------|
| SAIFI        | System Average Interruption Frequency Index                       |
| SDG          | Sustainable Development Goals                                     |
| SNMIG        | National Geophysical Information and Monitoring System            |
| SNQC         | Cabo Verde National Quality System                                |
| SAN          | Food and Nutritional Safety                                       |
| SEM          | National Statistical System                                       |
| SEE          | State Enterprise Sector                                           |
| SIArt        | Integrated Handicraft System                                      |
| SIDA/AIDS    | Acquired Immunodeficiency Syndrome                                |
| SIDS         | Small Island Developing States                                    |
| SMILO        | Small Islands Organization                                        |
| SNP          | National Planning System                                          |
| SNS          | National Health System                                            |
| TACV         | Cabo Verde Air Transport                                          |
| TIC/ICT      | Information and Communication Technologies                        |
| TICV         | Cabo Verde Inter-Island Transport                                 |
| UHNWI        | Ultra-High Net Worth Individuals                                  |
| UIC/IUCN     | International Union for Conservation of Nature                    |
| UK           | United Kingdom                                                    |
| UNESCO       | United Nations Educational, Scientific, and Cultural Organization |
| UTA          | Universidade Técnica do Atlântico                                 |
| VAB/GVA      | Gross Value Added                                                 |
| VAM/MVA      | Manufactured Value Added                                          |
| V2G          | Vehicle-to-grid                                                   |
| VIH/HIV      | Human Immunodeficiency Virus                                      |
| VBG/GBV      | Gender-based violence                                             |
| VMS          | Vessel Monitoring System                                          |
| VNR          | Voluntary National Review                                         |
| ZEE          | Exclusive Economic Zone                                           |
| ZEEEMSV      | Special Maritime Economic Zone in São Vicente                     |
| ZDTI         | Integrated Tourism Development Zone                               |
| ZLCCA/AFCFTA | African Continental Free Trade Area                               |

## PREFACE

With the 2017-2021 Sustainable Development Strategic Plan, we chose a path for Cabo Verde—dynamic insertion into the global economic system—and a function—as a circulation economy located in the mid-Atlantic—that is, a hub. We assured the integration, alignment, and localization of the Sustainable Development Goals (SDG), which promise accelerated sustainable development; and despite years of drought and the COVID-19 pandemic, we reduced inequalities and absolute poverty.

Cabo Verde is currently experiencing a three-pronged crisis, since, apart from the shock associated with climate issues, with four consecutive years of drought and the COVID-19 pandemic, the country has been confronted with the war in Ukraine and consequent overall rise in fuel and food prices. We are living in a period of uncertainties but mitigating the effects of these crises and promoting economic resumption, by remaining committed to sustainable development, investing in building resilience, namely through energy transition, diversifying the economy, and strengthening social protections.

The 2022-2026 Sustainable Development Strategic Plan (PEDS II) implements the government's program, and as such, is the state's instrument for driving change and accelerating progress to complete the first cycle of Ambition 2030.

With the PEDS II, we seek to make Cabo Verde an advanced democracy by 2026, a dynamic economy in digitalization and diversification, an inclusive nation, integrated into ECOWAS, with shared prosperity, international prestige, and a reason of pride for one and all. **We are going to make this ambition a reality:**

By promoting economic recovery, achieving fiscal consolidation, and recording sustainable growth, through efforts to diversify Cabo Verde while gradually turning our country into a hub.

By promoting the social development of human capital, inclusion, and mobility, reducing inequalities, eradicating extreme poverty, and gender equality.

By promoting decentralization, regional development, and the convergence of territorial cohesion, urban quality and sustainability, environmental sustainability, climate action, and resilience, and valuing biodiversity and geodiversity.

By consolidating national sovereignty, placing greater value on democracy, the diaspora, and the international prestige of Cabo Verde, and promoting regional integration and a dynamic role for our country into the global economic system.

We are on this path, promoting Cabo Verde as a tourist, maritime, air, digital, and innovation hub for industry, commerce, sports, and healthcare, while developing internal connectivity by land, sea, air, and digitally for mobility and to integrate the islands with one another, and with the rest of the world and other healthy cities. By transforming agriculture and guaranteeing water and sanitation for one and all, developing science and research, in particular, quality, and intellectual property. By investing in the country's infrastructure, prioritizing social protection, developing the culture and creative industries, preserving the environment, and valuing biodiversity and geodiversity. It is with this PEDS that we shall develop human capital through excellence in education, namely secondary education reform, and expanding the coverage of higher education aligned with leading international practices, professional training that meets the priorities of catalytic sectors, lowering unemployment, especially youth unemployment—the contingent of young people who do have a job, education, or training. By investing more in equality and gender equity, promoting a new paradigm for Cabo Verdean diplomacy, and mobilizing resources and partners, with an information system for sustainable development, by modernizing the State and public administration, ensuring justice and social peace, transforming the Cabo Verdean diaspora into a central focus, and furthering governance and democracy, thus accomplishing our human rights agenda.

*José Ulisses de Pina Correia e Silva*

*Prime Minister*

## EXECUTIVE SUMMARY

Cabo Verde had been recording high rates of economic growth leading up to the pandemic and had started down a path to budget consolidation, strengthening its external position by greatly reducing inequality and poverty; but as a country that is heavily dependent on tourism, this path was interrupted by the COVID-19 pandemic, which decreased tourism demand by around 75% in 2020. Consequently, the economy shrank by 14.8%, with considerable losses of government revenue, higher unemployment, an exclusion of the youth, and greater absolute poverty. In 2021, economic growth resumed, up nearly 7%, with lower inflation, that is, only 1.9%; yet Cabo Verde is currently experiencing a three-pronged crisis arising from factors that are difficult to control. Apart from climate-related shocks associated with four consecutive years of drought and the COVID-19 pandemic, the country has been affected by the war in Ukraine and consequent overall increase in prices, especially those of fuels and food, with inflation rising to 7.9% at the end of 2022, a year in which the economy will have grown between 14.4% and 15.2%. We expect improvements in 2023, with growing demand for tourism. The economy should expand by around 4.9%, with inflation falling to 4.3%, a decline in the primary balance to -2.6%, and public debt at 122.8% of GDP.

Despite this context of crises and uncertainties, we should be able, with the 2022-2026 Sustainable Development Strategic Plan (PEDS II), to recover and diversify the country's economy, eradicate extreme poverty, and reduce absolute

poverty to around 20.5%, facing the fatality of climate change by creating a capacity for adaptation and resilience, and promoting Cabo Verde as a hub. To diversify the economy, the country's authorities have a long-term strategy based on vertical and horizontal diversification, choosing accelerators and prioritizing catalytic sectors. Structural measures are being adopted, such as investing in energy transition, improving the business environment, developing human capital, investing in a new industrial policy, reforming the state enterprise sector, strengthening regulations, and creating special economic zones to better leverage the islands' potential and speed up productive investment in catalytic sectors, such as tourism, the blue economy, the digital economy, energy, industry, and agriculture.

The PEDS II implements the 10<sup>th</sup> Legislature's governance program and the Cabo Verde Sustainable Development Strategic Agenda, and in particular shall drive change and speed progress for us to be able to complete this first cycle of Ambition 2030. With the PEDS II, by 2026, we seek to make Cabo Verde an advanced democracy, a dynamic economy in digitalization and diversification, an inclusive nation, integrated into ECOWAS, with shared prosperity, international prestige, and a reason of pride for one and all. We project, by 2026, reaching 1.2 million tourists, with an average growth in GDP of 7.7%, average inflation of around 3.8%, in a context of budget consolidation, achieving a positive primary balance equivalent to around 0.2%, with the public debt at 105% of GDP, and GDP per capita of around US\$ 4,846, reducing regional

asymmetries, and making substantial progress in terms of territorial cohesion.

Despite reforms made in the transport sector, **connectivity** continues to be one of the greatest challenges that Cabo Verde needs to overcome during this cycle of the PEDS II, on land, at sea, and digitally, by implementing the changes projected as part of the Cabo Verde Maritime Hub, the Cabo Verde Air Hub, the Cabo Verde Digital Hub, with programs for innovation and safe, modern infrastructure.

The changes that the PEDS II should drive and the progress to be made will be implemented through 28 programs across four pillars. **The Economic Pillar**, with 14 programs to meet the strategic goal of assuring economic recovery, budget consolidation, sustainable growth, diversification, and making Cabo Verde a hub. **The Social Pillar**, with four programs that meet the strategic goal of social development of human capital, inclusion, and mobility, reducing inequality, eradicating extreme poverty, and gender equality. **The Environment Pillar** with three programs that meet the strategic goal of assuring water and sanitation for all, climate action, resilience, environmental quality, and valuing biodiversity and geodiversity. **The Sovereignty Pillar**, with seven programs that meet the strategic goal of consolidating national sovereignty, placing greater value on democracy, the diaspora, and the international prestige of Cabo Verde, and promoting regional integration and the country's dynamic membership of the global economic system.

Through the PEDS II, we are engaging in **Business Development**, improving the business environment, strengthening

efficiency in the approval, implementation, and diversification of foreign direct investment, increasing exports, improving access to financing, and drawing the business community tighter, in a context of macroeconomic stability and budget consolidation. We are going to diversify the economy by promoting Cabo Verde as a hub.

With the **Tourism Hub**, drawing in 1.2 million tourists, we shall diversify tourism across the islands and in terms of products, operators, and source markets, increasing the tourism industry's value added by tying it to agriculture, transport, culture, and creative industries, and strengthening its contribution to employment and income. With the **Maritime Hub**, promoting a transition to the blue economy, including the development of ports, maritime transport, and logistics, fishing, marine tourism, water sports, bunkering, international ship registry, repair, and shipbuilding, sustainable resource management through planning of coastal and marine environments, and combating ocean pollution and undeclared, unregulated, illegal fishing.

With the **Air Hub**, valuing our strategic location in the mid-Atlantic, including international integration of the nation's civil aviation and strengthening mobility and connectivity by creating a competitive, reliable, and attractive hub capable of attracting intense foreign direct investment in air transport, tourism, international distribution logistics, export processing, and providing multiple specialized support services to companies. **Transforming Agriculture**, that is, making the transition to modern, more resilient agriculture adapted to climate change that is more productive, more competitive, based on

climate-change-resilient and adapted techniques and technologies, with a reduction in the foraging deficit, setting up priority value chains, making the agricultural sector more closely knit, and increasing its contribution to GDP and well-paying jobs.

**Transforming Cabo Verde into an International Sports Hub** with the expansion of sports, promoting national school games, formalizing, training, and specializing human resources, investing in certified infrastructure but also promoting major international sporting events, and ensuring national representation in fundamental and community competitions.

We shall follow this transformational path by promoting the **Scientific Development** to accelerate sustainable development, increasing investment in scientific research to levels of no less than 1.5% of GDP, with proficiency in Portuguese, English, and French, and specialized teaching of our own native language, while promoting quality and intellectual property.

With the PEDS II, we shall develop **Public Infrastructure** by expanding public investments in infrastructure to enable transformational results in agriculture, fishing, silviculture, sports, education, energy, water and sanitation, including solid waste, healthcare, industry, the digital economy, and transportation. We shall shrink the housing deficit and housing insecurity by promoting land use through innovation, research, monitoring, and the evaluation of plans, creating a land use observatory, with a building registry, organizing ZDTIs, reviewing municipal master plans, and providing land-use plans for the coastline and adjacent sea.

Our ambition is to transform Cabo Verde into a **Digital and Innovation Hub** in Africa and make its digital economy one of the largest generators of wealth, contributing at least 25% to GDP by 2030. Cabo Verde has dividends that enable it to foresee the development of a digital economy able to address and overcome the challenges of technological infrastructure, that is, connectivity, energy efficiency and independence, training, research and technological innovation, the digital transformation of companies, and the digital market, by taking advantage of the demographic dividend and investing heavily in its young population. To turn this ambition into a reality, Cabo Verde must position itself during this 2022-2026 cycle as a major provider of products and services to the African continent, capitalizing on investments already made in the technological ecosystem, such as electronic governance and its technological park. The expansion of connectivity infrastructure, like underwater cables, and the Praia and Mindelo Technological Park, are relevant types of infrastructure for digital transformation. The Special Economic Zone for Technologies shall favor foreign direct investment to accelerate business in the digital economy in Cabo Verde and transform the country into a digital hub. Recognizing that the high cost of broadband internet weighs heavily on poor families' household budgets, and noting that digital inclusion is essential for access to information and knowledge, the internet will be instituted as an essential good. During this cycle, internationalization and **Made-in-CV ICT** will be promoted to encourage the provision of digital services. A transformed digitalized economy is one that is prepared to address global threats and challenges, and digitalization of the

economy is a factor in global competitiveness. With the PEDS II, we shall complete the first cycle of ambition 2030, that is, transforming the digital economy, making Cabo Verde a transformed digitalized economy, a regional hub for telecommunications, a regional center of innovation, entrepreneurship, and excellence, and a regional market that is a benchmark for the digital economy.

During this cycle, we shall create the essential conditions to **transform Cabo Verde into a financial hub** by creating opportunities for international banks and funds to perform international financial operations from the country, providing support to companies that set up offices in Cabo Verde, and promoting the export of digital services, as well as offering support for relaunching the industry, seeking, above all, to increase the export of goods. We are aware that an international financial center assumes: having a strategic location (geographically speaking); a highly relevant role in the global financial system; hosting multiple multinational commercial and financial institutions, and a renowned stock exchange; world-class communications infrastructure and commercial systems; a transparent regulatory and legal framework supported by a stable macroeconomic and political system; a favorable destination for professionals who demand high standards of living; a thriving economy and the presence of leading anchor business sectors; a favorable tax system; electronic and telecommunication industries; a center of technological innovation and a university research environment; and an ecosystem favorable to funding startups and fintechs. We are going to make the necessary

changes to contingent factors like the business environment, regulations, supervision, and developing human capital, the urban ecosystem, financial services, and connectivity.

During this cycle, **we shall strengthen the exploration of opportunities in the extractive industry and invest in the manufacturing industry**, exploring opportunities in emerging sectors to promote infrastructure, FDI, access to funding, entrepreneurship, support for existing industries, quality, and business incubation. We shall improve productivity and lower production costs. We shall promote high-level agreements for commercial integration, like the ZLCAA, implementation of the Single Window for Foreign Trade, and lower tariff and nontariff barriers to trade. We shall promote energy efficiency, stronger institutions, improvements to the business environment, and reforms of the energy market's organizational structure. We are going to adjust the National Petroleum System to include natural gas as an option for the bunkering market, continue to invest in strategic infrastructure, encourage research and development, along with inclusion, and we shall accelerate electric mobility.

During this cycle, we plan to **universalize social protection** with an integrated approach, by expanding social welfare, coverage of the contribution system, social protection in healthcare, academic and social actions, immigrants, access to labor administration services, and consolidation of the single social registry. We are going to promote the development of human capital by universalizing quality preschool, consolidating reforms of basic education, secondary education reforms, promoting

the affirmation and sustainability of higher education, by increasing access, equity, and alignment with leading international practices, as well as by expanding access for women and youth to measures for support of training and employability.

With the PEDS II, we are investing in the **Integrated Development of Healthcare** and transformation of Cabo Verde into an international healthcare hub. We will accomplish this task by reducing infant mortality, halting maternal mortality, reducing teenage pregnancy, developing the health information system, reducing deaths from non-communicable diseases, consolidating the regionalization of healthcare, promoting gender equality, achieving certification as a country that is free from malaria, tuberculosis, mother-to-child transmission of HIV, and other communicable diseases, as well as public health problems. We shall reduce our dependence on internal and external evacuation by developing digital solutions for public health, implementing the Cabo Verde Hospital, and developing a pharmaceutical industry that produces vaccines and makes and repairs healthcare equipment for domestic consumption and export.

We shall **develop Culture and Creative Industries** as assets to rehabilitate museums, implementing a plan to safeguard heritage buildings, strengthening capacities at Schools of Art, and expanding scholarships for access to culture for the children and youth of vulnerable families, boosting grants to finance artistic initiatives, creating the Artist Card and the Artist Statute, implementing the Experimental Art, Handicrafts, and Design Laboratory in nine municipalities, a network of “Handicrafts Created in Cabo

Verde” stores in six municipalities, creating a National Archives System, **mobilizing major film producers and filmmakers, and promoting Cabo Verde as a place to shoot films.**

We shall further **Gender Equality and Equity** by promoting women's autonomy, LGBTQI rights, reducing the reproductive labor burden on women, reducing social control of women by their partners, and increasing parity among mid-level heads of the central public administration and at local agencies, and by expanding care for GBV cases at victim support centers.

We will accomplish this part of the PEDS II through **essential investment in water and sanitation** for all, improving the supply of water and sanitation throughout national territory, implementing project Brava 100% renewable, the inter-municipal operational plan for waste management in Santiago, and providing the islands of Fogo, São Vicente, and Santo Antão with regulated landfills, and the island of Maio with a modern system for waste collection and treatment; by protecting the environment and valuing biodiversity and geodiversity, increasing protected land and marine areas, strengthening the protection of priority species, and reversing the trend of losing biodiversity. Implementing the Fogo and Maio Biosphere Reserves, a network of geodiversity resources, strengthening environmental literacy, ecological awareness, and seismological and volcanological information, with an inspection and licensing system; through climate and resilience action, that is, by implementing effective and efficient climate governance from a mitigation and adaptation standpoint that integrates climate change into policies, plans, and strategies, increasing resilience to climate

change, reducing CO<sub>2</sub> emissions and other greenhouse gasses, implementing municipal plans for adapting to climate change, and strengthening the population's access to climate information and alerts.

The changes that the PEDS II shall drive and the progress to be made assume a **new paradigm for Cabo Verdean diplomacy**; that is, implementing diplomacy to make the Cabo Verdean diaspora a central focus and increasing its international awareness and prestige, making advances on regional integration, consolidating the country's position as a relevant, useful partner in the mid-Atlantic. It entails mobilizing external resources for the PEDS II and SIDS-focused financing, promoting new forms of debt management, increasing exports, responding to consular service demands, and deepening and furthering participation in negotiations, aimed at codifying international law. These changes will only be possible with a powerful **information system for sustainable development** that assures through the National Statistics System the production and availability of official statistics to meet the demand from a large majority of users on a regular basis, with quality, pertinence, and relevance, along with a Center of Intelligence and Public Policies that assures that a majority of studies supporting sustainable development are carried out in the Cabo Verde Ambition 2030 agenda, with publication of public policy catalogues.

In particular, if our ambition in terms of justice and social peace is accomplished, the PEDS shall drive changes, assuring access for all to justice and fundamental rights, reducing pending cases and procedural slowdowns, improving the social reinsertion of former inmates, modernizing the Judiciary Police's services,

and assuring online access by citizens to the majority of the RNI's services. Besides justice and social peace, these changes also imply strengthening national security by reducing police incidents, ensuring the legal operation of all private security companies, reducing vulnerability to natural and technological disasters, reinforcing security in the Exclusive Economic Zone and on the roads, ensuring conditions and greater participation by women in the Armed Forces, with greater awareness and a positive perception by the population.

Making changes and driving progress depends especially on **Modernization of the State and Public Administration**, with implementation of integrated forward-looking management instruments for human resources in public administration, and investing in particular in training, by expanding the computerization of most services, greatly increasing online digital services and elevating their quality and equitable access, increasing the population's satisfaction in relation to public services. It also assumes a more transparent government through access to and availability of information, along with a National System for Document and Archive Management for most public services.

One of the fundamental changes that the PEDS II should produce is the **transformation of the Cabo Verdean diaspora into a central focus**, furthering knowledge and adjusting public administration to the diaspora's demands, making seasonal emigration more dynamic, strengthening social protections and the diaspora's participation in the Cabo Verdean political system. Strengthening the diaspora's integration, identity, and

associative movement, the participation of diaspora scientists and researchers in the process of scientific development, leveraging existing economic opportunities, and in general the diaspora's participation in the development of Cabo Verde.

With the PEDS II, Cabo Verde shall become qualified in terms of **governance and democracy**, which are the greatest assets and pillars of foreign credibility; in other words, continuing to combat corruption, improving the quality and transparency of public spending, increasing government revenue, assuring participation by the majority of the population in elections, improving the recognition and credibility of sovereign bodies, promoting **healthy cities**, furthering decentralization, municipal policy, reinforcing the role of Parliament in enabling the viability and political control of the PEDS II, conditions for exercising democratic opposition, and consolidating the Presidency of the Republic. Strengthening the role of the Ministry of Finance and Business Development as a leader of the National Planning System and its leadership in carrying out the PEDS; strengthening regulations and the independence of social communication and promoting sustainable conditions of private entities; reinforcing the private sector's participation in the planning process, in developing human capital, and in leadership of the economy and employment, and investing in empowerment and partnerships for the sustainability of NGOs.

The PEDS II budget is estimated at around **CVE 555 billion**, with CVE 479 billion earmarked for the four pillars, and CVE 76 billion for management and general administration. These figures refer to public sector spending, including state-owned enterprises. The Economic Pillar has the largest budget, at 52.8% of the four pillars' budget and 45.6% of the overall PEDS II budget, followed by the Social Pillar, with 29.2% of the pillar budget and 25.2% of the overall budget; and the Sovereignty Pillar, with 13% of the pillar budget and 11.2% of the overall PEDS budget. Pillar 3, focusing on the environment, has a budget of just 5% of the pillar budget and 4.3% of the plan's overall budget. Housing, urban development, and land management is the program with the largest budget, followed by the Protection of Social Development of Human Capital program, Integrated Healthcare Development, Strengthening National Security, Cabo Verde Tourism Hub, Water and Sanitation, Cabo Verde Digital Hub and Business Development, which total around 76.3% of the four pillars' budget and 65.9% of the PEDS II budget. However, the changes this strategic plan calls for will depend on private investment in particular, especially for implementation of the catalytic projects that enable the hubs.

The PEDS II is thus expected to be an instrument for dialogue between the government and domestic and foreign private sectors for promoting the business environment, enhancing the regulatory framework, and in particular, increasing trust in the present and future through the mobilization of foreign direct investment.

## I. DIAGNOSIS

### SUMMARY OF THE CURRENT ECONOMIC SITUATION AND OUTLOOK

#### 1.1 International Macroeconomic Scenario in 2022-2026

The Cabo Verdean economy depends heavily on the rest of the world and is a reflection of the economic repercussions of its leading external partners in recent years. The health and economic crisis caused by the COVID-19 pandemic, along with Russia's invasion of Ukraine in February 2022, exacerbated socioeconomic vulnerabilities across leading global markets.

Inflationary tensions initiated after the pandemic have been broadly affected by the war, owing to a worsening disruption of global supply chains, with rising food and fuel prices worldwide.

In this scenario of heightened geopolitical and economic uncertainties, rising cost of living, rising interest rates, and tighter financial conditions in the majority of regions, arising from more restrictive monetary policies adopted by the world's leading central banks, among other associated risks, should negatively impact global economic activity in the medium term.

According to the International Monetary Fund (IMF), global economic growth is expected to decline by 6% in 2021, to 3.2% in 2022, and 2.7% in 2023. This performance, according to IMF data, will be the lowest growth recorded since 2001, excluding the financial crisis (-0.1%) and the pandemic (-3.0%).

**Table No. 1. International Macro Scenario 2022-2026**

|                               | 2017 | 2018 | 2019 | 2020 | 2021 E | 2022 P | 2023 P | 2024 P | 2025 P | 2026 P |
|-------------------------------|------|------|------|------|--------|--------|--------|--------|--------|--------|
| Gross Domestic Product        |      |      |      |      |        |        |        |        |        |        |
| World Economy                 | 3.8  | 3.6  | 2.8  | -3.0 | 6.0    | 3.2    | 2.7    | 3.2    | 3.4    | 3.3    |
| Advanced Economies            | 2.5  | 2.3  | 1.7  | -4.4 | 5.2    | 2.4    | 1.1    | 1.6    | 1.9    | 1.9    |
| Euro Zone                     | 2.6  | 1.8  | 1.6  | -6.1 | 5.2    | 3.1    | 0.5    | 1.8    | 1.9    | 1.7    |
| United Kingdom                | 2.1  | 1.7  | 1.7  | -9.3 | 7.4    | 3.6    | 0.3    | 0.6    | 2.3    | 2.2    |
| United States                 | 2.3  | 2.9  | 2.3  | -3.4 | 5.7    | 1.6    | 1.0    | 1.2    | 1.8    | 2.1    |
| Emerging and Developing Econ. | 4.8  | 4.6  | 3.6  | -1.9 | 6.6    | 3.7    | 3.7    | 4.3    | 4.3    | 4.3    |
| Sub-Saharan Africa            | 3.0  | 3.3  | 3.2  | -1.6 | 4.7    | 3.6    | 3.7    | 4.1    | 4.2    | 4.3    |
| ECOWAS                        | 5.3  | 5.2  | 4.9  | -0.1 | 5.0    | 5.0    | 5.2    | 6.2    | 5.6    | 5.3    |
| Inflação                      |      |      |      |      |        |        |        |        |        |        |
| World Economy                 | 3.3  | 3.6  | 3.5  | 3.2  | 4.7    | 8.8    | 6.5    | 4.1    | 3.6    | 3.4    |
| Advanced Economies            | 1.7  | 2.0  | 1.4  | 0.7  | 3.1    | 7.2    | 4.4    | 2.4    | 2.0    | 1.9    |
| Euro Zone                     | 1.5  | 1.8  | 1.2  | 0.3  | 2.6    | 8.3    | 5.7    | 2.7    | 2.2    | 1.9    |
| United Kingdom                | 2.7  | 2.5  | 1.8  | 0.9  | 2.6    | 9.1    | 9.0    | 3.7    | 1.8    | 2.0    |
| United States                 | 2.1  | 2.4  | 1.8  | 1.2  | 4.7    | 8.1    | 3.5    | 2.2    | 2.0    | 2.0    |
| Emerging and Developing Econ. | 4.5  | 5.0  | 5.1  | 5.1  | 5.9    | 9.9    | 8.1    | 5.3    | 4.6    | 4.4    |
| Sub-Saharan Africa            | 10.7 | 8.3  | 8.2  | 10.2 | 11.1   | 14.4   | 11.9   | 8.6    | 7.3    | 7.0    |
| ECOWAS                        | 5.6  | 5.9  | 4.7  | 5.8  | 6.3    | 11.1   | 8.3    | 6.1    | 5.0    | 4.5    |

Source: IMF (WEO, October 2022)

The expected slowdown in global economic activity has gotten significantly worse, with inflation recording its highest level in decades. The global macroeconomic situation in the short to medium term depends upon proper calibration of monetary and budget policies, as well as the course of the war in Ukraine. Policy measures should focus on restoring price stability and relieving inflationary pressures on the cost of living, resulting in an improvement of labor market conditions and household income, especially among the poorest families.

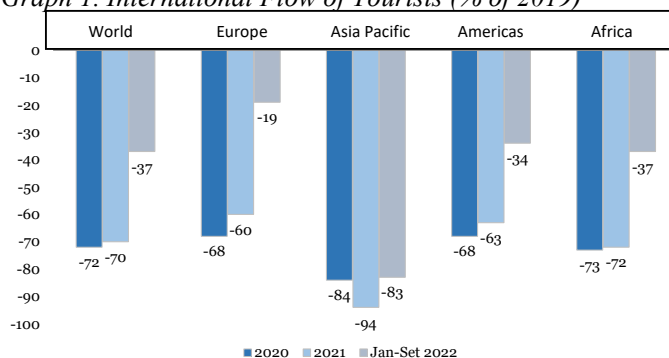
The outlook for advanced economies is a slowdown, after growth of 5.2% (+9.6 bp compared to 2020) in 2021. Looking out to 2026, GDP growth is expected to slow down to around 1.6%. This dynamic reflects the expected decline in economic activity among the group's leading economies, such as the United States (US), Euro Zone, and United Kingdom, owing to the decline in real disposable income among households and more expensive investment costs.

For emerging and developing economies, these data indicate average GDP growth of 4.1% between 2022 and 2023. In that group, the economies of Sub-Saharan Africa are expected to grow on average 4.0% during the period, after having shrunk 1.6% in 2020 and grown 4.7% in 2021. Economies comprising the Economic Community of West African States (ECOWAS), a group that includes Cabo Verde, expects average GDP growth of around 5.5% between 2022 and 2026 (compared to 4.1% from 2017 to 2021). Also in this group, it is worth mentioning the performance by countries in the West African Economic and Monetary Union (WAEMU), which had higher levels of growth (an average of 5.9%, from 2022 to 2026), explained in large part by the advances secured through institutional quality and low inflation.

Analyzing global price levels, data from *Table No. 1* show that global inflation is expected to rise around 8.8% in 2022, broadly reflecting the effects of higher commodity prices on international markets, and energy prices in particular, with average growth in excess of 60% in 2022. Between 2023 and 2026, average global inflation is expected to stabilize at around 4.4%; though oil and food prices should remain at elevated levels.

In terms of tourism, the main driver of Cabo Verde's economy, data from the UNWTO indicate that the flow of international tourists rose by 133% from January to September 2022, reaching a total of 700 million tourists (nearly 62% of the pre-pandemic level) worldwide. The recovery in Europe (+126%) was faster, with tourist arrivals reaching 81% of the numbers recorded in 2019, while on the African continent, this figure was only 63% of the amount recorded prior to the pandemic.

Graph 1. International Flow of Tourists (% of 2019)



Source: UNWTO

By the end of 2022, the global recovery is expected to reach 65% of 2019 levels, representing around 900 million tourists worldwide. However, economic, geopolitical, and ecological changes are expected to affect the economic outlook in the years to come. It is also worth noting that persistently high prices, mainly among fuel and food items, will be a challenge for resumption of economic activity in the short and medium term.

## 1.2 National Macroeconomic Scenario in 2022-2026

After a long period of macroeconomic stagnation, following the 2008-2009 international financial crisis, the macroeconomic performance of the Cabo Verdean economy during the first few years of implementing the PEDS I, prior to the pandemic, was noteworthy. The economy grew on average around 5% a year from 2016 to 2019, having reaching 5.7% in 2019, with low, stable inflation. The dynamics underlying that growth were based mainly on the tourism sector and the stability of foreign direct investment, with the number of tourists growing from 644,429 in 2016 to 819,308 in 2019. The budget position improved significantly during that period, with the overall deficit remaining under 3% of GDP, mainly owing to an improvement in mobilizing endogenous revenue (as a result of implementing fiscal and administrative reforms) and containing spending. The external position also improved, with the current account balance going from a deficit of 3.4% of GDP in 2016 to 1.0% of GDP in 2019, which contributed to international reserves rising from 541.4 million euros in 2016 to 661.2 million euros in 2019.

In recent years, a sequence of exogenous shocks has put the country in a constant "state of alert", with mitigating measures that challenge its macro-fiscal sustainability. Apart from five straight years of drought, in 2020, COVID-19 exposed the weaknesses of Cabo Verde's service-sector-based economy, at nearly 60% of GDP, with around 68% of employment tied to the tourism sector, which, for its part, generates around 25% of the nation's wealth.

After a cycle of strong growth in 2019, Cabo Verde, as an open country vulnerable to external shocks, was severely affected by the pandemic crisis caused by COVID-19. GDP shrank 14.8% in 2020, owing to the negative performance of tourism (a 78.2% decline in revenue), transport, industry, and trade. In this scenario of shrinking economic activity, in addition to the country's worsening external position, public-funding needs increased in order to combat the pandemic, translating into a budget deficit of 9.1% of GDP in 2020, which increased the public debt ratio to around 142.7% of GDP in 2021.

In order to counterbalance the effects of the health crisis and cushion the economic shock of the pandemic, the government intervened, adopting several measures to strengthen the national health system, to mitigate the effects of the crisis on the national business community, and to restore household purchasing power and social protection. In this adverse context, the involvement of the country's international partners and domestic institutions was crucial for meeting mitigation objectives, in particular, the package of exceptional measures for accommodative, prudential, monetary policy adopted by the Bank of Cabo Verde (BCV), to restore market confidence and facilitate the economic recovery.

*Table No. 2. Macro Fiscal Framework for 2022-2026*

|                                    | 2020      | 2021               | 2022E     | 2023P     | 2024P     | 2025P     | 2026P     |
|------------------------------------|-----------|--------------------|-----------|-----------|-----------|-----------|-----------|
| Nominal GDP MFFE                   | 180,733.5 | 196,836.4          | 232,260.7 | 249,642.3 | 269,083.5 | 289,588.3 | 310,181.1 |
| Variation Rate                     | -15.5%    | 8.9% [18.0%_19.8%] |           | 7.5%      | 7.8%      | 7.6%      | 7.1%      |
| Real GDP                           | 177,744.8 | 190,102.5          | 219,036.3 | 229,862.5 | 244,545.3 | 260,490.2 | 276,929.8 |
| Variation Rate                     | -14.8%    | 7.0% [14.4%_15.2%] |           | 4.9%      | 6.4%      | 6.5%      | 6.3%      |
| GDP per capital (USD)*             | 3,356.6   | 3,748.5            | 3,867.1   | 4,028.4   | 4,295.2   | 4,573.0   | 4,846.0   |
| Inflation                          | 0.6%      | 1.0%               | 7.9%      | 4.3%      | 2.6%      | 2.3%      | 2.0%      |
| Unemployment Rate                  | 14.5%     | 8.3%               | 8.1%      | 8.0%      | 7.8%      | 7.3%      | 6.9%      |
| Overall Balance                    | -9.1%     | -7.4%              | -4.2%     | -5.0%     | -4.0%     | -2.3%     | -1.7%     |
| Overall Primary Balance            | -6.4%     | -5.2%              | -1.9%     | -2.6%     | -1.4%     | -0.4%     | 0.2%      |
| Public Debt                        | 256,652.5 | 280,850.6          | 295,279.7 | 306,514.1 | 315,399.4 | 321,272.3 | 325,755.2 |
| As % of GDP                        | 142.0%    | 142.7%             | 127.1%    | 122.8%    | 117.2%    | 110.9%    | 105.0%    |
| Internal Debt                      | 71,380.2  | 81,541.0           | 92,266.3  | 99,094.0  | 103,366.3 | 107,284.2 | 111,003.1 |
| As % of GDP                        | 39.5%     | 41.4%              | 39.7%     | 39.7%     | 38.4%     | 37.0%     | 35.8%     |
| External Debt                      | 185,272.3 | 199,309.6          | 203,013.4 | 207,420.1 | 212,033.1 | 213,988.1 | 214,752.1 |
| As % of GDP                        | 102.5%    | 101.3%             | 87.4%     | 83.1%     | 78.8%     | 73.9%     | 69.2%     |
| *2022 – Dollar appreciation effect |           |                    |           |           |           |           |           |
| Dollar F/X rate                    | 96.7      | 93.2               | 105.5     | 107.6     | 107.6     | 107.6     | 107.6     |

Source: INE/BCV – Calculations MFFE (DNP-SPAME)

In 2021, even as prices rose internationally, owing to the logistical obstacles created by the pandemic, the economy showed signs of recovery, growing 7.0%, reflecting a gradual resumption in international trips and tourism. On the one hand, this performance reflects the combination of accommodative monetary policy, fiscal stimulus, and budget measures to support companies. In particular, providing lay-off facilities, direct transfers to microbusinesses, an intensification of the shared professional interns program, a moratorium on tax payments, an extension of installments to pay off tax debts, lowering the VAT to 10% for the tourism sector, creating a Treasury-backed line of credit at a preferred

interest rate of 3% a year, among other things. On the other hand, there were the effects of reopening economic and social activities on the dynamics of the country's external accounts, resulting from advances achieved in terms of vaccination against the COVID-19 virus and economic recovery among leading external markets.

However, in 2022, the country was again confronted with new adverse external shocks, namely, the crisis in Europe and the Euro Zone resulting from the war between Russia and Ukraine, consequently turning into an inflationary crisis caused by an exponential increase in the price of energy and food prices. Mitigation measures were implemented again by the Executive branch, seeking to stabilize companies' production costs and benefit household purchasing power, especially among the poorest families.

Despite these adversities, the tourism sector had its best performance since 2019, positively impacting transport services, accommodations, and catering, manufacturing, commerce, and other services. With these results, along with an improvement in the economic situation for businesses and households, the economy is estimated to have grown more than 15% in 2022.

For 2023, with the dynamics of tourism and contagion effects on other sectors, GDP is expected to move toward its potential value, growing at around 5%. Expected gains in terms of total factor productivity, as a result of greater diversification of the economy and implementation of structural reforms, should contribute to a maturation of these sectors and economic activity in the medium term. As such, average growth is projected to be 6.4% from 2024 to 2026, and consequently entail lower unemployment rates (average of 7.3% a year), as can be seen in *Table No. 2*. GDP per capita, for its part, should rise from US\$ 3867.1 in 2022 to around US\$ 4846.0 in 2026, helping to reduce poverty in the country.

With respect to domestic prices, the recovery of internal demand associated with supply-side restrictions, in response to the effects of the war in Ukraine, pushed up inflation from 1.9% in 2021 to 7.9% in 2022. For 2023, inflation is expected to fall to 4.3% as a result of an expected decline in import prices among the country's leading external markets. By 2026, prices will continue on their downward trend until reaching 2.0% at the end of this planning cycle, thus reaching levels attained during the post-Exchange Cooperation Agreement periods.

In terms of foreign trade, it should be noted that the external context is quite challenging. The dollar's strengthening has contributed to an increase in internal inflationary pressures and a rise in the cost of living, especially in less advanced economies like Cabo Verde, creating significant challenges for

managing the public debt. In this adverse scenario, the dollar is expected to continue to strengthen against the country's currency, going from 105.5 escudos per dollar in 2022 to 107.6 escudos per dollar in 2026.

According to data from the Bank of Cabo Verde, external sector indicators, in general, contributed to the favorable direction of external accounts in 2021, reflecting the economic recovery and reopening of leading external markets. In 2022, with the worsening geopolitical situation and unpredictability of the end of the war in Ukraine, as well as its direct and indirect harmful effects, external accounts will continue to be affected by the strangulations caused by global supply chains and the country's external competitiveness.

With respect to the latter, it should be noted that the deterioration of the terms of trade resulting from the shock to import prices, along with the decline in donations and increase in interest rates on the external public debt, contributed to a current account deficit of 12% of GDP in 2021. However, for 2022, the current account deficit is expected to improve substantially with improvements to exports and services, owing to the tourism sector's excellent performance, accounting for around 6.1% of GDP.

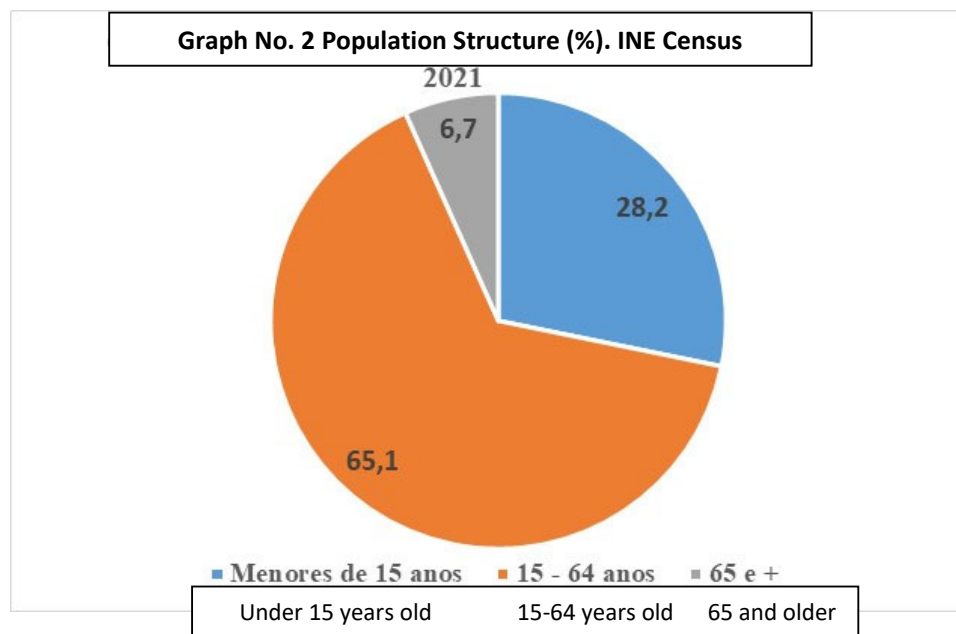
In 2022, foreign reserves fell in comparison to 2021; however, they should secure at least six months of scheduled imports. Despite these adversities, tourism is expected to improve considerably, contributing to an improvement in service exports, looking forward to 2026.

With respect to public accounts, the effects of successive droughts (five years in a row), the COVID-19 pandemic, and more recently, the war in Ukraine and its cascading effects on prices, the country's macro-fiscal risks have expanded. The various policy measures adopted in 2020 and 2021 to ensure that companies remained sound and liquid, to strengthen protection and support for families, to support employment and employability, and to improve health services, among other things, contributed to a break in the budget consolidation that began in 2018, as shown in *Table No. 2*.

Looking ahead to 2026, with the expected and projected pace of economic activity, public spending should accommodate preventive, mitigating measures of the impact from the international crisis on both the business community and households' food and nutritional security, along with maintaining the commitment for budget consolidation. The overall primary balance may enter positive territory (0.2% of GDP), with the public debt shrinking to 105.0% of GDP, 69.2% of which is external debt.

## Demographic Context

According to the INE, the resident population (2021 Census) was 491,233 people, 50.2% of whom were male and 49.8% were female. Around 65.1% of the resident population is active age, that is, between 15 and 64 years old; around 6.7% are 65 or older; and 28.2% are younger than 15 (*Graph No. 2*). Young people (15-34 years old) account for nearly 34.5% of the resident population.



Roughly 74.1% of the population lives in urban areas. Praia is the country's most populous district, with around 29.6% of the population, followed by S. Vicente (15.4%) and Santa Catarina (7.7%). Santa Catarina do Fogo is the least populated district, with only about 1% of the resident population of Cabo Verde. Around 44.5% of the population 12 years old or older is single, which is the most common status, followed by de facto unions (29.4%), with only 12.5% of that population being married.

Cabo Verde is in full demographic transition, with a fertility rate of 2.5 children per woman, and a high life expectancy of around 77 years. According to the Cabo Verde Demographic Dividends Profile, the window to the first demographic dividend opened around 1982 and may close some time around 2070. As such, it is a priority to intensify and improve the coordination of public policies, especially through 2030, seeking to benefit from the population's age structure. In other words, make employment grow to a level well above the pace of population growth and in particular promote training of human capital to increase productivity.

## Regional Asymmetries

Cabo Verde is a country of major regional asymmetries. For instance, the GDP per capita of Boa Vista is around 2.4 times that of Fogo and 2.5 times that of Santiago Norte. The average annual consumption of a resident of Boa Vista is 266 contos, about 2.7 times the amount of a resident of Santa Cruz, and

3.0 times that of a resident in São Salvador do Mundo. Santiago, Sal, and São Vicente are home to 76 out of 100 companies, 87% of the jobs they create, and 94% of their respective business volume. Around 79% of the accommodation capacity is in Sal and Boa Vista, which in 2019, that is, prior to the COVID-19 pandemic, received about 80% of tourists. Santiago and São Vicente are home to 70% of the active population, that is, the labor force, and nearly 100% of higher education opportunities are on the islands of Santiago and São Vicente, whose residents also enjoy the best supply of specialized healthcare. There are indeed profound inequalities in terms of productive capacity, output, productivity, employment, income, well-being, and what is worse, in terms of economic and social opportunities.

### **Household Living Conditions**

According to the 2021 Census, Cabo Verde had 147,984 households, 113,611 of which were in urban areas, or 76.8%, with 34,373 in rural areas. About 69% of households have piped water from the public network as their main source; 53 out of 100 discharge their used water through the sewage system or cesspools/septic tanks; and one out of three do so around the home. The overwhelming majority (78.5%) have natural gas as their main source of energy for cooking. Around 59.2% of households own/co-own their respective dwellings, while 28 out of 100 occupy housing as tenants or subletters. Conjugal nuclear families are the most frequent (24.7%), followed by single-person households (21.5%) and single-parent nuclear households (16.4%), and all together, they account for about 62.6% of resident households in Cabo Verde. Most, that is, 84.8% of households, adequately discharge their solid waste, placing it in containers (65.6%) or else directly into a garbage truck (19.2%), while 82 out of 100 dwellings have sanitary facilities. The population has nearly full access to electricity, since about 89.5% of households have power, mainly (98.1%) from the public grid.

According to the 2021 Census, around 66.9% of the population 10 years old or older used the internet, but only 27.3% had used a computer in the past three months. Most (81.7%) young people aged 15 to 24, and those 25 to 34 (84.2%), use the internet.

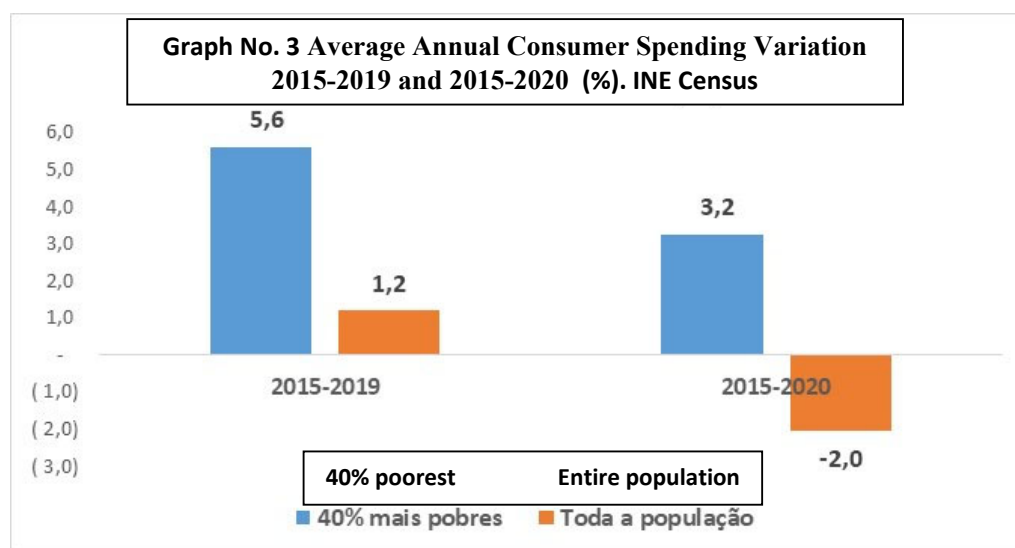
### **Labor Market**

According to the IMC 2020, we have about 412,000 people aged 15 or older, that is, about 74% of the population. Nearly 218,000 of them, that is, only 53 out of 100, make up the active population, and of those, 186,600 are employed, with 52 out of 100 in informal jobs, with a high proportion of people underemployed. Thus, around 14.5% of the active population is unemployed, slightly higher among men (14.8%) than women (14.2%). Unemployment affects around 32.5% of the young active population of 15 to 24 year olds, with the majority (71%) of the employed being between 15 and 35 years old. About 77,500 young people are not in jobs, education, or training; that is, 35 out of 100 people aged 15 to 35 are still excluded from the educational system and labor market. Inactivity, informality, and underemployment are the norm, and even though the private business sector is the leading employer (41% of jobs), the activities that employ the most people offer most informal work, thus exposing workers and their respective families to poverty.

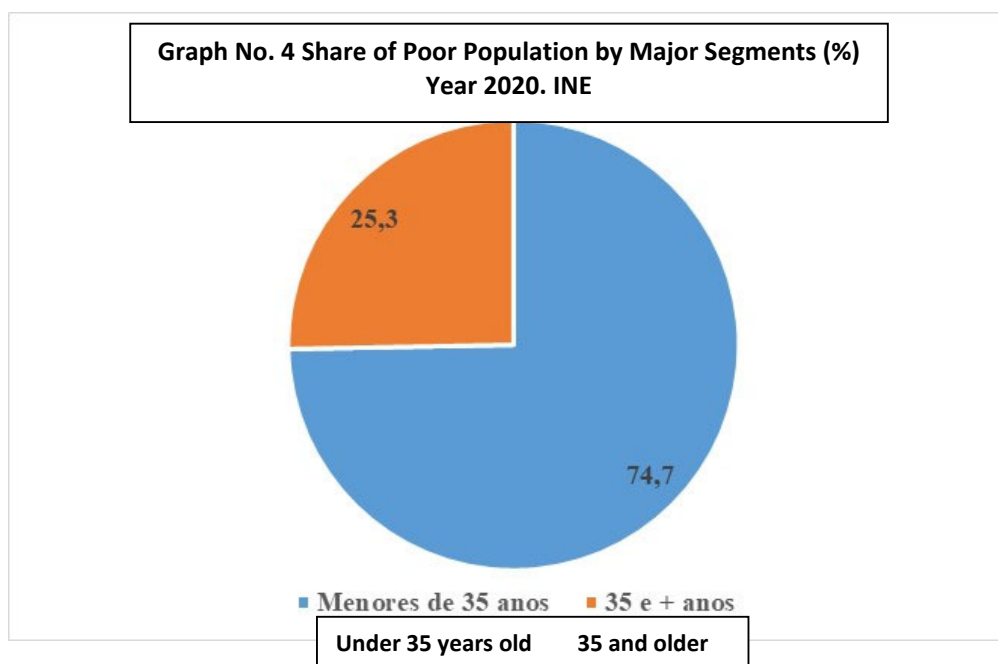
The employment rate is 51.3% for men 15 years old or older versus only 39.3% of women from that same age group. Hence, the economy has a greater capacity to generate jobs for men than for women. According to the Demographic Dividends Profile, across all active life cycles, men's income from labor on average is higher than that of women, and income inequality is the consequence of different access to the labor market between sexes, with women bearing the brunt of essential unpaid work. In 2020, 103,613 workers were registered as being active insured, equivalent to a coverage rate of 55.3% of the employed population.

### Inequality and Poverty

The path we have followed since independence notwithstanding, Cabo Verde remains a country of inequalities. In 2020, overall consumption by the poorest 40% only represented around 20% of the overall consumption of households, which on its own testifies to the high level of income and consumption inequality. Consumption inequality fell from 2015 to 2020, with a decline in the Gini Coefficient, from 0.42 in 2015, to 0.34, along with the fact that the consumption of the poorest 40% had grown about 3.2% and the population living on less than 50% of median consumption had dropped from 15% in 2015 to 5% (*Graph No. 3*), representing a clear trend toward reducing inequalities.



In 2020, about 175,847 people lived in absolute poverty, or 31.7% of the population, shared equally, in relative terms, by both sexes, meaning that poverty no longer is just a female thing. The absolute poverty rate fell from 35.2% in 2015 to 26.0% in 2019, as a result of social public policies but also owing to 4.7% economic growth between 2016 and 2019. Most (56.4%) of the poor population lives in urban areas, but poverty rates are actually higher in rural areas, where 44.9% of the population is poor, compared to 25.8% who live in this deprived situation in urban areas.



Around 131,411 poor people are younger than 35 years old, which is 74.7% of the population. Hence, poverty mainly affects children (37.1%) and young people (37.7%). In urban areas, around 76.6% of the poor are younger than 35 years old, while that figure is 72% in rural areas. São Filipe is the poorest district in Cabo Verde (65.8%), while Boa Vista (3.9%) is the least poor district in the country.

## Gender Equality

Cabo Verde has made remarkable progress in terms of mainstreaming gender equality, and especially in tourism, with gender-sensitive budgeting, the introduction of gender markers in the budget system, the introduction of a gender-equality module in secondary education, and in professional training courses. We assure that pregnant students remain in school while also working against violence in relationships and teen pregnancy. Several legislative measures accompany this evolving process to equality. Gender-based violence (GBV), considered a crime for priority prevention, is legally considered a public crime, requires reporting, and complaints cannot be withdrawn. It has now been introduced into the criminal code. GBV has declined and GBV-specialized judges have been created, with shelters and experts on hand to run them in every district in the country. The country enacted the parity law, completing changing the configuration of women's representation in decision-making positions. Women account for 48% of managers, far higher than global averages, at just 27%, and this trend is going to accelerate with the parity law.

In Cabo Verde, women make up 49% of the population. They have a longer life expectancy than men, at 81 years versus 73. Women are more educated. They have an average of 8.7 years of schooling compared to just 7.7 years for men. Though during the first two cycles of early education, boys' participation is higher, this ratio is reversed starting in secondary school, with the disadvantage for men growing even larger in higher education. In short, women drop out less often and have better academic performance. Thus, the parity index is 0.98 in preschool education, 0.93 in mandatory primary education, 1.2 in secondary education, and 1.5 in higher education. Thus, the gap for boys is much larger there than in secondary schooling. Inequalities still remain in the labor market, since only 45.8% of women 15 years or older belong to the active population, versus 60.3% of men. Around

51.3% of men 15 years or older are employed versus only 39.3% of women from that same age group. Hence, the economy has a greater capacity to generate jobs for men than for women. Across all cycles of active life, average income from men's labor is greater than that for women.

## **Healthcare**

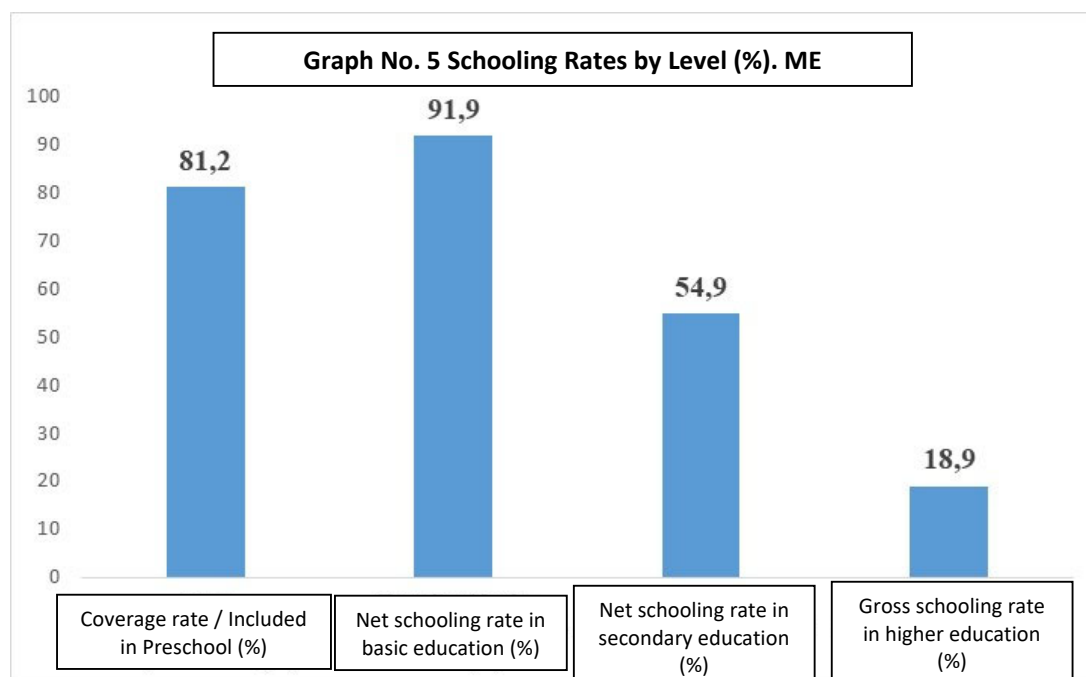
Improvements to living conditions and access to healthcare have contributed to shifts in the country's epidemiological profile, with lower mortality rates, declining demographic growth, longer life expectancy—the highest in Sub-Saharan Africa—at 77 years, with 73.4 years for men and 80.7 years for women. Consequently, the demographic profile has changed, with the decline in the communicable disease burden as a result of major investments in water and sanitation, improvements to living conditions, and reductions to absolute poverty.

The country is in an epidemiological transition, with chronic diseases making up the leading causes of death. Brain/cardiovascular diseases and tumors or neoplasms are the first and third causes, respectively, and respiratory diseases the second cause of death.

We have a high level of vaccine coverage among children, who now have a vaccine against HPV, a considerable decline in childhood mortality rates, low maternal mortality rates, and notable progress in battling HIV/AIDS, with a decline in seroprevalence (0.6% overall, with 0.7% among women and 0.4% among men, including HIV2). Cabo Verde is a polio-free country, and efforts continue to fully eliminate malaria—with an ongoing process to certify the country as one where the disease is not considered a public health problem—mother-to-child vertical transmission of HIV, measles, rubella, and congenital syphilis.

## **Education**

The education system has a large public network of schools, including 398 primary schools, 44 secondary schools, distributed across the country, and 10 institutions of higher learning, located on the islands of Santiago and São Vicente. Preschool education covers nearly 80.2% of children. We have achieved a literacy rate in excess of 90%, a net schooling rate of 92.3% in mandatory primary education, and 53.7% in secondary school, which is currently also mandatory. Drop-out rates have fallen substantially in primary school to just 2.7% and just 1.6% in secondary school, perhaps because of having made that level of education free, and graduates from higher education have reached 18.9% (*Graph No. 5*). Nearly 97% of teachers in primary and secondary schools now have subject-matter training.



The inclusion of children and youths with special education needs (SEN) has become an important part of the framework of education policy, namely through free education for students with disabilities at all levels of education.

### 1.3 CABO VERDE IN THE CONTEXT OF SMALL ISLAND DEVELOPING STATES (SIDS)

#### **Cabo Verde's status as a SIDS and the PEDS II – A cross-sector element**

Cabo Verde's status as a small island developing state (SIDS) entails a series of structural constraints that result in a vulnerability to exogenous socioeconomic and environmental shocks much higher than other countries, on average. These constraints include its remote location and a small physical and demographic size that limit the domestic market; a major dependence on imports, especially energy and food; a high cost for infrastructure and equipment, power, and transportation; and a major concentration of the economy.

The Multidimensional Vulnerability Index (MVI) developed by an international panel created by the United Nations, which includes SIDS representatives such as Cabo Verde, Samoa, and Barbados, identifies multiple vulnerabilities in Cabo Verde and other SIDS whose indicators are above average, mainly:

- ✓ Structural limitations: size, location, water scarcity, and availability of arable land
- ✓ Socioeconomic: economic diversification, openness to trade, dependence on foreign income, dependence on strategic imports
- ✓ Environmental: Frequency and intensity of extreme climate events (flooding, droughts...) and changes that affect local natural ecosystems (acidification of oceans)

Cabo Verde's heightened vulnerabilities to exogenous shocks place SIDS, and Cabo Verde in particular, among those countries most affected by the successive crisis that have taken place, and they present challenges for which building resilience is essential.

SIDS are thus dealing with concurrent priorities in light of the crises caused by the COVID-19 pandemic, climate change, global inflation, and the war in Ukraine. The volatility of Cabo Verde's development, growth, employment, and finances was already high owing to its status as a SIDS. Uncertainty is now an important characteristic of the country's possible futures, making predictability nearly impossible.

That uncertainty is reinforced by the crisis pressuring public spending, which, in light of the limited fiscal base characteristic of SIDS, has resulted in a dramatic rise in public debt (from 124% of GDP in 2019 to 155% in 2021).

The lessons of the 2008 economic and financial crisis point to a slower socioeconomic recovery among SIDS than in the rest of the world. In any case, regardless of the level of growth achieved, or the development gains obtained, the sustainable development paths of SIDS will always be relatively more volatile and fragile than the average because of their unique exogenous factors.

Yet, beyond these constraints and this vulnerability, Cabo Verde shares opportunities with other SIDS for growth and sustainable development, putting the country in a position to lead through innovative solutions to accelerate transformative sustainable development.

**First, the social contract between the population and the government** is more solid than average, and Cabo Verde has known since independence how to transform this force into good governance, on the one hand, and into strong human capital (social protections, healthcare, education...) on the other.

**Second, Cabo Verde has vast opportunities related to the sea and the blue economy:** fishing and aquaculture, tourism, maritime transport, biotechnology, in addition to water desalinization for both consumption and agriculture, and the services provided by marine and coastal ecosystems.

**Third, Cabo Verde is particularly open to the world,** its culture harmoniously integrates influences of Africa, Europe, and the Americas, and its diaspora has been integrated into countries around the world, while at the same time maintaining strong ties to their country of origin.

These three major comparative advantages have been leveraged by Cabo Verde since independence to build resilience and to drive sustainable development. They have enabled the country to drastically reduce poverty, build quality systems for healthcare, education, and social protection, develop the economy at a fast pace, and install virtuous democratic governance with solid institutions focused on providing services to citizens.

To continue on the path toward sustainable development, considering the highly uncertain adverse scenario and multiple crises, as well as its status as a SIDS, both in its aspects of vulnerability and opportunities, plans, programs, and partnerships need to cut across policies in order to produce innovative solutions and accelerate the profound transformations that the country has been driving in recent years.

These innovative solutions and the transformative path of sustainable development will need to be **supported by public and private investments that require greater access to development**

**financing, as well as an expansion and effective implementation of investments for economic growth and diversification**, including in ocean- and creative/cultural industry-based economies, in order to reduce vulnerability and build resilience.

Cabo Verde can and should leverage its active participation in SIDS networks, with regional and global joint advocacy, to leverage new funding and resources, namely through transfers of technology and development of joint solutions, including financial and digital solutions along with other SIDS, especially SIDS - AIS.

The COVID-19 pandemic made the vulnerabilities of SIDS even worse, exposing them to the “imminent risk of being left behind”, and there is scientific evidence that SIDS, the PMA, and African countries are the ones that will most feel the disastrous effects of climate change.

Cabo Verde considers it crucial to “create a dynamic place for sharing information and making common decisions among SIDS to identify common challenges and prioritize solutions in response to COVID-19 and the recovery, and for sustainable development, aimed at driving implementation of specific solutions for recovery and sustainable development.”

Cabo Verdean authorities have developed a National SIDS Strategy aimed at providing the country with a unique, global, cooperation framework with SIDS in order to maximize the contributions (knowledge, know-how, and funding) of more advanced SIDS in specific sectors like catalytic ones for the country's development, on the one hand, and on the other hand, to identify areas where Cabo Verde may be able to share its experience and export its goods and services.

## **II. CABO VERDE AND THE FUTURE**

### **2.1 CABO VERDE AMBITION 2030 AND THE PLANNING CYCLE**

In 2020, we successfully developed Cabo Verde Ambition 2030, by mobilizing the country's society, the diaspora, municipalities, the business sector, public administration, academia, social communications, development partners, personalities, and institutions that have an interest in Cabo Verde. We created conditions for strategic choices, cementing long-term commitments for sustainable development, and developed the Cabo Verde Sustainable Development Strategic Agenda. This agenda is an executive instrument for aligning political and social actors, a guide for upcoming national, sectoral, municipal, and regional strategic plans, but above all, a long-term benchmark for the government, the private sector, civil society, and development partners, and thus support for strategic dialogue for the sustainable development of Cabo Verde.

The 10<sup>th</sup> Legislature's governance program is aligned with the Cabo Verde Sustainable Development Strategic Agenda, as well as with sustainable development goals. The 2022-2026 Sustainable Development Strategic Plan (PEDS II) implements the governance program and the first cycle of Cabo Verde Ambition 2030, along with SDGs, and ensures alignment with the Africa 2063 Agenda and Samoa Pathway. Sectoral strategic plans assure thematic alignment with leading international agendas and commitments, and they value best practices.

## 2.2 THE MAIN CHALLENGES OF SUSTAINABLE DEVELOPMENT

When the United Nations adopted Agenda 2030, the international community was aware that peace, justice, and partnership are essential for sustainable development. The difficulties now imposed by successive years of drought, the COVID-19 pandemic, and the war in Ukraine may compromise the scope of SDGs with respect to poverty and hunger. The COVID-19 pandemic, energy crisis, and climate change have exacerbated the constraints and structural vulnerabilities of small island developing states like Cabo Verde. We have to preserve the accomplishments and the dreams of Cabo Verdeans; as such, we remain committed to sustainable development, even more so given the advance of the demographic transition. We cannot lose the decade of 2020-2030.

**Hence, during the PEDS II cycle, Cabo Verde must face and overcome the largest challenges of sustainable development:** saving the Cabo Verdean economy; developing internal ground, sea, air, and digital connectivity to promote mobility and to integrate the market of islands, and the islands with the rest of the world; taking advantage of the demographic bonus; reducing the exclusion of youths as much as possible, producing demographic dividends, and preparing ourselves for a demographic burden; promoting social development; encouraging territorial cohesion; continuing to promote a strong government, a path toward a consolidated democracy, making the diaspora a central focus, increasing the international prestige of Cabo Verde, promoting regional integration and the country's dynamic insertion into the global economic system; facing up to the challenges of development financing, since the expansion of public investment cannot be put off in order to make sustainable development feasible. All this must be done in a medium-income country with indebtedness that has been worsened by the pandemic. Climate-change funding, plus development funding, is also fundamental, given the strong correlation between climate-change adaptation and mitigation and sustainable development.

## 2.3 VISION

*By 2026, Cabo Verde will be an advanced democracy, a dynamic economy in digitalization and diversification, an inclusive nation, integrated into ECOWAS, with shared prosperity, international prestige, and a reason for pride for one and all.*

## III. STRATEGIC GOALS

### **3.1 To Assure Economic Recovery, Budget Consolidation, and Sustainable Growth, Promote Diversification and Turn Cabo Verde into a Trading Economy located in the Mid-Atlantic**

#### **3.1.1 The Economic Recovery Plan**

The COVID-19 pandemic exposed the weakness of Cabo Verde's service-sector-based economy, which accounts for nearly 61.2% of GDP. As such, after making efforts to control the pandemic and

mitigate its impacts by adopting a program of social and economic stabilization, the government approved a recovery plan that outlines strategies to exit exceptional measures and enter into a new cycle of recovery and acceleration of the economy, energy transition, an acceleration of the digital economy, and innovation and development of human capital, along with speeding up reforms to make the economy more competitive.

The recovery plan is based on four basic guidelines:

- Reestablishing business activity affected by the pandemic and accelerating the economy's transition from informal to formal;
- Expanding the array of financial and non-financial instruments for promoting employment and private-sector investments;
- Investing in sustainable growth, reducing vulnerabilities to external shocks and strengthening economic resilience by diversifying and transforming the economy through innovation and digital entrepreneurship;
- Creating an institutional framework for dialogue with the various business development stakeholders to coordinate and monitor business development policies.

Thus, a set of financial and non-financial measures was identified to support private sector businesses, which now have better access to funding, promotion and attraction of domestic and foreign private investment, in a coordinated way, and in an institutional framework of dialogue through the National Council of Private Sector Development and the National Council of Financial Sector Development.

The Recovery Plan, included in the Sustainable Development Strategic Plan (2022-2026), integrates lines of credit identified in partnership with commercial banks, seeking to unlock the private sector's potential in order to diversify the economy and create jobs, totaling \$9 million contos, at an interest rate of 3.5% a year, backed by guarantees of 50% to 80% from Pró Garante (5 million contos) and government guarantees (4 million contos) in the following modalities:

- 30%, that is, CVE 2,700,000,000 for treasury-support credit,
- 70%, that is, CVE 6,300,000,000 for investment support credit, with specific lines for:
  - Agribusiness (300,000 contos / 10% subsidy / 80% guarantee);
  - Semi-industrial Fishing (300,000 contos / 20% subsidies / 80% guarantee)
  - Microfinance Institutions (250,000 contos, with 60% guarantee);
  - Startups (200,000 contos, with a 50% interest-rate subsidy);

Lines of credit cover companies of all sizes, with the following credit packages: Large companies up to 100,000 contos; Medium-sized companies up to 50,000 contos; Small businesses up to 25,000 contos; and Microbusinesses, up to 5,000 contos.

The Recovery Plan also includes a US\$ 3 million technical and financial assistance program managed by Pró Empresa, called Pró Crédito, for micro, small, and medium-sized enterprises (MSME), with up to 500 contos for support to transition from the informal to the formal economy, with organized accounting, business plans, modernization of production equipment, digital transformation, certification of processes or products, and energy transition with the use of solar panels for energy efficiency, with the support of the CERMI.

Also of note, as part of the Recovery Plan, is implementation of the Impact Fund and Sovereign Private Investment Guarantee Fund. The US\$ 10 million Impact Fund is earmarked for capitalizing MSMEs at various levels of maturity within the tourism, industrial, fishing, transport, renewable-energy, agribusiness, and ICT sectors (excluding: real estate and residential tourism) through their participation over a five to seven year term in a minimum amount of CVE 35,000,000 and a maximum amount of CVE 55,000,000 per transaction, with the ability to go over the maximum amount in investments in the event of potential for major transformation of the country's economy. The 90 million euro Sovereign Private Investment Guarantee Fund is part of the investment-support facilities for large Cabo Verdean companies.

The Recovery Plan's support measures seek to provide short-, medium-, and long-term sustainable financing solutions for investments and treasury operations to around 1,200 companies estimated to create about 18,500 direct and indirect jobs.

In 2026, after implementation of the Recovery Plan, we envision more robust economic activity, owing to growing confidence among consumers and economic actors; a growing, dynamic economic with faster economic transformation and diversification focused on economic, financial, social, and digital inclusion, and declines in poverty and increased promotion of decent work and entrepreneurship.

### **3.1.2 Business Development and Private Sector**

The country's business community is made up largely of micro, small, and medium-sized companies.

According to the INE, in 2020, Cabo Verde had 11,115 active, formal businesses in the country; that is, 0.5% fewer than a year earlier, explained by the effects of COVID-19 and consequent decline in GDP. Micro, small, and medium-sized enterprises accounted for 97.6% of all businesses in the country; in other words, about 75% of companies are microbusinesses; 9.9% are small businesses; 13.1% are medium-sized; and only 2.4% are large companies. In 2020, many companies disappeared, including 26.5% of medium-sized businesses, 14.4% of small businesses, 22.7% of large companies, with 9.7% growth of microbusinesses.

Companies with formal accounting made up 37.2% of active businesses, employed 74% of staff working for companies, and grew 6.5%; in the other direction, -4.3% of businesses without formal accounting disappeared. The former also outnumbered the latter in terms of invoicing.

Recognized as the engine of economic growth and leading investor and employer, the private sector must lead the production of wealth for sustainable development, by taking advantage of investment facilities and new business opportunities.

To that end, the government has adopted new measures to jump start the economy by creating incentives for entrepreneurship through stimulus for private investment from local companies and foreign investors with a dual focus on attracting and retaining foreign investment.

Within this framework, the government will continue its program to improve the business environment, encouraging private investments by assuring a favorable regulatory system and a stable macroeconomic environment that facilitate the mobilization of various development stakeholders, coordination of initiatives to support entrepreneurship, elimination of barriers to investment, and the acceleration of job creation, in particular, for young people and women.

In this way, as part of the PEDS II, the government will move forward with a set of measures to encourage the private sector focused on access to funding, access to information, and access to markets, with public and private dialogue through the National Council of Private Sector Development and the National Council of Financial Sector Development.

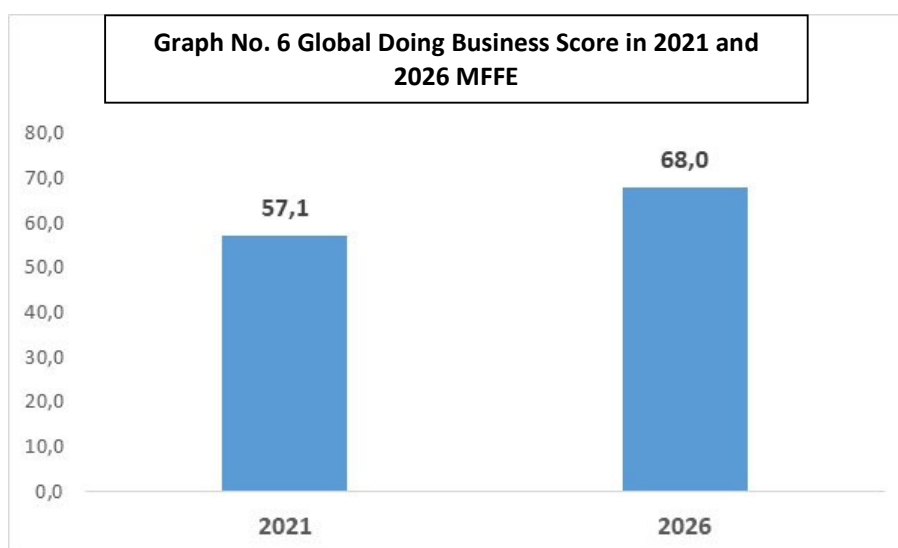
Business development policy also includes: identifying value chains in agriculture, fishing, and tourism; support for local companies to operate internationally; integration of local SMEs in Exclusive Economic Zones; promotion and disclosure of information to MSMEs and entrepreneurship programs; holding trade shows and workshops on entrepreneurship and employment; promoting a culture of dialogue; and producing statistics and business surveys.

Moreover, as part of its strategy to diversify the economy and become integrated in the global value chain, new strategic paths have been identified with new business and invention opportunities for private sector investment:

- In tourism, as part of the new Tourism Operational Plan, centered on diversifying source markets and tourism products, namely health-related tourism, business tourism, ecotourism, sporting event tourism, gaming tourism, cultural tourism, and historical tourism;
- In digital agriculture, by investing in automation and excellence in managing farms through investments in modern agriculture, technical assistance and certification programs, policies to attract and rejuvenate the agricultural sector, incentives for youth entrepreneurship, and increasing the productivity of the agricultural sector, taking advantage of synergies among the agribusiness and tourism sectors;
- In industry, by accelerating Cabo Verde's industrialization policy, focused on modernizing and growing national export capacity for the country's further integration into global value chains, as well as moving into new international markets, using its competitive advantages with respect to strategic location for regional and community integration (ECOWAS, ZLCCA, AGOA, CPLP), leveraging domestic companies ability to operate internationally;
- In the blue economy, by developing fisheries, fishing, production, aquaculture, mariculture, conservation, processing, freezing, and marketing fish; repairing and building ships, maritime services, water sports, providing multiple opportunities for investments to the private sector, and by implementing entrepreneurial development policies, in particular in the Special Maritime Economic Zone of São Vicente;
- In the digital economy, through implementation of a strategy to transform Cabo Verde into a telecommunications hub, a regional center of innovation, entrepreneurship, and excellence, and into a regional market of reference for the digital economy.

- In the green economy, by addressing the potential of renewal energy to lower the cost of electricity and water, increase energy security and competitiveness, to diversify the national economy.

As such, seeking to improve the business environment, the PEDS II calls for speeding up the transition of the informal economy to the formal economy and creating a Center for Entrepreneurs in every district in the country. It also proposes the restoration of the One-Stop Spot for Investors, with operational after-care services, as well as implementation of an online platform to open companies and a platform for registering property. Legislation will also be reviewed with the goal of introducing improvements to it that help improve the business environment. The goal is to reach an overall score between 68 and 70 by 2026 (*Graph No. 6 below*).



To that end, new financial and non-financial instruments have been identified to support private investment in capital markets and the banking system by increasing the partial guarantee credit fund by a total of 17 million and promoting capital risk instruments; issuing thematic bonds; blue bonds, green bonds, diaspora bonds, and social bonds; launching a us\$ 10 million impact fund to support SMEs; implementing a 90 million euro private investment guarantee sovereign fund; mechanisms for refinancing microfinance institutions by the Bank of Cabo Verde; incentives for mobilizing funding through crowdsourcing platforms and business angels; strengthening programs for professional training and promoting decent jobs.

### 3.1.3 Fiscal Consolidation

One of Cabo Verde's biggest challenges noted in the recent Public Expenditure and Financial Accountability (PEFA) report is fiscal consolidation to limit macroeconomic vulnerabilities, considering the imperative of containing current spending, mobilizing local revenue, improving public-investment management, and strengthening the state-owned enterprise sector. This challenge grew larger with the impact of the COVID-19 pandemic, resulting in a major deterioration of the fiscal situation with: (i) precipitous decline in revenue and replanning them at less than 60 billion escudos

between 2020 and 2022; (ii) worsening expenditures by around 2% of GDP, after the pandemic-response measures adopted to protect the lives of Cabo Verdeans and the survival of many families; and consequently, (iii) higher public debt at around 142.7% of GDP. The combined behavior of leading indicators translated into a worsening budget balance, raising public deficits to two digits, that is, to **-9.1% and -7.4% of GDP**, in 2020 and 2021, respectively.

However, these deficit levels are not sustainable, making it imperative to bring the deficit back down to levels of less than 3% of GDP by 2026. Hence, the strategy for achieving fiscal consolidation, interrupted in 2019, because of the impact of the COVID-19 pandemic, has been resumed with the 2022 State Budget being rewritten, and this will be one of the pillars of the reform process for Cabo Verde in its efforts to become resilient and sustainable.

The public-debt consolidation and sustainability strategy will be based on five (5) pillars:

1. Increasing local revenue, in particular, by increasing tax collection, in light of having broadened the tax base, by improving the efficiency and efficacy of tax administration through systematic, coordinated efforts in essential areas, as well as by strengthening the institution in terms of information and communications technologies (ICT) and human resources.
2. Optimizing and containing spending. In the short term, current spending will remain stable overall, but in the medium term, efficiency gains must be obtained, lowering the ratio of wages and interest-payment expenditures to GDP, which will result in a gradual decline in the current spending-to-GDP ratio. This will happen as a result of the digital governance transformation program, new debt-management modalities, and implementation of an incentive system to streamline and make central government public spending more efficient, in order to set up an ongoing system for identifying and eliminating waste, promote the efficiency and productivity of public services with the participation of public employees and managers, in which an incentive structure for public administration teams is enshrined based on targets for effectively reducing spending and ensuring the high performance of services, subject to independent evaluation.
3. Implementing an infrastructure agenda and new financing mechanism. The government is working to improve the efficiency of the country's infrastructure agenda framework, which is a crucial component of the PEDS II and will play a fundamental rule in supporting economic recovery. The primary challenges of budget consolidation involve improving the efficacy of investments in infrastructure and the efficiency of services, seeking out new approaches to funding, since investing in infrastructure will have a multiplier effect on economic growth, while creating jobs as well as economic opportunities through connectivity and access to services. Thus, these investments will be made using funding mechanisms, such as converting foreign debt into investment; issuing sustainable bonds; and entering into cash-flow generating public-private partnerships (PPP) that enable the country to tap into project finance, in addition to using crowdfunding platforms.

4. *Restructuring the main state-owned enterprises.* The government has an important agenda up and running to restructure state-owned enterprises through privatizations, concessions, and public-private partnerships, seeking to leverage the transformation of various sectors of the country's economy by attracting highly experienced private investment with a capacity for innovation and access to major, attractive sources of funding. With implementation of the agenda to transform state-owned enterprises, the government also intends to reduce the state's dependence on state-owned enterprises, lower the public debt and fiscal risks, as well as promote the economy's development, while increasing economic resiliency, the sustainability of the State Budget, competitiveness, employment, increase exports, and speed up economic growth.
5. *New debt-management modalities:* The government will make efforts to work with bilateral partners to renegotiate bilateral foreign debt in order to keep on investing in key sectors of the economy.

### 3.1.4 Cabo Verde a Trading Hub in the Mid-Atlantic

Turning Cabo Verde into a hub is part of the first strategic objective of the PEDS II, and its dynamic inclusion into the global economic system is part of this strategic plan's sovereignty pillar. During this cycle of the PEDS II, Cabo Verdean diplomacy must address and overcome challenges involving the consolidation of the country's position as a useful, relevant partner in the mid-Atlantic, increase its international prestige, make the diaspora a central focus, promote new ways of managing foreign debt, and mobilize resources to finance sustainable development, while consolidating regional integration and promoting the country's dynamic inclusion into the global economic system. Diplomacy must be used to strengthen regional integration, reinstalling Cabo Verde's permanent mission with the African Union, promoting recognition of Cabo Verde's specificities in the ECOWAS as a small island state, promoting a renewal of the preferential regime with the EU, signing an agreement for cooperation and facilitation of investments with Brazil, defining a product strategy for the United States market, noting that the AGOA will be in effect until September 2025, and promoting opportunities from the international business center.

*Transforming Cabo Verde into a hub requires strengthening trust; and in order to do so, the PEDS II must prioritize:*

**Reinforcing stability**, by entering into an agreement to speed up the reform plan and strategic agendas as part of Agenda 2030 entered into with the IMF; carrying out the strategy to consolidate public finances that was interrupted by the COVID-19 pandemic; and resuming the restructuring of the 2022 State Budget, which will act as one of the pillars of the reform process for a resilient and sustainable Cabo Verde, with more local revenue, optimized and contained spending, implementation of an infrastructure agenda with new funding mechanisms and new ways of managing the debt, that is, converting the foreign debt into investment. By upping efforts to combat corruption, and improving the quality, transparency, and control of public spending. By accomplishing the social pillar, namely, the ambitious program for social protection and development of human capital.

**Making the country more predictable**, by revising requirements from the current foreign-exchange cooperation agreement, strengthening economic regulations, making legal reforms for doing business,

and extending agreements to prevent dual taxation and protect investments, while continuing to improve on economic freedom.

**The PEDS II furthers the investment in transforming Cabo Verde into a hub.** Developing sustainable tourism with around 1.2 million tourists and diversification across islands, as well as with products, carriers, and countries of origin. Diversification of tourism will be facilitated by developing air transport and in particular by creating a Special Air Economic Zone. Developing a maritime hub by implementing the ZEEMSV plan and in particular increasing and diversifying foreign direct investment and increasing how many projects get carried out. Transforming Cabo Verde into a digital hub with major infrastructure including underwater cables and implementation of a technological park a special economic zone for technology making the internet an essential good with the internationalization and promotion of Made-in-CV ICT.

Developing industry and commerce to increase exports using advantages and potential for exploration, mainly by being the beneficiary of relevant international agreements for exports, like the AGOA with the United States or regional integration with the ECOWAS, and in particular with a wide array of opportunities provided by our integration into the ZLCCA. Creating a financial hub, by creating opportunities for international banks and funds to perform international financial operations from the country, providing support to companies that locate offices in Cabo Verde, and promoting the export of digital services, as well as offering support for relaunching the industry, seeking, above all, to increase the export of goods.

Developing a sports hub, namely by formalizing, training, and specializing our human resources, investing in certified infrastructure but also, and in particular, by promoting major international sporting events. Taking advantage of opportunities that have arisen from the COVID-19 pandemic, that is, as an international healthcare hub, including producing vaccines for export and the development of an industry to produce and maintain health-related equipment as part of health tourism.

### 3.1.5 Foreign Direct Investment and Public Private Partnerships

Foreign Direct Investment (FDI) has played a major role in the growth of the Cabo Verdean economy, starting with the economic opening that began in the 1990s. In recent years, Cabo Verde has made a remarkable effort to attract FDI by improving the efficiency and the efficacy of its services for facilitating investors through the one-stop investor shop created by Cabo Verde Trade Invest in connection with multiple government agencies, including municipal chambers.

The result of improvements to the business environment and legislative initiatives aimed at making the country more attractive and more competitive, namely by creating the Cabo Verde International Business Center and a competitive package of tax benefits, the country reached record levels of projects in recent years.

Through the start of 2020, the average amount of approved new project packages was around € 300-€ 400 million. As can be seen in *Table No. 3* below, in 2020, rather than a decline in the country's demand from investors, the government of Cabo Verde approved a record volume, that is, 27 new projects, four of which were under establishment agreements, totaling € 1,244,333,816, capable of generating 12,435 jobs over the course of implementation.

Following this growing trend, in 2021, 23 projects were approved worth € 1.75 billion, which were expected to generate 11,538 jobs. This trend has been countercyclical with the successive crises that have impacted and continued to negatively impact the global economy and have made many investments shrink around the world. Besides the large amounts in the secured project, there has been a diversification of origin, with significant investments coming from the United States and European countries such as Norway.

**Table No. 3 Approved Projects 2015-2021**

| Year                              | 2015  | 2016  | 2017  | 2018  | 2019  | 2020    | 2021    | Total   |
|-----------------------------------|-------|-------|-------|-------|-------|---------|---------|---------|
| # Projects                        | 3     | 6     | 27    | 42    | 50    | 27      | 23      | 178     |
| Investment<br>(millions of euros) | 259.9 | 327.3 | 597.6 | 199.1 | 467.7 | 1,244.3 | 1,755.3 | 4,851.2 |
| Jobs                              | 2,201 | 2,497 | 6,689 | 1,489 | 3,428 | 14,435  | 11,538  | 42,277  |

*Source: Cabo Verde Trade Invest*

During the Cabo Verde Investment Forum (CVIF), held on the island of Sal in June 2020, a total of € 4.5 million in projects were under negotiation with 18 financial institutions, 11 of which were foreign, along with a record 81 project developers, 37 of whom were local and 44 were international. The government also signed six establishment agreements and one investment contract, at a record value of € 4 billion, compared to € 1.5 billion at the 2019 CVIF.

There were also important projects, such as the concession of airports to VINCI, worth € 928 million in investment, plus € 80 million as the concession fee, along with liquefied natural gas bunkering projects worth € 204 million, which had an MoU signed by the ZEEMSV and American developers in Mindelo, during the first few days of June 2022. With the implementation of Green Card laws and the differentiated merit project, FDI flows are expected to improve, in addition to investments from the diaspora and local investment.

The implementation rate of projects approved in Cabo Verde is high, since on average only 12.6% of projects are still in the preparation phase, and they are mostly ones with very recent approval. Around 20.8% are in the works phase, 52.4% are already operating, and only 14.2% have yet to be implemented.

**The outlook is good, and this investment dynamic is due to** the government's business-friendly attitude; a considerable improvement in the business environment; an improvement to the efficacy and efficiency of public administration; diversification of the economy; and a shift in the paradigm of the travel and tourism sector, the main engine of the national economy with larger and more complex projects.

Despite tourism continuing to represent a considerable slice of investments secured, there has been a growing diversification of the national economy that has begun within the travel and tourism sector. Hence, from pure hospitality tourism, there has been a paradigm shift to tourism that is complemented by a supply of large-scale resorts, which signals a maturity of the destination and a growing confidence of investors in the country as a tourism and investment destination.

New projects mean a clear diversification and qualification of the tourism supply, with a positive impact on the entire economy, especially on the important sectors of real estate and civil construction, creating skilled jobs.

New projects include a golf course and investment in health and well-being tourism. They will attract a clientele with higher purchasing power, high net worth individuals (HNWI) and ultra-high net worth individuals (UHNWI), who, for their part, will add greater value to the economy.

In the blue economy, foreign investors in partnership with locals are investing in high tech projects, such as tuna aquaculture (NORTUNA), refueling ships, and liquefied natural gas storage and distribution, placing Cabo Verde at the forefront of the group contributing to global food security and energy transition. Recreational water projects, investing in attracting yachts and super yachts, offering shipyards that are able to provide maintenance and repair to these vessels, along with attracting international regattas, like the Ocean Race, will put the country on the route of a high value added economy, along with an investment in cruise ship terminals, like the one in Porto Grande that is already under construction.

In the green economy, investment in modern agriculture, based on desalinized water and using renewable energy, has started to attract foreign investment, as in the case of the AQUASUN project, with investments of more than € 80 million in the islands of Santo Antão and Santiago.

The Cabo Verde International Business Center has started to attract the attention of global companies, and it is estimated in the next few years that several companies, especially in the service sector, may set up shop in the country. The same is expected with respect to the digital economy, with completion of the technological park.

Another important trend is the increasing weight of local investment, including from the diaspora, such as Brava o Destino, worth € 32 million, Ocean Cliff Cidade Velha, € 228 million, and Riviera Mindelo, € 1.2 billion. These are all major investments that are 100% national initiatives. There has also been a greater diversification among the origin of investors, now from the United States, Africa, and Eastern Europe.

### **3.1.6 Diversification of the Cabo Verdean Economy**

Small island economies tend to concentrate on a very limited number of productive activities. This is the case in Cabo Verde, where tourism is the leading sector, the main anchor and true engine of the economy, with revenue accounting for nearly 21% of GDP in 2019. With the COVID-19 pandemic, tourism demand fell by nearly 75% in 2020, and consequently, the economy went into a recession, falling 14.8%, with revenue being revised downward to just 60 billion escudos from 2020 to 2022. Around 19,700 jobs were destroyed. Thousands of people became unemployed. The unemployment rate reached 14.5%, and consequently there was a considerable increase in the exclusion of young people, since the NEET reached nearly 77,500, that is, almost 20,000 more than in the year before the crisis.

Diversifying the Cabo Verdean economy is essential to reduce vulnerability and create resilience. This objectives requires speeding up energy transition and will be achieved through developing the blue

economy, the digital economy, industry, transforming agriculture, and increasing the value added from the tourism industry. The country is making major efforts to diversify the economy, namely by:

### **1. Adopting long-term strategies and prioritizing catalytic sectors**

In 2020, we created Cabo Verde Ambition 2030, and we devised a long-term strategy for diversifying the country's economy. Economic diversification should be vertical with the diversification of tourism and horizontal with the encouragement of existing industrial activities, integrating the country into global value chains, and promoting new sectors of the economy. Cabo Verde is 99% ocean. As such, we selected the blue economy as our second accelerator of sustainable development, and in the future it will be our second largest export sector. We chose the digital economy to be the third largest export sector in the future. We resumed our investment in industry to increase our export capacity, and we opted for transformation of agriculture to penetrate the tourism market, export niches, and improve the contribution to food security, that is, competitive agriculture capable of attracting private investment.

### **2. Speeding up the Energy Transition**

Decreasing the energy bill is a key element in reducing factor costs throughout the economy and promoting competitiveness. That is why we have enacted an electricity sector master plan, and we are going to speed up the energy transition, to reach 35% of electricity output from renewable sources by 2026, surpassing 50% by 2030, and reaching 100% by 2040. Thus, we seek investments in renewable energies that could reach € 480 million by 2030 to build a safe, efficient, and sustainable energy sector in order to advance the country toward a low-carbon economy while at the same time strengthening the country's economic competitiveness.

### **3. Improvement of the Business Environment**

Foreign direct investment is crucial for vertical diversification and especially for horizontal diversification of the economy. It requires predictability, trust, and hence a good business environment. As part of the PEDS II, we propose considerable improvements to the business environment in the country through measures to facilitate and speed up job creation, licensing, obtaining electricity, improving procedures, shortening the time to register property, but also more in-depth improvements in terms of land management and real estate ownership registration, along with procedures for importing and exporting, the quality of legal proceedings, and insolvency processes in courts. In particular, we forecast by 2026 raising/attracting 35% of projects approved in sectors other than tourism, shortening the average time to approve projects to 30 days for projects covered under the general rules, and 45 days for projects covered under establishment agreements, and increasing the implementation rate of projects during the three subsequent years to 70% for projects under general rules and 60% for projects under establishment agreements.

### **4. Investment in Developing Human Capital**

The government has made an essential investment in developing human capital, which has been selected as the first accelerator of sustainable development. This effort will be done through excellence in education with a key investment in reforms of secondary and higher education, aligned with leading international practices, development of science, which includes research, but also quality professional

training. We approved the National Strategy to Promote Decent Work 2022-2026, and we are preparing a professional training strategic plan, forecasting that by 2026 we can assure access to nearly 60,000 young Cabo Verdeans.

## **5. Investment in a New Industrial Policy**

Aware that industrialization can be one of the leading drivers of sustainable economic growth, the government has considered strategically resuming its investment in the industrialization of Cabo Verde as an essential dimension of the new model of economic growth to boost export capacity. Cabo Verde has advantages and potential for exploration, mainly by being the beneficiary of relevant international agreements for exports, like the AGOA with the United States or regional integration with the ECOWAS, and in particular with a wide array of opportunities provided by our integration into the ZLCCA. We propose developing a competitive, innovative, industrial sector integrated with regional and global value chains. To do so, we will promote conditions to speed up industrial development by implementing an ecosystem favorable to the consolidation and expansion of the existing productive base and attracting foreign direct investment in the sector, leading to a structural change with the latest technology and highly skilled jobs.

## **6. State-Owned Enterprise Sector Reform**

We are undertaking in-depth reforms of the state-owned enterprise sector. We have a new agenda for privatizations, concessions, and public-private partnerships that shall contribute to economic recovery as well as to the diversification of the country's economy.

## **7. Strengthening Regulations**

The government is aware that regulation plays a major role in creating a context of predictability, transparency, and lasting trust, essential for investment and business, and that the material environment and complexity of regulations will increase with concessions to promote catalytic sectors, the new privatization agenda, public-private partnerships, concessions, licensing, business development, implementation of special economic zones, speeding up the energy transition, and developing the digital economy. The government is about to complete reformulation of the legal system for independent regulatory agencies, which will follow the process of impact assessment of regulatory decisions based on a set of universally accepted indicators and procedures.

## **8. Creation of Special Economic Zones**

Special Economic Zones are an economic model successfully used in other countries to provide new development strategies that take advantage of a country's potential, to diversify the economy, promote its development, integrate with production lines, promote exports, create jobs, promote efficiency, cut red tape, and create a competitive business-friendly environment. We have created the Special Maritime Economic Zone in São Vicente; the Special Economic Zone of the island of Maio; the Special Technological Economic Zone; and we are going to create the Special Air Economic Zone and Special Vulcanological Economic Zone of Fogo.

### **3.1.6.1 Sustainable Tourism**

In Cabo Verde, the tourism sector grew at an average rate of nearly 7% from 2016 to 2019. In 2019, we surpassed 800,000 tourists a year. At the same time, we experienced growth in the tourism supply, in particular on the island of Santo Antão, which, as a result of implementation of the roots project, mapping, and trail signage, became the island with the highest number of accommodations and the island that proportionately grew the most in terms of demand from 2016 to 2019. Consequently, tourism's direct contribution to GDP reached 25.6% in 2019.

These advances notwithstanding, tourism still remained highly concentrated on the two big islands, that is, Sal and Boa Vista, with more than 80% of the country's tourism demand and nearly 90% of its accommodation capacity. There is enormous potential of natural and cultural heritage resources that need to be integrated into the country's tourism supply. However, excessive dependence on certain source markets persists, especially Europe, along with a limited number of tourism carriers. Moreover, there are visible economic, social, and environmental impacts on the destination, with a special emphasis on the housing deficit on the country's most tourist-oriented islands, inflation, real estate speculation, and some undesirable social phenomena.

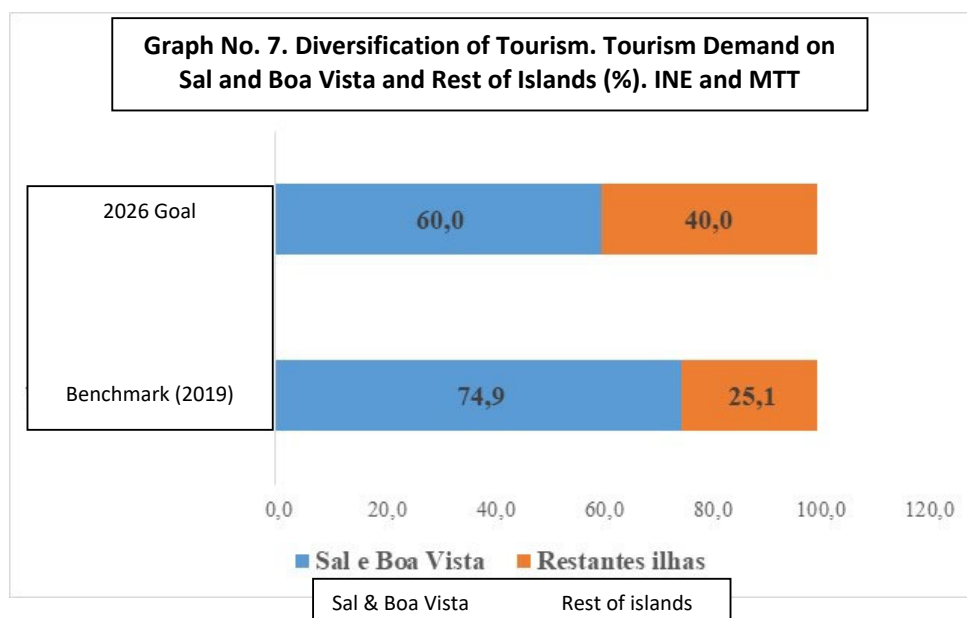
With the COVID-19 pandemic, tourism demand shrunk nearly 75% and obviously had tourism-supply effects with the closure of multiple accommodation establishments, travel agencies, and tour guides were put in a fragile situation. Tourism recovery is at the core of priorities for economic and job resumption, because it was the sector most affected by the pandemic.

With respect to tourism, our goal by 2030 is to have *“Sustainable tourism that values the country's natural and human resources and contributes to the well-being of Cabo Verdeans across all of the country's islands and cities, benefiting present and future generations, and providing and promoting positive experiences for visitors.”*

Hence, by 2030, our expectation is to accomplish the following strategic goals for tourism:

1. Expansion of tourism to all Cabo Verdean municipalities, with the production of competitive tourism products assured, that is, ones that provide unique, positive experiences for visitors, sustainable in the present and future, that is, that add social and economic value, and do not cause harm to the environment, and maximize the positive impact; in other words, add to the well-being of Cabo Verdeans;
2. Improve the destination's competitiveness, making Cabo Verde one of the Top 50 on the tourism competitiveness ranking by 2026.
3. Maximize tourism's socioeconomic impacts on the population, reaching an HDI of more than 0.75 and moving into the Top 100 on this ranking by 2026. Tourism must contribute to reducing poverty in Cabo Verde. Increase tourism's contribution to GDP from 25% in 2021 to 32% by 2026.
4. Develop the value chain, increasing spending at the destination from 16.7% in 2019 to 26% in 2026, in order to raise the primary and secondary sectors' contribution to GDP.
5. Increase the country's tourism demand across the islands, reaching 1.26 million tourists by 2026 and increasing the proportion of tourism entries to 40% on islands other than Sal and Boa Vista (*Graph No. 7*).

6. Reduce dependency on the main source markets and tourism carriers, so that by 2026, the proportion from the three main source markets is down to 44%, and arrivals originating from tourism carriers falls to 81.4%.
7. Improve tourism's sustainability indices, so that by 2026, the tourism saturation index on Sal and Boa Vista is down to 9.5%, while raising it on Santiago to 0.6% and on the rest of the islands to 1.7%.



8. In terms of sustainability, mitigate tourism's negative footprint, especially on the balearic islands, that is, on Sal and Boa Vista;
9. Ensure that a wide-array paradigm is instituted on the island of Maio, which is able to serve as a model for the future remodeling of tourism underway on the islands of Sal and Boa Vista;
10. Ensure that by 2030, tourism contributes to Cabo Verde's fulfillment of the 17 sustainable development goals.

The government's program has selected tourism as a strategic sector of the Cabo Verdean economy, which is consistent with the country's archipelagic nature and unique characteristics and excellent conditions for diversified and differentiated tourism. Much is expected of tourism as a strategic sector of the economy. That is, tourism needs to contribute substantially to balancing public accounts; to lowering unemployment and consequently lowering absolute poverty, especially extreme poverty; to improving environmental, health, education, and security conditions; and to improving the quality of life of Cabo Verdeans in general. And it is also expected to make a major contribution to reducing regional asymmetries. Hence, since we are at the start of a new legislature, it is essential to set up a new programmatic instrument for tourism that fits into the government's main options outlined in its program and in the supporting documents of the new vision for the sector. The Tourism Operational Program (POT 2022-2026) is the sector's plan for the industry during this legislature and an instrument

based on a tourism growth model centered on sustainability and protecting the country's natural, cultural, heritage, and human resources.

The POT incorporates concerns into its structure about the three pillars of sustainability: social, environmental, and economic, in a specific subprogram. This subprogram seeks to address the social, economic, and environmental challenges caused by the impacts of tourism activities. In terms of environmental sustainability, actions by the sector's companies are to be regulated to assure the sustainable use and enjoyment of natural and cultural heritage to ensure their preservation for future generations. On the economic front, one of the main priorities is to support the sector's companies in overcoming the difficult situation created by the COVID-19 pandemic by integrating business initiatives into the tourism value chain. In terms of social issues, creating conditions to encourage domestic tourism demand. This initiative also involves the social component to which the sectors company's social responsibility initiatives will be added. They are expected to contribute to diminish existing deficits. For instance, in terms of housing and other areas, improving health conditions and facilities and further integration of the gender outlook plan for tourism. This strategy is believed to be able to promote a growth model that generates value not just for tourists but also for the natural and cultural environment, the local community, and businesses.

### **3.1.6.2 Blue Economy**

With an Exclusive Economic Zone of around 740 Km<sup>2</sup>, the sea represents 99% of our territory. Hence, it is our greatest asset and an important source for feeding the population, employing around 11,000 people, and thus producing revenue for thousands of households. As a strategic resource for development, Cabo Verde Ambition 2030 proposes a strategy for a paradigm shift with respect to the ocean to transform it into one of the main anchors of development, diversification, and specialization of the Cabo Verdean economy.

Management of the exclusive economic zone is done using ecosystemic approaches, though the classic system of evaluation of marine resources prevails in Cabo Verde. Cabo Verdean authorities value the country's natural blue capital. The main items are environmental promotion and retraining, controlling sources of pollution along coastal zones and marine areas, and organizing the coastline in order to minimize its artificialization and pressure on coastal zones and protected areas.

Eutrophication of water is highly localized in Cabo Verde in certain bays, with little impact from an environmental standpoint. The average acidity of seawater is pH 8-8.3, which is in line with the overall average of oceans, and Cabo Verdean authorities have not recorded or measured any acidic event in our exclusive economic zone.

Fishing activities are controlled from a fishery zone standpoint, along with fishing done using satellites and a vessel monitoring system (VMS). Management is done by species or sets of species, which are considered unique stocks for the entire territory. Because it is in a zone with very little primary productivity, it has modest potential from fishing resources; however, there is a large, specific diversity that allows wealth to be generated and created by the quality of the resources in relation to the quantity, which is scarce. Fishing resources are managed within sustainability limits using control done by biological reference points.

According to the fishing census, in 2021, the fishing sector had 1,434 small-scale vessels, 1,018 of which had an engine, that is 77 out of 100, operated by 3,215 small-scale fishermen. The country has 127 semi-industrial/industrial vessels, 72 of which were active, with 972 operators. The sector also had 1,403 fishing ship owners, 1,881 fishmongers, and 135 fish processors. Small-scale fishermen are 40 years old on average and almost exclusively men (99.8%), while fishmongers are 42 years old on average and predominantly women (86.2%). The country also has infrastructure and services, including 5 fishing piers, 10 wharfs, 17 ship offices, and two shipyards, with 16 cold platforms/ice machines and 15 stores that sell fishing supplies. Fishing accounts for 0.66% of GDP (2020). This activity has been greatly affected by overfishing and the impact of climate change, given that fish stocks are not always able to adapt to changes to the ocean, resulting in multiple negative effects, including the loss of traditional fishing, a decline in revenue, and a loss of jobs.

In 2021, the ports of Cabo Verde were visited by 6,801 ships, with 1,119 long-haul ships, 5,682 coastal ships, and 2,347,887 tons of merchandise. Around 1,088,882 passengers crossed through the country's ports. From 2019 to 2021, 183 ships were repaired in the country's main shipyard, amounting to an annual average of 61 ships.

Bunkering, that is, providing fuel for use on ships, takes place in Porto Grande and is run by two private companies. Another business segment is bunkering with liquefied natural gas, the feasibility of which needs to be analyzed in light of the energy transition. Ship chandler may also be considered a logistics activity, a service being rendered by a few companies that is still in the development phase.

Cabo Verde has great potential for tourism and water sports, given its geographic position and ocean conditions. It may be able to contribute to diversification of the tourism supply and the creation of decent jobs.

According to data from the National Water and Sanitation Agency, from 2014 to June 2019, 52,662 tons of desalinized water were produced on the islands of São Vicente, Santo Antão, Sal, Boa Vista, Maio, Santiago, and Brava, though mainly on the islands of São Vicente and Santiago, which had 10,564 and 25,192 tons, respectively.

In Cabo Verde, protected marine areas total 149,598.95 ha, that is 1,495.99 km, or 6.7% of the territorial sea. The country has been on a positive path in terms of research. In 2020, public spending on research involving maritime technologies accounted for nearly 23.6% of public expenditures on research.

Cabo Verde has developed and approved governance instruments to transition the maritime economy to a blue economy; these include the Policy Charter for a Blue Economy, the Unified Blue Economy Strategic Framework, the National Plan for the Blue Economy, and the Blue Economy Promotion Program.

The government of Cabo Verde is implementing an ocean campus, which is an instrument for education, research, and blue culture, consistent with the ambition of turning the country into a maritime nation. The ocean campus is built on three pillars: higher education, research, and

professional/technical training. Three agencies have been created to implement it: the Universidade Técnica do Atlântico (UTA), the Instituto do Mar (IMAR), and the Escola do Mar (EMAR).

The São Vicente Special Maritime Economic Zone (ZEEMSV) is the main pillar of the strategy to transition to a blue economy. It includes port development, fishing, ship repair and shipbuilding. It is expected to contribute significantly to the development of the economies of the northern islands, though it will also help boost the rest of the country.

Cabo Verde Ambition 2030 establishes the strategy for developing the blue economy by 2030. This will involve a paradigm shift in relation to the ocean, which is a strategic resource for the country in the sense of fully assuming its status as a maritime nation and being both daring and ambitious with respect to the sea.

Making the transition to a blue economy entails facing and overcoming major challenges, which include: changing the behavior of users and populations in coastal areas to reduce practices that may affect marine and land ecosystems; a modern, efficient, inter-island sea transport system that directly interfaces with ground, sea, and air transport, which is another challenge to be addressed and overcome during this cycle. In terms of fishing, the biggest challenges are developing the value chain, better knowledge and exploration of resource potential, increasing productivity by adopting modern fishing methods, strengthening national fishing capacity in the local and international exclusive economic zone, combating undeclared, unregulated, and illegal fishing, and reducing post-capture waste.

The development of bunkering entails major challenges of scale, which require investments to increase storage capacity in order to offer more competitive prices; a lack of better port infrastructure to facilitate logistics, storage, and maneuvering of ships, along with onshore and offshore refueling; installation of floating warehouses in the Bay of Mindelo; bureaucracy and slow action; adapting legislation and fiscal policy, that is, offering tax incentives to businesses and diversifying the supply; the need to study markets in advance and to deepen knowledge of ship traffic in the region and their needs, as well as to add value to services rendered.

In terms of ship chandlers, the challenges are related to improving the quality, efficiency, international network of contacts, more competitive pricing, and the need for auxiliary infrastructure.

As part of the international business center, and with respect to registering ships, the main challenge is the need to update and modernize the legal system for ship registration, making it more competitive, more efficient, and in accordance with international standards, getting to know the ship registry business better and the opportunities that it offers.

*By 2030, our goal is to transform Cabo Verde into an international logistics and maritime hub and a country that is part of both the regional and global economies. An inclusive, sustainable, blue economy is an important accelerator of economic growth and a catalyzer of greater economic resilience, more jobs, and well-being for the population.*

Cabo Verde is aligned with the FAO's blue growth initiative, as well as with the United Nations' 14 sustainable development goals (SDG), which seek to conserve and sustainably use the oceans, seas, and marine resources for sustainable development, and with other SDGs centered on poverty and food in particular, SDG1, SDG2, and SDG6.

In order to turn this vision into a reality, both governance and the policy charter for the blue economy approved in 2020 will be implemented during the PEDS II, along with implementation of the ZEEMSV plan, and more specifically, the strategic projects forecast for 2022-2026. Hence, priority will be given to developing the ZEEMSV master plan and round map, technical feasibility studies to build the port in Saragarça, along with technical, economic, and market feasibility studies for projects in Saragarça, and mobilization of partnerships to enable urban planning works.

During this planning cycle:

Works at the São Vicente cruise ship terminal will be completed, which will become operational, putting Cabo Verde on the route of cruise ships through ongoing promotion of the Atlantic Corridor of the region of Macaronesia and West Africa, with more and better port infrastructure as well as a supply of top-notch tourism products. In this way, cruise ship tourism will reinforce its contribution to the country's tourism development. In São Vicente and Santo Antão, in particular, it will encourage local economies, provide business and jobs, and help to reorder the urban port area. Development of cruise ship tourism will qualify and strengthen the competitiveness of the supply, with environmental sustainability, and it will value the urban exuberance of the island of São Vicente.

An inter-island maritime transport system will be developed, which will strengthen internal connectivity and integration of the national market, with implementation of the international ship registry. CABNAVE's restructuring and remodeling will be prioritized, with implementation of a technological research agenda in terms of fishing and the lots system for fishing wharfs. Public private partnerships will be developed to enable the ZEEMSV's transformative projects, with implementation of the investment plan for the blue economy.

In order to combat maritime crime, including illegal fishing, one of the main threats to the sustainable use of marine resources, Cabo Verde shall strengthen its participation and make proper use of agreements, leading international conventions, and regional and international organizations in this domain.

In 2026, the São Vicente cruise ship terminal will be fully operational, processing tens of thousands of tourists. Though, cruise ship tourism will also be developed on other islands. We shall be fully transitioning to the blue economy, integrating port development, maritime transport, and logistics, maritime tourism and water sports, bunkering, international ship registry, and other sea-related services, along with ship repair and shipbuilding, environmental and marine-ecosystem protection, and coastal and sea territory management. Maritime education and research will be affirmed with the development of all the facilities at the ocean campus. Fishing and aquaculture, fish processing, and transshipment will be modernized, formalized, and safe, and thus become sustainable. The transition from small-scale fishing to blue fishing will take place with empowerment, organization, greater safety, cooperation, entrepreneurship, proper financing, port and disembarking infrastructure, and more modern marketing systems.

In 2026, the sustainable management of resources will be assured through coastal and maritime planning, better monitoring of the exclusive economic zone, ocean pollution mitigation, and combating undeclared and unregulated illegal fishing.

### **3.1.6.3 Digital Economy**

Digital transformation was undertaken as part of the 9<sup>th</sup> Legislature's governance program, and it was implemented as part of the 2017-2021 PEDS through the "Cabo Verde Digital and Innovation Hub". The opportunities from digital transformation absolutely must be taken advantage of to make the world more inclusive and to assure equity by sharing wealth.

With an internet penetration rate of nearly 85%, Cabo Verde's strengths in the telecommunications sector reside in terms of preparing its population for Internet access, relative stability in the electricity supply, the population's literacy levels, and the fact that digital content already exists. These dividends make it possible to leap into the digital economy.

The process of digitally transforming the country entails challenges that have been fully taken on as part of the Cabo Verde 2030 Sustainable Development Strategic Agenda.

#### **The Cybersecurity Challenge**

It is clear that Cabo Verde must invest in creating an ecosystem that is appropriate for its digital ambitions in order to enable the transfer of sensitive content within its infrastructure. The government shall introduce solutions in this regard so that the country can make qualitative leaps forward.

#### **The Technological Infrastructure Challenge**

To address connectivity challenges, Cabo Verde has to position itself as an international hub and digital service provider with the goal of being a digital hub and a port of entry to West Africa, by taking advantage of its political and social stability, the rule of law, international digital connectivity, technological and telecommunications infrastructure, and digital capacities.

#### **The Challenge of Energy Efficiency and Independence**

The universality of access and high availability of connectivity at competitive affordable costs entails energy reform for the country as a key factor in the digital transformation of our economy.

#### **The Challenge of Training Research and Technological Innovation**

Academia and training centers must continue to improve, so that scientific research and the production of knowledge in general take priority, with a focus on strategic areas for the country. Despite our having strong domestic potential, special attention must be paid to the Cabo Verdean diaspora, whose talents can be channeled to strengthen internal competencies.

#### **The Private Sector Challenge – Digital Transformation of Companies**

With a new digital market approach it is important to understand consumer behavior. Digital transformation is not just technology but also how a company is able to compete better by using technology. In order for a transformation to succeed, companies need to orchestrate in perfect harmony with the stakeholders who are part of this ecosystem: customers, the competition, and the government.

#### **The Digital Market Challenge**

The African continent is in an enormous expansion phase with a very young population that is open to innovation and has a desire to value its own continent. We have a unique opportunity before us in Cabo

Verde to be positioned as a strong supplier of products and services to the African continent by taking advantage of belonging to the continent and having strong credibility in Africa and internationally. The country's infrastructure has strongly contributed to our having the highest rates of Internet penetration on the African continent.

**The PEDS II cycle shall be marked by major accomplishments, such as:**

### **Large infrastructure – Underwater cables and a Tech Park**

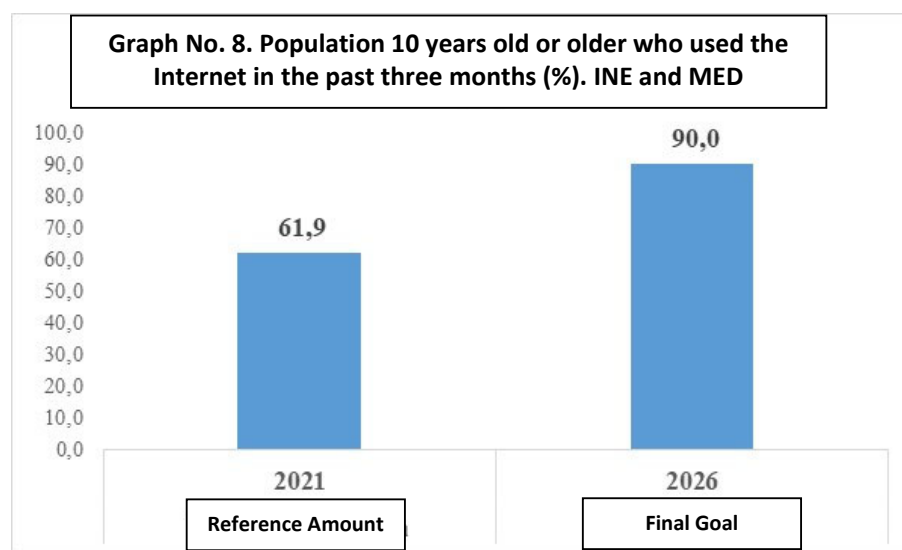
In terms of infrastructure and connectivity, Cabo Verde intends to solidify its position as a digital hub, which will shape its goal of becoming a gateway to Africa. Connectivity infrastructure is expected to expand based on modern and efficient underwater cables that are able to respond to the country's demands with respect to the digital service supply platform.

### **Special Technological Economic Zone**

In order to maximize the goal of attracting foreign direct investment to accelerate business in Cabo Verde's digital economy, and with a goal of transforming the archipelago into a digital hub, the government created and regulated a special economic zone for technology, defining rules for stakeholder installation and operation to set up shop in the zone, along with the respective tax and custom system.

### **The Internet as an Essential Good**

Digital inclusion is essential for access to information and knowledge, which is why broadband internet has been defined as an essential good. This service's coverage and penetration must be substantially improved.



The government will institute the internet as an essential good by passing a law that to establish this system through a simple automatic process that is accessible to citizens, ensuring universal access to broadband Internet service, and a high availability of connectivity.

### **Internationalizing and Promoting Made-in-CV ICTs**

In order to internationalize and promote Made-in-CV ICTs to further the digital services pillar, the government has invested in programs that enable immersion, visibility, and funding, and/or co-funding initiatives aimed at increasing the export of marketable goods and services. Participation in trade fairs, expos, and similar events, study missions, prospecting partners, buyers, and suppliers, among other things, are included herein, to make funding feasible and maximize synergies.

*By 2030, we intend to transform Cabo Verde into a digital economy, a regional hub for telecommunications, a regional center of innovation, entrepreneurship, and excellence, and a regional market that is a benchmark for the digital economy.*

Implementation of a digital economy on a "whole economy" model entails a quick shift of our society's status quo, since the current model is essentially analog, in which relationships among citizens, businesses, and public sector are based on being in person and on paper.

Building a smart nation in just a decade requires opening up and being willing to dismantle old habits and paradigms while building new concepts and models. A transformed digitalized economy is one prepared to address global threats and challenges. Digitalization of the economy is a factor of global competitiveness.

### 3.1.6.4 Industry

Over the past five years, reforms and investments have been made to improve industrial activity conditions, such as updating the Industrial Licensing System (IGRP), making industrial import authorization and registration processes more efficient, reviewing and updating the law that created the International Business Center, introducing a new dynamic in the export promotion process, into which the concept of an industrial and logistics zone fits.

Cabo Verde excels as a service economy. In fact, the weight of extractive and manufacturing industries is fairly small. In 2021, they generated nearly 9.0%, with about 8.8% of total jobs, and a gross value added per capital of nearly CVE 988,138.

Industrialization can be one of the leading drivers of sustainable economic growth. Resuming investment into the industrialization of Cabo Verde is strategic, as an essential dimension of the new model of economic growth to boost export capacity. Cabo Verde has advantages and potential for exploration, namely by being the beneficiary of relevant international agreements for exports, like the AGOA with the United States, or regional integration with the ECOWAS, and in particular, with a wide array of opportunities provided by our integration into the ZLCCA.

The industrial sector faces major challenges related to access to financing, training, and specialization of human resources, transport logistics, infrastructure, technology, quality management, and innovation, in addition to institutional constraints.

*By 2030, we seek to have a competitive, innovative, industrial sector that is integrated into regional and global value chains.*

The PEDS II will promote conditions to speed up industrial development by implementing an ecosystem favorable to the consolidation and expansion of the existing productive base and attracting foreign direct investment in the sector, leading to a structural change with the latest technology and highly skilled jobs. **Hence, over the course of this planning cycle, major accomplishments will take place, such as:**

Support for technological innovation and development to give Cabo Verde the means to accompany new industrial methods and processes, namely those introduced by the Industry 4.0 concept.

Reviewing the industrial property code, which is ongoing, to align national legislation with regional and international legal systems on matters of industrial property rights.

Upping investment in training and professional qualification aimed at improving the industrial sector's competitiveness.

Intensifying implementation of the industrial unit energy efficiency program, namely photovoltaic production for own consumption connected to the grid.

Encouraging and creating conditions for development of the extractive industry, such as the gravel and stone industry, salt, pozzolan, and subsea soil mining.

Upping the investment in manufacturing and exploring opportunities in sectors such as textiles, apparel, footwear, and food.

Promoting FDI and improving conditions for access to funding, while increasing entrepreneurship in industry.

Support for existing industries to raise productivity, modernize, and develop new sectors, and invest in innovative ones.

Promoting the quality of products and processes, and improving industry's technological level.

Developing programs to incubate companies.

Investing in infrastructure for industry, promoting special economic zones and industrial parks.

Modernizing and increasing infrastructure to improve productivity and reduce production costs.

Developing human capital, innovating, and technological development through research to generate competitive advantages, increase productivity, and generate factors for differentiation on markets.

The PEDS II will promote conditions for a sustainable, inclusive industry that recycles and reuses industrial waste, reducing or absorbing greenhouse gases, and abiding by certification standards, while promoting the use of renewable energies. The PEDS II will implement the ZCLCA Agreement.

By 2026, Cabo Verde will have increased the contribution of extractive industry and manufacturing to at least 13% of GDP and the contribution of medium and high tech sectors to 2.5% of the composition of manufactured value added, along with at least 40% for industrialized product exports.

### **3.1.6.5 Energy**

The country has made remarkable progress on the energy front. The population has nearly full access to electricity. According to the 2021 Census, about 89.5% of households have power, mainly (98.1%) from the public grid. We intend to achieve SGD 7 well before 2030 of having 100% access. Around 16,000 poor families already benefit from the social cost of electricity, and the “decent electricity consumption” program implemented in 2021 drastically reduced energy exclusion, favoring optimized power consumption and addressing commercial and technical losses.

In terms of service quality, significant progress has been made with a reduction in the frequency and average time of interruptions, increasing the efficiency of electricity service operation while reducing losses.

The production of renewable energy has made substantial progress as well, reaching nearly 18.3% of total electricity output, and 19.6% in 2021.

Energy efficiency, measured in terms of GDP energy intensity, was 1.45 tep/million in 2021, and the energy dependence index fell to 90% in 2021.

According to the 2021 Census, most people (78.5%) have natural gas as their main source of energy for cooking, that is, they had primary access to clean technologies and fuels. Cabo Verde is a country where it doesn't rain much, and there is not much forest cover. In many rural and peri-urban areas, wood is still the main energy resource for preparing food, despite the limited potential of wood energy.

*The country has made major progress in carrying out the national program for sustainable energy across all defined strategic priorities:*

In the development of renewable energy, in terms of IPPs, there are around 40 MWs of new wind and solar capacity in different phases of implementation to be concluded in 2022-23, nearly 6 MW of distributed generation installed in the past five years. Licenses have been issued for another 3 MW of own production from hotels and industrial units.

With respect to power storage, the first MW from lithium batteries has been operating since August of this year, and over the next six months, more public competitions will take place for São Vicente and Boa Vista, of nearly 5 MW / 5 MWh. The Santiago water pumping plant project (20 MW/160MWh) made progress with the completion of detailed, robust studies and preparation of elements to set up the file for the PPP public competition, seeking to have functional infrastructure by 2026, as forecast in the electricity sector's master plan.

An important package of regulations has been defined in terms of energy efficiency, followed by multiple demonstration projects in public buildings. A broader project is being designed for implementation by 2026 as part of the new program to support the energy transition, financed through cooperation with Luxembourg.

Implementation of the electric mobility policy charter is moving forward. Since 2016, the fleet of electric vehicles (EVs) in circulation has gone from zero to 74, and we now have about 36 applications since the start of June in the incentive program to acquire electric vehicles, financed through the ProMEC. The public competition to select a concessionaire that will install the first 44 public charging stations is also underway.

We are experiencing a difficult time in the regional and global economic situation arising from the COVID-19 pandemic and context of accelerating climate change, now worsened by the rise in fuel prices, effects of repercussions from the war in Ukraine, and its impacts on the energy market and other commodities, which have created enormous challenges for the public and private sectors.

Cabo Verde also needs to decisively address the efficiency challenge, that is, by creating resiliency and sustainability for the sector by combating the high level of losses and improving the operational efficiency of energy output, transport, and distribution.

This scenario requires complex and assertive decision making, and the debate around energy transition focused on resilience and energy security is even more significant.

New capacities of renewable output and residential distributed generation need to be integrated more quickly into productive activities and uses. Investing in strategic infrastructure, energy efficiency, energy storage, electric mobility, strengthening the institutional endowment, and training and certification of domestic technicians to give the country the right resources to reach its desired goals.

Energy transition is also seen as an instrument to catalyze economic activity through well-planned strategic choices to maximize the returns on this transformation, enabling the country to internalize the economic and technological benefits and synergies created from digital transformation and transport, mobility, and development of agricultural and industrial output.

*By 2030, we intend to make Cabo Verde a country endowed with a safe, sustainable, and inclusive energy system that has high energy efficiency and takes advantage of renewable energy sources, across a smart infrastructure grid.*

The **National Program for Energy Sustainability (PNSE)** for **2021-2026**, has restated the goal of making the transition to a safe, efficient, and sustainable energy sector, without depending on fossil fuels, ensuring universal access and energy security, and explicitly taking on the commitment of **Energy Transition and Decarbonizing the Economy by 2050** in line with Nationally Determined Contribution (NDC), while maintaining current intervention priorities, which include:

Strengthening institutions and improving the business environment; reforming the energy market's organizational structure; investing in strategic infrastructure; developing renewable energy, and promoting energy efficiency.

Business development and research and development in the energy sector, proactively seeking to create jobs and business opportunities and inclusion and gender equity, in order not to leave anyone behind.

### **The PEDS II cycle will make some major accomplishments:**

Implementation nationwide of the Electric Mobility Policy Charter through a broad program that aims by 2026 to reach one-fourth of the contingent of new acquisitions of electric vehicles for the national fleet.

Strengthening measures to increase the installation of electric vehicle charging infrastructure. Encourage and promote electric mobility in the maritime economy and develop pilot R&D projects applied to V2G (vehicle-to-grid).

Reforming the energy market's organizational structure, implementing the new figure through vertical separation and creation of the National Operator System and Universal Buyer for energy produced by independent producers.

Privatizing Electra, dividing it into two companies for electricity production and distribution, and strengthen the institutional framework of the energy sector consistent with a partner government that promotes, boosts, and regulates a sustainable, innovative, efficient energy supply and production market.

Investing and encouraging business development, research and development, to explore the sector's potential for energy-transition-related services.

Continuing with initiatives for evaluating and prospecting new technologies and implementing demonstration projects, namely the “Brava Sustainable Island” project, as well as with wave power and producing green hydrogen.

Creating conditions for developing the energy services market, a market for companies that conduct energy audits and sustainable energy plans.

Introducing adjustments to the National Petroleum System to include integration of natural gas as an option for the bunkering market, and as an initial stage for transitioning to green hydrogen.

Continuing to invest in strategic infrastructure to assure the system's resilience, promote the integration of renewable energy, universal access, and encourage innovation and technological development.

Investing in the rehabilitation, expansion, and modernization of electricity distribution grids and installation of micro grids supplied by small photovoltaic stations and individual solar kits in isolated locations, off the grid.

Continuing to implement the development of smart grids in line with the vision of building a digital grid.

Promoting energy efficiency across all areas/subsectors.

Continuing to implement policy measures to bring on new, large-scale, renewable output capacities to inject into the grid and to promote the expansion of renewable micro-production for own consumption.

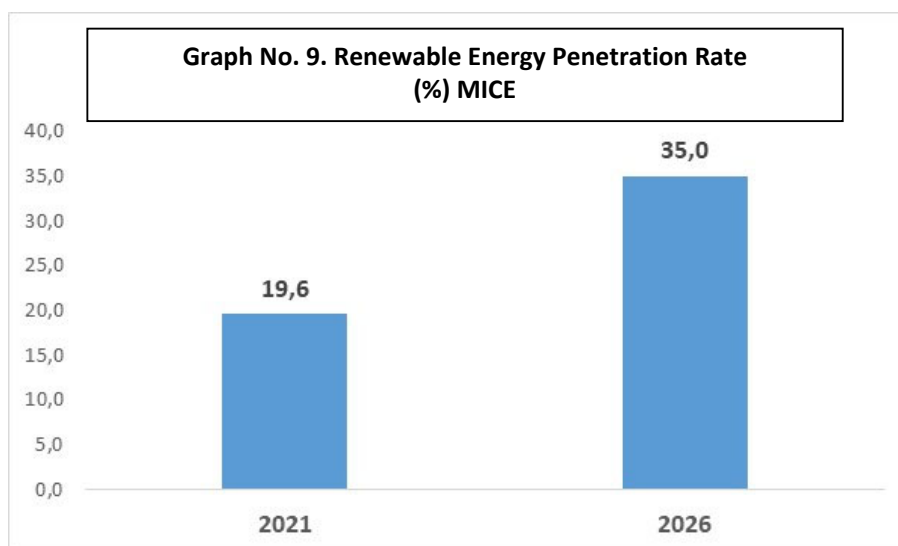
Increasing investments in renewable energy micro-production projects for own consumption in public buildings.

Continuing to invest in and create conditions and incentives for expansion of renewable micro-production associated with water pumping and desalinization, among other uses.

Investing in energy storage systems, that is, with the completion of the energy storage system on Sal, install batteries on the islands of Boa Vista and São Vicente and on other islands to implement the “Santiago Pumped Storage” project.

Furthering coverage of the social electricity rate for a more inclusive energy market.

By 2026, energy dependence will be lowered by at least 12%, and at least 35% of electricity produced will come from renewable sources (*Graph No. 9, below*).



Access to electricity will be universal, and we will have at least 90% of poor families paying the social electricity rate, while the majority of the population (92%) will have primary access to clean technologies and fuels for cooking. We will have reduced the energy intensity of GDP by at least 10%, losses in the electric sector to a maximum of 17%, and improved SAIDE service quality indices by up to 23.6 hours and SAIFI up to 19.1 minutes per interruption. At least one-fourth of new acquisitions for the national fleet will be electric vehicles.

### 3.1.6.6 Commerce

Cabo Verde's location is unique, in the center of the Atlantic. It has high standards of security, stability, and social peace, which are basic and necessary conditions to become a hub for businesses to set up and register offices here.

In 2021, imported goods totaled 76,563,000 contos, nearly 9.9% higher than a year before, and exports reached 5,169,000 contos, nearly 1.3% more than a year earlier. Thus, the trade balance remains structurally at a deficit at around -71,394,000 contos, an increase of 10.5% and the coverage rate of imports by exports was at 6.8%, that is, it fell 0.6 percentage points.

Cabo Verde is part of the first group of countries that adhered to the African Continent Free Trade Area (AfCFTA), having submitted instruments to ratify the agreement in December 2020.

We participated in negotiations on tariff concessions as part of the Protocol on Trade in Goods, having submitted the list of products that are sensitive, excluded, and liberalized. Negotiations of the rules of origin were completed in 2021.

As part of the ECOWAS Trade Liberalization Scheme, goods from three local industrial companies, that is, SOCIAVE, CINTILA, and BARBOT, were approved by the National Approval Commission and the ECOWAS Commission. We notified the WTO to safeguard the right to renegotiation for 2020-2023, though it is also worth noting that we ratified the World Trade Organization's Trade Facilitation Agreement, the Protocol Amending the Marrakesh Agreement establishing the WTO and participation in the WTO Negotiations Conference regarding fishing subsidies, with an emphasis on implications for West Africa.

The project to develop a Single Window for Foreign Trade (SWFT) has continued according to the SWFT master plan from March 2020, seeking to lower the context costs of the industrial sector and trade.

However, there are bigger challenges with increasing trust, lowering context costs, and sustainability, which are essential to competitiveness. In short, improving the business environment, strengthening fiscal competitiveness, from a predictability and differentiation standpoint, as well as from an incidence standpoint, ensuring high levels of legal security, improving access to and lowering transport, communications, and energy costs, and significantly improving the effectiveness of public services.

*We intend to turn Cabo Verde into an international business center by making the country an ideal spot for establishing companies and doing business.*

**During the PEDS II cycle, major accomplishments will be made, including:**

Promotion of the international business center with legislative review and a competitive program to attract investors and companies.

Improvement of the business environment, lowering context costs of the industrial sector and trade, namely by implementing the Single Window for Foreign Trade, facilitating access to inputs, transport, energy, and lowering tariff and nontariff barriers to trade.

Creation of conditions so that Cabo Verdean companies that export to the United States are able to transfer from the common system to the AGOA system, and so that new companies are able to access it.

Development of the existing collaboration between Cabo Verde Trade Invest and USAID / West Africa Trade and Investment to provide advisory services to Cabo Verdean companies, so that they can increase their competitiveness, regional trade, and global value added exports, particularly to the United States.

Encouragement of the fish processing industry and aquaculture products for export.

Development of economic diplomacy for penetration of products from Cabo Verdean industry into CPLP and ECOWAS countries, especially those from the pharmaceutical industry as part of the international health hub.

By 2026, Cabo Verde will have increased the import-export coverage rate by at least 14%, and the value of intra-regional (ECOWAS/AU) imports and exports by 150%.

### **3.1.6.7 Transformation of Agriculture**

Cabo Verdean agriculture is mainly a family-run affair, occupying a bit more than 9% of the land on the islands, with tiny 0.4 hectare parcels for irrigated land and 0.9 hectare for non-irrigated land, on average. Owing to the dry climate and consequent limited precipitation, poorly distributed across time and space, water is the main limiting factor. The scarcity of arable land, the country's geographic and orographic conditions, and its archipelagic structure are all likewise important limiting factors. Despite these limitations, nearly one-third of households engage in agriculture, which contributes on average

about 8% of GDP. Agriculture, ranching, and fishing are still the leading economic activities in rural areas, and they are what most expose rural populations to poverty.

Although the country depends on importing basic goods (cereals, sugar, cooking oil, milk, and certain byproducts), given its agri-ecological peculiarities, agriculture has the potential for development of fruticulture, horticulture, ranching, namely of short-cycle animals, agroindustry, contributing in part to households' nutritional and food security.

An analysis of the agricultural sector points to several challenges, which urgently require a solution, namely: (i) adaptation of agriculture to climate change; (ii) diversification of water sources for agriculture (irrigation and livestock), associated with renewable energy (to lower production and distribution costs); (iii) increasing production to meet the growing demand for food; (iv) promotion of entrepreneurship and development of agricultural production systems, whether for households, production cooperatives, or agribusinesses; (v) integrated watershed management; (vi) promotion of mechanized, precision agriculture; (vii) incentives to create and add value throughout the market value chain, in terms of its connection with tourism, manufacturing and trade sectors, among others, and; (viii) quality assurance and product certification.

*Our ambition for the agriculture sector is based on Vision 2030, with its transformation, that is, competitive agriculture, a sector with opportunities for smart, young people, that is highly productive and has added value of penetrating the tourism market, exporting, and strengthening its contribution to food security.*

As such, the strategic options set out for the agricultural sector, as part of the 8<sup>th</sup> government program (2021-2026) that the PEDS II will implement, are based on a transition from traditional, subsistence agriculture to modern, competitive agriculture with the capacity to attract private investment, contribute to food security, penetrate the tourism market, and export goods. In order for these strategic options to materialize, conditions will need to be created for the development of productive systems, such as technologically modern, profitable, and environmentally sustainable companies, production cooperatives, or family farms. Agriculture needs to be transformed into a sector of opportunities for young people and women heads of household, generating decent jobs and decent income and contributing to a reduction of poverty, inequality, and regional asymmetries.

However, opting for this model implies a more robust and resilient agrarian economy: limiting dependence on rainfall as much as possible, and thus mitigating the effects of climate change, with greater output and productivity, fewer production risks, a better balance in terms of gender, and creating more jobs and incomes for households, especially in rural areas, and consequently a greater contribution from the sector to GDP.

Accomplishing Ambition 2030 entails an investment in policies that encourage better use of the agricultural potential associated with promoting entrepreneurship in the sector to increase productivity and output, seeking to supply local consumption, along with promoting a reduction of imports, in particular, for the tourism market, without losing sight of concerns about food and nutritional security for local populations, especially the most vulnerable. This transformation requires the creation of competitive and sustainable value chains.

Cabo Verde must accomplish the essence of SDG2 goals: eradicating hunger, achieving food security, improving nutrition, and promoting sustainable agriculture. That means consolidating local production

system through a holistic approach by improving access to water, credit, and markets, and adapting to climate change (droughts in particular), as well as organization (cooperatives), to combat extreme rural poverty and not leave anyone behind.

The Transformation of Agriculture program in the PEDS II must contribute to modernizing and improving the competitiveness of the agriculture, silviculture, and pastoral sector, that is, with the same availability of water and land and the same existing agri-climate limiting factors, the country must produce more and produce it better. To that end, agriculture will have to invest in smarter, more resilient technologies based on research and rural extension aimed at agricultural management, with investments in education and professional training, and the creation of a financial environment that is favorable to promoting agricultural entrepreneurship.

**The main lines of operations shall be based on two pillars:**

### **1. Strengthening resilience and adapting to climate change**

Since Cabo Verde is a vulnerable, small island nation, given the negative effects of climate change, extreme meteorological and climatological phenomena, such as hurricanes, flooding, and droughts that are increasingly more frequent, increases in aridity, soil and plant degradation saline intrusion, and degradation of ecosystems, especially in coastal areas, measures need to be implemented more quickly to prevent and mitigate these issues, by investing in sustainability and resilience, with actions aimed at: (a) mobilizing and managing water and diversifying its sources, investing heavily in desalinization techniques for brackish and seawater, safely reusing treated wastewater, in addition to mobilizing surface water and underground water; in addition, optimizing the use of water by expanding efficient irrigation systems, with an emphasis on micro-irrigation systems and the use of hydroponics, as well as lowering water and operating costs by using renewable energy, and building hydraulic and production support infrastructures; (b) strengthening and improving the agricultural-silvicultural-pastoral system and protecting the terrestrial ecosystem through sustainable management of forage resources, introducing and spreading herbaceous, shrub, and tree forage species, using new cultivation and water-saving technologies (micro-irrigation and hydroponics), as well as collecting, conserving, and valuing forage resources, while valuing and using of agriculture byproducts; (c) promoting controlled grazing in forest-pastoral spaces in accordance with carrying capacity, quotas for animals, and doing more to combat pests and diseases by using integrated (biological) pest control methods, in addition to maintaining wooded perimeters.

### **2. Setting up value chains focused on regional and diaspora tourists, locales, and markets**

The development of value chains is viewed as an effective tool for encouraging economic growth and helping boost income among the various stakeholders throughout the respective chain. As such, heavy investments should be made in: (a) **setting up value chains**, prioritizing horticulture, fruticulture, coffee, wine, goat cheese, meat, eggs, and the development of an agricultural logistics system; (b) **encouraging the organization of the productive class** and promoting agricultural cooperatives and businesses to formalize agricultural/livestock activities as an economic sector, encouraging the creation of family-run agri-industries in order to make small businesses feasible; (c) **evaluation of the current output of the main priority sectors** and consumer profile, characterizing the leading stakeholders in the value chain, the market structure, production technologies, processing, transport, and product quality throughout the product of chain; (d) **production planning** (quantity, regularity, and quality) and logistics to meet market demand with a special focus on domestic markets (local and

tourism), based on economically competitive, environmentally sustainable, and socially acceptable production models; (e) **certification of agricultural and livestock products** by creating the conditions needed to develop actions that lead to better quality and value of agricultural products; (f) **promoting mechanized precision agriculture** by introducing agricultural equipment and implements, such as tractors, power tillers, power tools, among other things) on a small scale that is appropriate for Cabo Verde's context that make agricultural work faster and easier, and agricultural production technology that provides farmers with tools and constant real-time information that has direct impacts on productivity gains for the sector; (g) **promoting youth entrepreneurship in the agricultural sector** by creating and promoting incentives and funding (rural credit) to encourage real investment opportunities and public private partnerships that are long-lasting and secure within the agricultural sector.

Implementing these main strategic lines set forth in the Transformation of Agriculture program shall enable us, by the end of this governance cycle, to achieve:

Agriculture in full progress of transitioning to more modern, more resilient methods, that is, adapted to climate change, more quantitatively and qualitatively productive, more competitive, and with the capacity to penetrate into tourism markets and reach certain niche export markets, namely of the diaspora, more inclusive and socially recognized, contributing substantially to reducing poverty and generating income and decent jobs.

Agriculture based on resilient techniques and technologies, adapted to climate change, in terms of diversification of sources for mobilizing water and the systematic incorporation of renewable energy into pumping processes, as well as in terms of expanding efficient irrigation systems and more intensive production by incorporating technology and machinery adapted to our reality, with precision tools and information.

A drastic reduction in the chronic forage deficit situation that the country faces through sustainable management and valuing foraging resources—herbs, bushes, and trees—by using the latest growing technologies (micro-irrigation and hydroponics), engaging in controlled pasture management, having quotas for animals, among other things.

Evaluating and setting up priority value chains, with all their potential, and an organized productive class, with certified products, and visible impacts on the densification of the business community within the agricultural sector, and a consequent increase in the number of jobs created, economic growth for the sector, and contribution to GDP, based on effective production planning and an entire logistics chain.

*Table No. 4 Agriculture Value Added, Recovered Area, and Prevalence of Malnutrition*

| Indicator                                       | Benchmark | Goals |       |
|-------------------------------------------------|-----------|-------|-------|
|                                                 | 2021      | 2022  | 2026  |
| Gross Value Added Growth Rate (%)               | 7.3       | 10.95 | 55.4  |
| Recovered area (ha)                             | 942       | 1,542 | 6,942 |
| Prevalence of malnutrition (3 year average) (%) | 13        | 13    | <13.0 |

*Source: DGPOG – MAA*

An ecosystem that is favorable to agricultural activities, using private technical assistance and integrating private parties into agricultural activities, encouraging young entrepreneurship by creating and promoting incentives and funding (rural credit) to develop specific opportunities for investment and public private partnerships that are long-lasting and secure for the agricultural sector.

### **3.1.6.8 Culture and Creative Industries**

Cabo Verde is a country with vast cultural diversity. Cultural life and creativity should be preserved and developed through consistent, efficient, cultural policies. Over the past five years, the BA-Culture program has benefited many students by teaching them art. In 2021, there were 80 schools and 2,858 students receiving scholarships from them, 1,508 of whom were girls and 1,350 boys.

Creative industries occupy a central place in promoting and maintaining cultural diversity, combining the creation, production, and marketing of intangible, cultural, and creative goods. They bring together the traditional force of so-called classic culture, with value added by business talent and new talent from the media, electronics, and communications, grouping work sectors whose productive activities have as their main process a creative act that generates a product, good, or service, whose symbolic dimension is the key to its value, resulting in the production of cultural, economic, and social wealth.

Hence, the government has outlined a mandate for this sector for 2021-2026, with strategic pillars aligned with the 2030 Cabo Verde Sustainable Development Strategic Agenda, which are part of a medium- and long-term vision aimed at establishing a culture and creative industries sector as an economic asset, rather than as part of the public sector, to be managed in the interests of the State and civil society. This strategy also has the objective of making the culture sector the effective fourth pillar of sustainable development, increasing its contribution to GDP, creating decent jobs and improving income distribution, as well as affirming Cabo Verde's place both regionally and internationally.

In this context, the government has identified a set of challenges. The biggest of these revolves around implementation of the National Reading plan, the purpose of which is to have books delivered to every school in the country, to mobilize funding to issue and reissue works for children and young adults in order to implement the Sophia Balaio project; to create a network of museums to safeguard the country's cultural memory and promote education among different generations, promoting events and exhibits, recovering and valuing cultural heritage, and a tourist attraction to leverage the country's economy through tourism, identifying, inventorying, and classifying national heritage that has been protected and recovered, as well as identifying, organizing, and evaluating the cumulative documentation in the government's central and local administration.

Moreover, recognition, training, and professionalization of the artistic and cultural sectors, valuing human capital, as well as investing in the research and communication of the arts, are all important challenges to the government, which will lead to implementation of the Statute of the Artist as a way of regulating the entire artistic and cultural sector and creating a legal framework within the national labor sector.

Regulation of the “Created in Cabo Verde” handicraft sector, as part of the integrated handicrafts system (SIArt), and its certification, urgently need to be completed, along with implementation and consolidation of the Experimental Laboratory for Art, Handicrafts, and Design (LEAD).

*By 2030, we intend to complete the cultural and creative sector's transition from a traditional economy, with considerable "heritage" value and cultural identity, to a modern, sustainable economy based on promoting all forms of creativity, by professionalizing the sector, developing human capital, and leveraging tourism development. It will be included in the production market, with new jobs and new economic values, in order to break the cycle that perpetuates creators' dependence on state funding.*

With goal of including culture in the education system for universal training of all citizens, the PEDS II shall prioritize the Access to Culture Scholarship program (BA-Culture), a prime investment for full social inclusion through the arts, giving opportunities of access to Cabo Verde's children and youths. The government will use this program to fund student tuition, rather than art schools, so that there is no cultural exclusion as a whole.

Cabo Verde has a vast network of functional museums, rehabilitated heritage buildings, and intangible heritage internationally projected by UNESCO. For this planning cycle, the government intends to pass a basic law on heritage and museums and to develop a strategic plan for them. Technical capacities will be strengthened, along with staff and training.

Likewise, staff professionalization, with a special focus on creating career and wage plans for the Cesária Évora Academy of Arts, the Ildo Lobo Culture Palace, and Mindelo Cultural Center, will become a reality. The Center of Art, Handicrafts, and Design Training, will be strengthened to position Cabo Verde on a par with the finest museums in Africa and the world, and an efficient model for managing documents and archives for all of Cabo Verde's government agencies will be developed, facilitating and simplifying access to and communication of public administration documents, in addition to implementation of the National Archives System.

During this cycle of the PEDS II, formalization of the film and audiovisual sector will be prioritized, given the earnings it may generate, as filming in the country, similar to what happens in other countries, contributes to boosting and innovating the economies of the locations and places where they occur. The film and audiovisual sector is a net positive that could really help promote the full magnitude of Cabo Verde. Thus, sustained investment in the sector will be able to create enormous economic dividends, jobs, and attract foreign capital. Training will be favored for local professionals in the field, while encouraging the diversification of tourism demand. As a consequence of the tourism industry's goods and services, it may also end up contributing to reinforcing the notion of citizenship among the country's inhabitants.

With actual implementation of the actions forecast in this plan, by 2026, the country will have, among other things: all its existing museums rehabilitated, with new ones regulated and added to the network; A safeguard plan in place, with heritage buildings refurbished and offering new functionalities; a sector with technical staff who have specific skills, recognized and accredited coursework, schools providing quality training, and art professionals included in the formal labor market; an Artist Card, as a result of the Statute of the Artist, which will help reduce informality; nine municipalities with the Experimental Laboratory for Art, Handicrafts, and Design implemented, and a chain of "Handiworks Created in Cabo Verde" stores set up in six cities, with a specific focus on tourism. Cabo Verde will have started down the path as a filmmaking country.

### 3.1.6.9 Cabo Verde Financial Center

We have chosen to turn **Cabo Verde into a maritime, air, tourism, financial, digital, and innovation hub** for industry and commerce, sports, and healthcare.

Our ambition is to transform Cape Verde into an international business center, which in and of itself entails the creation of an international financial marketplace on the islands. The importance and urgency of transforming Cabo Verde into a financial hub stems from a growing opportunity for international banks and funds to conduct their international financial operations from the country, based on the assumption of the country's competitiveness and need to provide support to companies that set up offices in Cabo Verde, while promoting exports of digital services and offering support for relaunching the industry, aimed primarily at furthering the export of goods.

Being a hub also entails having top-notch financial services. We have created the Special Maritime Economic Zone in São Vicente; the Special Economic Zone of the island of Maio; the Special Technological Economic Zone; and we are going to create the Special Air Economic Zone and Special Vulcanological Economic Zone of Fogo, along with the Special Green Economy Zone. We need a financial hub in order to support our ambition of becoming a hub country, which will be an important milestone for the Cabo Verdean financial system.

The Bank of Cabo Verde was created on September 29<sup>th</sup>, upon independence, with the primary mission of being our central bank. The transition to democracy involved opening up to private enterprise, a small role for the state in the economy, and an intense process of reforms and privatizations.

In 1993, the framework law of the Bank of Cabo Verde was passed, with it becoming the sole and exclusive institution for performing central bank functions, with commercial banking then being done by the new Banco Comercial do Atlântico (BCA). Liberalization of the financial sector and the presence of two banks (Caixa Económica de Cabo Verde and BCA), along with the creation of insurance firms Garantia and Impar, required major changes to the way in which monetary and exchange policies were being managed.

To transform Cabo Verde into an attractive, competitive, capital market, the Cabo Verde Stock Exchange (BVC), created at the end of the 1990s, resumed its activities in full in December 2005 with the mission of providing companies with investment and funding alternatives by providing systems and platforms for a properly functioning market.

Starting in 2006, multiple institutions started issuing bonds and new shares through the BVC, in particular, by Electra, Cabo Verde Fast Ferry (CVFF), Tecnici Imobiliária, Imobiliária Fundiária e Habitat (IFH), BCA, the African Investment Bank (AIB), CECV, Inpharma, Emprofac, TACV, Ecobank, and the cities of Praia and Sal.

However, the 2008 financial crisis revealed the weak diversification of banks' credit portfolios, composed essentially of assets from the tourism real estate sector and quite a bit of irregular loans, leading banks to become risk averse to credit for companies. The banks then started to prefer investments in public debt, to the detriment of credit for the economy, resulting in the bankruptcy of some recently created businesses.

Given the implications of the international financial crisis, beginning in 2008, and the strong recommendations of both the European Union and the International Monetary Fund, Cabo Verde's

government proceeded to clarify and strengthen the role of the central bank in 2014, upon publication of a basic law of the financial system and the law of financial institution activities.

These reforms sought to adapt the BCV's supervision and regulation model to Basil rules, in the sense of improving management of multiple credit risks, market risks, and operational risks.

At the same time as the reforms to the bank regulation framework, the BCV introduced Decree Law 1/2012, seeking to lower costs, overcome obstacles to freeing up capital movement, and creating the necessary dynamics to turn the city of Praia into a regional financial center.

However, despite all these universal trends pointing to the growing relevance of institutions that provide financial services, that vision did not materialize in “financial system laws”, nor in “financial system activities”, which relegated such institutions to the group of “financial system auxiliaries”.

This failure to properly classify financial services (which still exists) led the new financial system into heavy dependence on a concentrated banking sector and an incipient capital market.

In 2018, given the importance of payment services and systems to the Cabo Verdean economy, especially for companies, and at the initiative of the Bank of Cabo Verde, the legal system was given three central laws that began regulating and facilitating access to performing activities in payment services and issuing electronic currency.

However, it is worth noting that the law of financial activities still classifies financial service providing institutions as “auxiliary institutions of the system”, when internationally the impact of emerging financial services (digital banking, fintech, asset management, fund management, etc.) were already disrupting many banking activities.

Today, it would be hard to conceive of a financial system where the various players and partners do not have access to and conduct their activities in an ecosystem with inter-operational platforms that have global APIs.

The program of the government elected in 2021 intends to turn Cabo Verde into a “hub” and a “digital island” by coordinating multiple public policies to get there, with a particular emphasis on promoting financial services based on digital business (tech park).

According to the recommended parameters, an international financial center refers to a city with:

1. A strategic location (geographically speaking);
2. A highly relevant role in the global financial system;
3. Home to several financial institutions and multinational corporations, with a renowned stock exchange;
4. World-class commercial systems and communications infrastructure;
5. A transparent legal and regulatory system, supported by a stable macroeconomic and political system;
6. A favorable destination for professionals who demand high standards of living;
7. A thriving economy with leading anchor business sectors;
8. A favorable tax system;
9. Electronic and telecommunications industries;
10. A center of technological innovation and a university research environment;
11. An ecosystem that is favorable to funding startups and fintechs.

Cognizant of these limiting factors, the government intends to establish a plan of action as part of the SDGs, in cooperation with the entire financial and business ecosystem, capable of creating conditions so that Cabo Verde and the city of Praia are included in the international financial center network (from the perspective of a tech business-based center for ECOWAS), whose challenges and objectives are as follows:

#### **In the business environment**

Efficient macroeconomic management and a competitive country with social and political stability, convertible currency, and a favorable, competitive, tax system.

#### **In regulation and supervision**

Regulation in accordance with leading practices, with legislation in line with international standards, supervision, and control of compliance rules.

#### **In terms of human capital**

Attracting top domestic and foreign professionals to the international financial center's pool of talent; partnerships with business and tech schools to be set up in the Praia Tech Park; partnerships with top-notch training centers (Luxembourg, Morocco, and Singapore); and partnerships with the tech park for fintechs and insur-tech sandboxes.

#### **In the urban ecosystem**

Quality port and airport services; tax recovery; a modern hospital network with an availability of physicians and specialized clinics; public safety and law enforcement; university education, research centers, and attraction of talent.

#### **In financial services**

Large-scale availability of capital; tech cluster financing for exports; depth and diversity of the financial system.

#### **In connectivity**

The latest ICTs and data centers; an operational EllaLink and competitive costs; and daily international flights to every continent.

We have some of the basic conditions for developing a financial hub, such as political stability, with democracy being one of our greatest assets, economic stability, with an FX cooperation agreement with the European Union, and we have we have invested in budget consolidation and are improving the business environment. We have social stability, a strategic location, safety, a sound fiscal system, and we are classified as a consistent reforming country. Since June 2018, we have opened up foreign exchange operations and economic and financial relationships with other countries, with a special emphasis on capital movement.

#### **We have an agenda for:**

- Modernizing banking and capital-market legislation in line with international standards;
- Developing the financial sector and payment services including electronic currency regulation;
- Developing capital markets, investing in their liquidity and internationalization;
- Improving the business environment;
- Modernizing the legal framework, with regulation of the bankruptcy law;

- Creating new financial infrastructure and instruments;
- Adopting a public program for specialization of staff at leading universities and training institutions worldwide, to assure the quantity of human resources needed, with the quality to meet financial groups' needs;
- Improving internal and international connectivity and resuming the air hub on the island of Sal, which will facilitate Cabo Verde's link to other continents, including the creation of a Special Air Economic Zone;
- Promoting tax incentives to attract foreign investment and international financial institutions;
- Continuing to improve the population's quality of life;
- Capitalizing on the country's intangible assets, namely its geographic location, economic and political stability, and the rule of law;
- Investor protection measures;
- Modernizing the legal system with arbitration facilities;
- Developing a digital economy and innovation;
- Diversifying the financial sector, creating new financial infrastructure as part of funding the ecosystem for funding the economy, venture capital, a public/private credit information center, institutional training, and partial credit guarantees;
- Regional integration, that is, with the ECOWAS and the African Union; and
- We are building out our strategy and planning to create the International Financial Center of Praia.

**In particular, the PEDS II prioritizes:**

The creation of an authority to implement the international financial center of Praia and to approve the respective legal system;

The implementation of an authority for the International Financial Center of Praia (ACFIP), adopting a stakeholder matrix for the ecosystem of the ACFIP, and a strategic alignment of stakeholders to build the financial center's ecosystem; and

The adoption and execution of a plan to implement the financial center's ecosystem.

By 2026, the goal is to have completed 90% of the strategic plan to create an ecosystem for the International Financial Center of Praia.

### **3.1.6.10 Cabo Verde Sports Hub**

The government continues to value national sports for the role that it plays in society as a regulating element and for the social balance of Cabo Verdeans, along with being an important factor for development.

The sector has taken significant steps in terms of sports legislation by having updated and modernized the foundations of policies to develop physical activities and sports in the country, as well as by passing

a major legislative package that on the one hand assures better functioning sports hierarchy structures, and on the other seeks to improve the classification and motivation of sports participants.

In general, physical activity and sports have become a part of people's everyday lives from various population segments throughout the country. Every day, there are new interests, new ambitions, which surpass the capacity of public sports institutions to respond both centrally and locally.

According to the 2022 sports census, at present, nearly 45.7% of the Cabo Verdean population practices some type of physical activity or sports. Around 3.9% are in a federal sport; 1.7% in school sports; 0.1% in military sports; and 16.1% engage in physical exercise, walking, cross training or gymnastics. This reality of the demand for physical activity and sports inspires certain care and entails investment, provided that the sector adopts strategic measures to drive and accelerate the essential factors of sports development centered on public sports, and consequently private ones, which is the collective Cabo Verdean sports movement. The construction of new sports infrastructure, improvement of access to sports infrastructure, an increase in the supply of sporting modalities, and the presence of sports agents are all factors to be taken into consideration.

The country's island nature requires the sector to intensify financial efforts to multiply investments, especially in infrastructure, when it includes priority sports modalities and national practice, such as in track and field, soccer, handball, and basketball. The government program has taken on the commitment of providing every municipality with at least one soccer field with artificial turf, and each island or sporting region with at least one sports pavilion. These requirements are valid in terms of classifying human resources, when specialization is required, and with inter-island transport, whenever unpredictability does not favor sporting exchanges at the national level.

The sector faces a wide array of major challenges. First off, the scarcity of funding to support the organization and structuring of an efficient, effective sporting system, established without competition from civil society, clubs, and/or institutions that promote self-sustainability; a lack of certified and specialized sports infrastructure for national and international competitions and daily training; a very limited competitive staff that is barely developed in the Cabo Verdean sports subsystems (at schools, universities, in the military, federal, and highly competitive), and a major budget shortfall for co-participation in options with partners and sports associations inside and outside of the country.

However, the biggest challenges are centered on: defining strategies that respond to issues related to how to benefit all citizens, especially the vulnerable population, subject to greater limitations in access and participation in regular practice and in the scope of sports for all; increasing demands for investment and resources (knowledge, human, material, financial, technological, etc.) to ensure the country's participation in the international sports scene, and the eventual achievement of high performance results; prioritizing and defining public policies for the sector; adopting strategies centered on sports output (in athletes and results) with consequent measures for optimizing resources; implementing sports legislation for the purpose of improving Cabo Verdean citizens' access to physical activity and sports or effectively creating inclusive environments in physical activity and sports, in access to the various sports modalities, specialized technical framework, cooperation between the state and civil society, and training teachers to work in physical education and sports, with skills focused on the country's needs.

*Our ambition by 2030 is to have “Sports that make us proud, raise the Cabo Verdean patriotic spirit of these islands, and contribute indelibly to the growth and development of the country and its people”.*

**The PEDS II shall prioritize:**

Setting up a sports monitoring and statistical information system;

Creating sports specialization courses, including skilled human resources into sports structures, and consolidating the MexiMexe PNAFS through the involvement of local government;

A sports infrastructure program for the country that benefits school-sport infrastructure and areas, and invests in sports performance centers and sports medicine centers;

Mobilizing funding to support international sporting events, creating incentives to promote the involvement of large companies in funding international competitions;

Creating school sports structures, school sport programs in primary and secondary education, and creating general regulations for national school games.

*The sector's biggest accomplishments for this planning cycle are highlighted in the Cabo Verde International Sports Hub program's product catalogue. However, transformative accomplishments that are able to drive the changes and accelerate progress need to be emphasized.*

**The EDUCARE program (specialization)** focused on: specialization of monitors, coaches, physical education teachers, physical therapists, and nutritionists; training in the fields of medicine, sports management, and sports marketing; developing a network of framers for the National Physical Activity and Health program, and implementing the National Sports Ethics program.

**The CAMPUS program**, which encompasses essential actions for widespread, inclusive participation in sports and producing talents with real world results, such as developing projects, building, benefiting, and conserving the school and military sports park; improving the state-owned sports park with a strategic intervention by the Central Sports Service; investing in and preserving natural areas ideal for sports at sea, on the beach, and in the mountains; kitting out infrastructure by sport, building duly equipped sports infrastructure at public institutions (schools, universities, military units, the National Stadium).

**The MORABEZA SPORTS program**, which prioritizes: strategic age-level competitions for boys and girls; creating conditions to organize national teams with activity plans; encouraging clubs to organize and evolve in terms of their sports; capitalizing on nautical, aquatic, beach, and mountain sports; integrating and valuing Cabo Verde's sports assets; strengthening integration of the diaspora into national sports; strengthening program contracts with sports federations aimed at consolidation and self-sustainability of sports.

**The LUDI SCHOLA program (Sports School).** A sports school is an excellent way to introduce children and young people to sports and consequently create a foundation for national sports. The government is going to prioritize the organization and establishment of a sports school development committee; the program also encompasses the organization of sporting activities and school district

competitions in primary and secondary education, along with interactions with federated sports and relaunching national school games.

**The LUDIS ARMORUM program**, which seeks to solve the problem of scarce teaching materials at public establishments for sports by providing more and better conditions to practice, and at the same time, from a methodological standpoint, enhancing the quality of training and competitions at all levels and age ranges. The program also prioritizes the collective acquisition of teaching materials, while respecting the levels and age ranges of users, with attention paid to individual sports, such as track and field, gymnastics, judo, Tae Kwon Do, karate, boxing, and these sports' protective gear.

**The INTERNATIONAL SPORTING EVENTS program**, the purpose of which is to enable the participation and to welcome different types of sports competitions inside and outside of the country, by improving conditions for internationally certified infrastructure and logistics for the various islands and sports regions. It shall prioritize organization of the senior female handball CAN in 2024, the Cabo Verde Trail Series, the Cabo Verde Surf Open, and nautical sports, with the participation of Cabo Verdean athletes in the Olympics and Paralympic Games and other international individual sporting competitions.

By 2026, Cabo Verde will have widespread, inclusive sports with 90% of sports association duly formalized, lowering the level of existing physical inactivity within the Cabo Verdean population to 15%. It will have sports full of skilled qualified people, that is, with at least 40 out of 100 monitors, coaches, and physical education teachers involved in physical activity and sports who are duly trained and specialized.

Cabo Verdean sports will have spectacular sports memories of major sporting events held at certified infrastructure (National Stadium and Vavá Duarte Sports Pavilion), as well as in natural areas (ocean, beach, and mountains) on the islands of Sal, Boa Vista, Fogo, and Santo Antão, with at least 10 sports infrastructures or natural spaces for certified international competitions to receive at least 20 international sporting events from the continent and from the regional and international community of which Cabo Verde is a part, such as the CPLP, Francophonie, and the ECOWAS.

A recommitment to expanding sports will occur with four sets of national school games held on different islands and districts, and nine regional games that promote gender equality, with the involvement of public and private institutions, families, and fans. National sports will have human resources, comfortable infrastructure, dynamic sports institutions, and excellent national representations in fundamental and community competitions.

### **3.1.6.11 Scientific Development**

Science, technology, and innovation (STI) are one of the most powerful driving forces for achieving growth, reducing poverty, and promoting overall human development. Major transformative changes in the growth and development of countries have frequently been associated with successful application of STI. Application of STI contributes to transforming Cabo Verde from its status as an emerging country by 2030. Hence, the PEDS II shall further the application of STI to benefit all aspects of national development and to unlock the creative potential of Cabo Verdeans. However, in

Cabo Verde, there has been a lack of critical mass of skilled scientists and associated institutions for fully developing STI activities focused on socioeconomic development.

The country's authorities recognize the priority of strengthening scientific research and improving technological capacities, especially in industrial sectors. Thus, they have given the country a scientific and technological research policy that underlies a society of knowledge, with global standards of quality and efficiency, based on an exchange of cultural and scientific capacities at national and international levels, using comparative advantages to promote integrated, cross-sector innovation and scientific development. They are investing in research and development, which should reach 2% of GDP by 2030 and therefore nearly 1.5% by 2026.

The PEDS II states that STI should be used to promote innovation in Cabo Verde's institutional and cultural knowledge and human capital across all sectors and to add more value to the lowest and most traditional forms of capital. This broad approach will increase the country's resiliency and establish the foundation for a long-term transition to a knowledge-based society, a digital economy, based on innovation.

*By 2030, our ambition is to have a scientific and technological research policy then underlies a society of knowledge, with global standards of quality and efficiency, based on an exchange among cultural and scientific capacities at national and international levels, using comparative advantages to promote integrated, cross-sector innovation and scientific development.*

The primary objective of the government's National Science Program is to make science one of the main pillars in creating conditions for the sustainable development of Cabo Verde, based on: human capital as a unique asset of a small island developing state; science as an engine of development and modernization of society; scientific and technological development and innovation as national priorities; scientific and technological research as an investment for innovation; and science diplomacy as a means of leveraging local, regional, and national development.

**By 2026, the National Science program is expected to drive change and:**

Increase public investment in scientific research to 1.5% of GDP, and to 50% the percentage of researchers, faculty, and university students in research projects and with scientific publications in leading national and international magazines, promoting gender equality.

Increase proficiency to 70% in Portuguese, to 50% in English, and to 30% in French, encouraging specialized teaching of our native language.

Increase to 40% certifications by national certifying bodies, 50% using the standards of the national standards collection, and reaching 30% coverage of calibration needs while meeting 70% of the demand for metrological verification.

Increase coverage to 80% of demand for intellectual property right protection services, with 70% using IP rights, and lowering the improper use of IP rights to 35%.

Increase the productivity and profitability of horticulture and fruticulture by 4%, resorting to technological packages, gender-sensitive, digitalized, precision agriculture.

These objectives have been incorporated into projects included in the Strategic Plan for Science, Technology, and Innovation (PECT&I) for 2022-2026. One of the PECT&I's main accomplishments is the creation of the Science, Technology, and Innovation Foundation (FCIT), whose mission is to assure and strengthen the links between science, technology, innovation and society by funding actions that promote top-notch scientific output, open and inclusive science, scientific culture and education, along with technological development and innovation, to respond to the needs and challenges of the country's scientific and technological development.

The government will encourage institutions of higher learning and non-university research institutions to equip themselves with the respective research agendas for this planning cycle and implement them, taking into account the country's development priorities. It will promote science diplomacy and mobilize resources for investment in research.

Hence, by 2026, at least 70% of the research agendas of institutions of higher learning will be implemented, along with those of the blue economy, healthcare, agriculture, culture, civil engineering, land management, digital economy, and other areas identified by the Center of Intelligence and Public Policies, carried out by non-university research institutions.

The modern world is supported by so-called **quality infrastructure (QI)**, especially standardization, along with metrology as a science of measurement, to instill development at businesses.

Cabo Verde has been working intensively to secure its place in the field of quality within the ECOWAS region, actively taking part in the various regional quality infrastructure bodies through the IGQPI.

**The challenges** that remain for the country's quality are related to creating technical skills throughout the country in quality-related areas, so that the provision of differentiated quality services to organizations becomes a reality, as well as having basic infrastructure available to meet the calibration needs of measuring equipment and certification services for national products for both local consumption and export.

*By including a cross-sector approach for all sectors of the economy for the very first time as part of the Sustainable Development Strategic Plan, the issue of “quality”, specifically within the science program, a differentiated emphasis is being placed on a positive and extremely relevant factor in international markets, where Cabo Verde can thrive, given the potential to position itself proactively, as long as the necessary investments in human resources and infrastructure are made.*

The **National Quality Policy (PNQ)** underlies investments in quality through its matrix, which is the basis of the IGQPI's strategic goals, based on the **Cabo Verde National Quality System (SNQC)**.

*Thus, we seek, within the context of the PEDS II, to have a national quality system for the country that supports the supply of certified products and services, to contribute to the country's excellence and competitiveness.*

The PEDS II shall ensure that **certification programs** are fully functional for priority sectors, while increasing certifications given by national certifying bodies by 40%; and implementation of a **national laboratory network** will contribute to providing the essential evidence for evaluating products and certification. The various quality matters will create opportunities in new areas of training and

concomitantly for professional expansion, while the new skills acquired contribute to the SNQC's growth.

Implementation of the **National Metrology Laboratory (LNM)** so that **calibration services** can be provided and at least 30% of needs get met, ensuring greater reliability of measurements, in particular in key areas such as healthcare, security, the productive sector, and commercial transactions. By 2026, be able to meet 70% of the demand for metrological verification. One cannot dissociate from this approach the fact that LNM accreditation will potentialize it to become a benchmark laboratory in the ECOWAS, creating a paradigm shift and strategically positioning the country in this field. Innovation in product design and their development should likewise undergo an introduction to the principles of continual quality improvement.

**Intellectual property (IP)** has taken on an increasingly essential role in the economic growth and development of countries, since it protects and values works and creations that arise from the human mind, adds value to products and services, encourages innovation and creativity, and given its cross-sectoral nature, is relevant to every socioeconomic sector.

The National IP System is based on an adequate legal and institutional framework, though it could be improved to assure its effective implementation. Cabo Verde has been progressively integrating regional and international IP systems in the field of copyrights and related rights, as well as with respect to industrial property. In 2022, the intellectual property policy charter was passed, setting out the vision, mission, and goals to be pursued over the next 10 years in this field. However, use of the IP system to benefit creators, innovators, business owners, entrepreneurs, and society in general is still incipient.

The IP policy charter sets as its vision for the field of intellectual property:

*“An IP system that adds value to natural potential, preserves the cultural identity of Cabo Verde, and encourages creativity and innovation in order to accelerate the country's cultural, social, technological, and economic development, in accordance with the Cabo Verde Ambition 2030 agenda.”*

While the PEDS II is in force, significant accomplishments are expected in the field of intellectual property that will help turn this vision into a reality by achieving the specific goal set for this sector in the National Science Program, and as a contribution to achieving the goals of other programs in this strategic plan.

By 2026, we intend for the country to have a more structured and consolidated national IP system that supports the preservation and valuing of natural and cultural potential and promotes creativity and innovation, more specifically with: (a) a modern IP legal framework aligned with regional and global trends on this matter and the country's development priorities; (b) national institutions responsible for managing IP rights equipped with adequate human, financial, and material resources and the essential skills to carry out their duties; (c) more active national institutions responsible for oversight of IP rights, in particular with respect to counterfeiting and pirating, which is expected to decline during the PEDS II to 35%; (d) IP services rendered with more quality, speed, efficiency, and closer to economic agents, producers, creators, inventors, innovators, meeting 80% of the demand; (e) qualified IP professionals (official IP agents); (f) programs and incentives to support intellectual property that are

accessible to MSMEs, incubators, startups, young entrepreneurs, creators, academia, and research and development institutions.

Also by 2026, the goal is for IP rights to be used more by the stakeholders of the IP system, with a 70% increase in this use of rights over the next five years, in particular by academia, research and development institutions, as well as by MSMEs, startups, young people, and women in the tourism sector, agriculture, green economy, blue economy, culture and cultural industries, science, technology, innovation, and the digital economy.

### ***3.2 Encouraging Territorial Cohesion, Urban Quality and Sustainability, Environmental Sustainability, Climate Action, and Resilience, and Valuing Biodiversity and Geodiversity.***

#### **National Decentralization Strategy**

The main goal of the National Decentralization Strategy is to reform the state by transferring skills and resources from the central government to local agencies and civil society organizations in pursuit of a better distribution of public roles and resources, seeking to empower the population and their communities. It should be done through administrative decentralization, financial decentralization, administrative deconcentration, administrative modernization of agencies, citizen participation in public life, and rendering accounts.

#### **Administrative Decentralization**

Administrative decentralization in terms of ensuring territorial cohesion has been designed and carried out with the purpose of providing each individual, each community, with similar opportunities in results and hence a way to decrease regional and municipal inequalities. Transfers between different levels of power, administrative authorities, executive functions, and resources are the way in which these objectives will be accomplished, as they equip regional municipal authorities with the formal and material capacities they need to respond to locally expressed aspirations and differing requirements. In this way, the government intends to use decentralization to become more efficient and to offer services to the underserved population at lower cost. For this reason, the administrative decentralization set forth in the PEDS II also encompasses transfers of roles to civil society structures, and from there to grassroots groups and organizations.

#### **Financial Decentralization**

The government will use financial decentralization to transfer authority to local governments for collecting tax revenue, and the processes and procedures for collecting revenue, etc. However, because the capacity for collecting revenue differs considerably, with this disparity actually worsening inequality between regions and municipalities, the government will use the Territorial Cohesion Fund as a way to level the playing field, using the local development index to redistribute parcels of the fund based on the criteria of inverse position in the ranking of said index to set the amount of the fraction that each municipality will receive.

Financial decentralization will therefore be done to reduce this difference in attractiveness between municipalities, consequently preventing the internal movement of families and individuals from

causing a population decline in a less wealthy municipality, which discourages investors and of course compromises the goal of increasing the competitiveness of the islands and districts. The leveling effect of the Territorial Cohesion Fund will therefore have the role of accelerating convergence from the perspective of strengthening territorial cohesion, by providing poorer municipalities with the necessary means to maintain a level of quality in their supply of public services, assuring demographic stability and territorial competitiveness.

### **Administrative Deconcentration**

The goal with administrative deconcentration is to provide public services more quickly, to lower peripheral costs and spatial inequality, and to maintain a certain proximity to users. To accomplish these goals, ministry delegates will be given decision-making power on current affairs, with only litigious cases that are difficult to resolve being subjected to arbitration by the directors general. This delegation of the central service directors general's powers to the directors of deconcentrated services is intended to shorten the reaction time of public administration to improve the response capacity of deconcentrated services.

### **Administrative Modernization of Local Governments**

In order to make municipalities more competitive and improve their capacity to manage and respond to citizens' requests, the government will enact a Municipality Training and Strengthening program to be carried out simultaneously with the decentralization pilot project in order to cause positive, successive changes in the relationship with citizens and a verifiable improvement in the quality of public services and day-to-day management of municipal affairs. Preceded by an assessment of the needs of every district in the country, the Municipal Training and Strengthening program will be designed in accordance with and as a result of the recommendations made from said assessment of the needs expressed by the municipalities. Thus, a municipal training and strengthening program will be devised that during the pilot project years will enable the program's beneficiaries to shrink the gap between the current status and the desired one in order to implement decentralization.

### **Citizen Participation in Public Life**

Civil society's participation in building solutions to national, regional, and local development challenges is intended to consolidate pluralistic democracy by giving citizens a fraction of power to intervene and influence general and community-based decision-making processes. To this end, in municipalities and islands where the local population is not structured or has limited capacity to intercede with local authorities or to ensure the transferred functions, the government, in partnership with the municipalities, will undertake actions to build the local population's skills, with the aim of enabling local actors to mediate and defend the interests of the island or the community to which they belong.

### **Rendering Accounts**

Municipal management problems, such as municipal debt, inflated revenue forecasts, and a lack of inventory of public goods, are serious obstacles to both regional and municipal development owing to the difficulty they cause in preparing any type of development project. In order to eliminate these barriers, the government is going to review the local finance legal system in order to adjust it to situational challenges, while preparing municipalities to be integrated into the development process.

### 3.2.1.2 National Strategy for Regional and Local Development

The main goal of the National Strategy for Regional and Local Development is to address inter- and intra-regional economic asymmetries, thus contributing to equity of access to opportunities for development in order to increase the supply of jobs both quantitatively and qualitatively in the regions and improve the quality of life of the population. This strategy will entail local and regional transformation measures, regional diversification, regional land integration, and regional stabilization.

#### Regional and Local Transformation

Regional transformation measures will be aimed primarily at islands whose economic growth has been below the national average, associated with traditional economic sectors and a poorly coordinated regional economy. This group includes, first and foremost, the islands of Santo Antão, Fogo, São Nicolau, Maio, Santiago, and Brava.

However, the labor market in most of these municipalities is dominated by informal economic activity, an indication of the degree of difficulty of energizing the municipal economy. To reverse this situation, the government will identify informal business units that have the potential to be transformed into either small or medium-sized companies. The government will work in partnership with the municipality on this transition to facilitate and accelerate the economic integration of municipalities where the market is dominated by the informal sector.

*The territorial cohesion policies on these islands will be aimed at:*

- modernizing the regional economic base and existing business community, by investing in more dynamic economic sectors in terms of growth;
- encouraging regional production by using their own resources in the agricultural, livestock, fishing, handicraft, industry, creative industry, civil construction, service, and tourism industries, etc.;
- promoting business activity by encouraging a business environment favorable to creating new companies and growth, and sustaining existing firms, as well as attracting and integrating foreign direct investment, especially investments made by emigrants;
- training regional labor, seeking to encourage creative potential, alter social relations, increase regional labor productivity, and broaden their skills and abilities;
- encouraging technological innovation designed to further the business innovation capacity of the regional base in terms of products, processes, and management; and
- promoting social cohesion by improving access of the population of these islands to a broad set of equipment, services, and social benefits.

#### Regional Diversification

Regional diversification actions aim to obtain a more stable and heterogeneous regional economic structure. They will be applied to those islands experiencing fast economic growth and whose economic activities revolve around a limited number of economic sectors or fields. These include the islands of São Vicente, Sal, and Boa Vista. The territorial cohesion policies on these islands will be aimed at:

- encouraging regional production to leverage the development of local business initiatives on these islands by using their own resources in agriculture, livestock,

fishing, handicrafts, industry, creative industry, civil construction, services, etc., as well as by differentiating their products or specializing in certain market segments;

- promoting business activity by encouraging a business environment favorable to creating new companies and growth, and sustaining existing firms, as well as attracting and integrating foreign direct investment, especially investments made by emigrants;
- training regional labor. They will do so to encourage creative potential, alter social relations, increase regional labor productivity, and broaden their skills and abilities;
- encouraging technological innovation designed to further the business innovation capacity of the regional base in terms of products, processes, and management; and
- promoting social cohesion by improving access of the population of these islands to a broad set of equipment, services, and social benefits.

### **Regional land integration**

Regional and interregional land integration measures seek to increase islands' competitive advantages to make them more attractive for establishing and developing economic and business activities, improving their access to markets, to transportation and communication networks, to productive infrastructure, and to productive resources.

Furthermore, these measures seek to generate internal economies of scale and agglomeration, thereby overcoming how small our domestic market is by valuing interdependencies and creating a unique internal market, and potentializing the inclusion of several islands into the global economy by integrating them into international flows and networks.

The islands of Boa Vista, São Nicolau, Maio, Santiago, Santo Antão, and Brava should be addressed first, in this case. The territorial cohesion policies on these islands will be aimed at investments in fields such as:

- ground transportation infrastructure;
- maritime transportation infrastructure;
- air transportation infrastructure;
- telecommunications infrastructure;
- water production and distribution infrastructure for domestic, commercial, industrial, and agricultural use;
- energy distribution and production infrastructure;
- wastewater treatment and reuse infrastructure; and
- waste treatment infrastructure.

### **Regional Stabilization**

Stabilization measures, for their part, are essentially aimed at islands experiencing slow growth, with undiversified productive structures, whose regional economic base is heavily agrarian and informal. Many of them are undergoing a continual process of population loss, a consequence of the rural exodus, resulting from a lack of economic opportunities.

These measures seek to establish populations in these regions by encouraging the use of local natural resources and their industrialization. This is the case with the islands of Santo Antão, Fogo, São Nicolau, Maio, Brava, and the rural areas of the island of Santiago. The territorial cohesion policies on these islands will be aimed at:

- promoting social cohesion by improving access of the population of these islands to a broad set of equipment, services, and social benefits;
- modernizing the regional economic base and existing business community, by investing in more dynamic economic sectors in terms of growth;
- encouraging regional production with the goal of promoting the development of business initiatives local to these islands, based on the use of their own resources in the agricultural, livestock, fishing, handicraft, industry, creative industry, civil construction, service, and tourism industries, etc.;
- promoting business activity by encouraging a business environment favorable to creating new companies and growth, and sustaining existing firms, as well as attracting and integrating foreign direct investment, especially investments made by emigrants;
- training regional labor. They will do so to encourage creative potential, alter social relations, increase regional labor productivity, and broaden their skills and abilities; and
- encouraging technological innovation designed to further the business innovation capacity of the regional base in terms of products, processes, and management.

### **3.2.1 Urban Development and Land Management**

As has been occurring elsewhere in the world, urbanization levels have risen in Cabo Verde, cities are growing, as are concerns about climate change. With this uncontrolled growth come countless challenges to successive governments that require the promotion of links and partnerships at all levels of society to be able to address complex urban problems.

In Cabo Verde, the land management sector is constantly evolving and transforming, as a result of the dynamics of land occupation imposed by public and private stakeholders. This evolution can also be seen in changes to legislation, as occurred in 2018, with the fourth amendment to the Law on Urban Planning and Land Management (LBOTPU) and the second amendment to the National Regulation of Land Management and Urban Planning (RNOTPU), as well as to changes to the operating system of special tourism zones, among other laws that are considered fundamental for this sector. Legal adaptation is urgently needed, and a bill is being drafted to amend the sector's legislation aimed at harmonizing and cooperation among the various laws currently in effect.

At this time, the country is preparing several special plans, more specifically tourism management plans (POT), in order to assure sustainable tourism development and forecast its occupation, thus shifting the paradigm in place at present and management plans for the coastline and adjacent sea (POOC\_M). The first of these plans was published in 2020 for the island of Boa Vista. There is also a plan underway for the island of Maio with a decision already published on the drafts from the islands of Santiago, Sal, and São Vicente.

With the drafting of plans at various hierarchical levels, both for urban purposes, namely, municipal master plans, and special purposes, the land management sector is expected to address and overcome the following big challenges: the capacity of central and local authorities to seek out and allocate funding to allow municipalities, for instance, to gain the technical capacity they need to draft and

implement detailed plans for more effective land management that effectively favor a response to demands and the requirements of local development.

To endow central institutions that operate directly in sector with the ability to draft new plans, to implement special plans and sector plans in force, and to move on to the monitoring and evaluation phase. The latter is fundamental for the planning process creating more security for decision makers.

An imperative paradigm shift regarding planning and land management instruments in force, their effective implementation, and respect for standards and rules.

To assure harmony in the legal and regulatory framework of land management, urban planning, and housing with the Constitution of the Republic of Cabo Verde, a new urban agenda and national policies for these fields. Evaluation of restrictive constitutional rules of limited efficacy not regulated in order to avoid legal gaps, in addition to a coordinated review of the main laws regarding land management and urban planning, the general land system, expropriation for public utility, property registry and cartography, special tourist zones, building registry and notary publics, land and housing regularization, urban rehabilitation and construction, to remove contradictions and overlapping legal issues, adapting them as well to the principles and methodologies agreed upon in the new urban agenda.

***By 2030, our ambition is to have managed land at the heart of decisions, where all stakeholders involved in their direct or indirect transformation know their potential, risks, and weaknesses, and are committed to implementation of the policies and practices in place to safeguard and conserve local resources, thereby ensuring the orderly, sustainable development of Cabo Verde and the well-being of its people.***

The PEDS II planning cycle is expected to catapult the land management sector to a technological level of innovation, promote research, implement, monitor, and evaluate plans, in order to allow institutions to accompany in real time, and with recourse to the latest information and communication technologies, any occupation and development of land, enabling them to outline strategies and take measures that impact the lives of the population. The PEDS II should allow us to have planned land management based on the actual assumptions concerning our status as an archipelago and should enable the following larger accomplishments to be made:

Implementation of a land observatory that uses real-time satellite images, thereby becoming one of the biggest sector reforms, which will enable more effective and nearly real-time land management.

Coverage of nearly 70% of national territory, whether on land or at sea, with their respective planning and land management instruments, which will enable decision makers to plan and then act.

Coverage of at least 80% of national territory with the building registry, as well as a guarantee of financial capacity of the registry's managing institution to deal with the challenges of their maintenance and upkeep.

With the PEDS II, Cabo Verde will enter into an unprecedented phase of its management history, with 65% of the ZDTIS having tourism management plans, 30% of municipalities having municipal master plans implemented, and nearly 50% of the islands having their respective coastal and adjacent sea management plans implemented. At least 80% of transactions regarding land ownership will be done

safely based on the property registry (properties qualified in the registry), and nine islands will have implemented address systems.

### **3.2.2 Public Infrastructure**

Cabo Verde's economic geography poses major challenges to developing the infrastructure network, since its small population of around half a million people is spread across nine of the ten islands that comprise the archipelago, many of which have very low population density. This geographic burden notwithstanding, the country has managed in recent years to develop an infrastructure network with relatively high road density, around three quarters of which is paved. Nearly all nine islands have port and airport facilities. At least 70% of the population uses the public system as their main source of water, and nearly 92% have access to electricity. The country has access to underwater cables and relatively good coverage of information and communications technology indicators: penetration and broadband. However, the prices of all services are exceptionally high, reflecting the cost of the aforementioned island life.

Moreover, there are major challenges to address: improving the efficacy of investments in infrastructure and the efficiency of services, seeking out new approaches to funding, since investing in infrastructure will have a multiplier effect on economic growth, because it will not only lead to more jobs but also create economic opportunities through connectivity and access to services, enabling an intra-sector differentiation of the economy and especially tourism.

In addition to the effect on economic growth, which is a boost for the post-pandemic recovery, investment in infrastructure is also a way to achieve transformative results for the PEDS II investment cycle in which Cabo Verde will be developing projects whose focus is their transformative results on environmental sustainability, inclusion, resilience, and the digital economy.

The PEDS II calls for expanding public investment in infrastructure through a National Infrastructure Plan that prioritizes the construction of a high-velocity lane between Praia and Tarrafal; completion of the Fogo road ring, which will enable transformative results in agriculture, fishing, silviculture, sports, education, energy, water, and sanitation, including solid waste, healthcare, industry, the digital economy, and transportation. The National Infrastructure Plan seeks to promote decentralization, regional development, and the convergence of territorial cohesion, urban quality and sustainability, environmental sustainability, climate action, and resilience, and valuing biodiversity and geodiversity, transforming our economy on the path to sustainable, inclusive, and resilient development.

These investments will be made with domestic fund and the support of multilateral partners but also using funding mechanisms such as converting foreign debt into investment; issuing sustainable bonds; public-private partnerships (PPP) that enable the country to tap into project finance, in addition to implementing the infrastructure fund, which will allow for more funding to be leveraged as needed for the growth of the Cabo Verdean economy in the medium and long term.

### **3.2.3 Accessibility, Domestic and International Connectivity**

## Developing Connectivity

**Addressing and overcoming connectivity issues will remove one of the main limitations on prosperity.** Reforms have been made, such as creating the Inter-Island Public Transport Service System (SPTMII) and holding an international public tender for service concessions to ensure predictability, responsibility, security, comfort, and maritime connectivity, as with air transport, and they resulted in an increase in passenger traffic by both air and sea.

In 2021, the ports of Cabo Verde were visited by 6,801 ships, with 1,119 long-haul ships, 5,682 coastal ships, and 2,347,887 tons of merchandise. Around 1,088,882 passengers crossed through the country's ports. From 2019 to 2021, 183 ships were repaired in the country's main shipyard, amounting to an annual average of 61 ships.

These reforms were deeply affected by the COVID-19 pandemic and the current crisis caused by the war in Ukraine. Connectivity remains unsatisfactory overall in terms of frequency and regularity. Inter-island maritime transport costs are high, corroding the competitive advantages of horticulture, dairy output, and fishing products.

Both air and sea connectivity represent challenges for unifying the islands, business opportunities for farmers and industry owners, facilitated access for healthcare services, facilitated access for higher education, diversification of tourism, which requires efficient, reliable inter-island transport services, domestic tourism, and reducing regional asymmetries.

Improving connectivity among the islands will be essential for developing the agricultural value chain, and in particular, for supplying hotels with local products and thus expanding the market. It will be essential for diversifying tourism as well across the islands and consequently the tourism supply, and improving Cabo Verde's ranking in terms of international tourism competitiveness.

Improving connectivity among the islands will be essential for improving health transport and lowering the respective costs, access to higher education, developing domestic tourism, valuing the islands' economic potential, and reducing regional asymmetries.

During this cycle of the PEDS II, public policies will be implemented to increase the capacity, supply, frequency, regularity, and comfort, but especially to strengthen maritime and air transport regulations and **concession management**.

Cabo Verde has clearly made considerable advances in the digital field, but despite generalized access to broadband internet, the bandwidth available per internet user is relatively low and the cost is high.

Digital development is essential for domestic and international connectivity; as such, digital transformation is one of the priorities of the PEDS II. We have an internet penetration rate of nearly 85%, and connectivity infrastructure is expected to expand based on modern and efficient underwater cables that are able to respond to the country's demands with respect to the digital service supply platform. Broadband internet will become an essential good during this PEDS cycle to assure universal access to this service and high availability of connectivity.

**In terms of air transport, an integrated, inter-island mobility system will be put into place during this planning cycle to support tourism development and economic growth.**

Public air transport services will be instituted to enable a predictable and sustainable framework for domestic transport, and internationally to encourage connectivity with the diaspora's countries and sources of tourists through an array of transparent incentives.

This cycle will bring about an increase in mobility, with domestic and international connectivity. Improvements to airport capacity, with consequent internal and external mobility, will result in an increase in the number of passengers and quantity of cargo. Passengers passing through airports should go from around 830,000 in 2021 to nearly three million, part of whom will be passengers flying from island to island.

### **3.2.3.1 Maritime Transport**

Given the country's archipelagic nature, ports, maritime transport, and logistics are interrelated and interdependent. They are important to developing the sea-based economy and transitioning the country to a blue economy. Cabo Verde is heavily dependent on maritime transport, especially in terms of refueling. Ports are interfaces in the transfer from one mode of transport to another, for merchandise to reach the final consumer.

There is quite a diversity among Cabo Verde's ports in terms of the quantity of cargo they process, but especially in terms of their size and vocation. National coastal shipping and international cruise ships, fishing transshipment and containers are the main business segments for the country's ports. Furthermore, fishing ports (including wharfs) are key to both small-scale and semi-industrial fishing activities.

Maritime transport of passengers and cargo among Cabo Verde's islands play an important role in connectivity and unifying the country's market and is a key piece in energizing port activities.

To ensure safety, predictability and sustainability, bold restructuring measures have been taken by the authorities, such as. (i) the creation and implementation of a Maritime Safety Fee, channeled through the Autonomous Development and Safety Fund of Inter-island Maritime Transport (FADSTM), to modernize the operational system of maritime safety and sustainability of the inter-island maritime transport concession; (ii) revision of the Cabo Verde Maritime Code; and (iii) unification of coastal operators, through a public service concession contract for inter-island maritime transport of passengers and cargo, with clear gains in terms of the frequency of connections, their regularity, and the overall rendering of services.

However, the ports of Cabo Verde have benefited from considerable investments in works to modernize and expand them. In particular, (i) the Inglês Port Rehabilitation and Modernization Project, aimed at improving the island's accessibility and encouraging tourism; (ii) the subconcessions program that includes the Mindelo Cold Platform, the Inglesa Cove Fishing Complex (SV), the Port of Praia Fishing Complex, the Salmar Fishing Complex in Palmeira (Sal), and the Port of Tarrafal Fishing Complex; (iii) adoption of a landlord port to manage Cabo Verde's ports; and (iv) small shipment centers,

According to data from Empresa Nacional de Portos-ENAPOR, Cabo Verde's port authority in charge of administration, management, and operation of the ports, from 2015 to 2021, the country's ports

recorded an average of 7,243 ships a year, with a high point of 7,941 ships in 2018. In terms of goods, from 2015 to 2021, the country's ports processed an average of 2,279,268 tons, with 2,667,254 tons processed in 2019. During that same period, on average, 917,189 passengers passed through the country's ports, with 1,077,911 passengers in 2021.

*By 2030, our ambition is for the ports to become one of the pillars supporting the maritime hub, helping Cabo Verde integrate with the regional and global economy, through development based on blue port principles and quality maritime transport, ensuring the domestic market's unification with integrated, predictable logistics.*

However, challenges still remain for more modern transportation, with new, modern, comfortable vessels, along with greater integration of tourism and a better direct interface among sea, ground, and air transport, which is practically nonexistent.

By 2026, we will complete: (i) the subconcession of the country's ports and construction of a logistics center, to modernize the flow of goods in Mindelo, São Nicolau, and Santiago; (ii) construction of the Porto Grande Cruise Ship Terminal; (iii) IT projects to improve the operability of existing systems in the port system, in terms of digitalization and decarbonization, construction of Phase II of the Palmeira Port Expansion, construction/rehabilitation of the maritime port stations (Port of Tarrafal in São Nicolau, Sal Rei in Boa Vista, Port of Vale de Cavaleiros in Fogo, and Porto Grande; in Mindelo).

By 2030, with investments already made and to be made, we expect to improve infrastructure capacities, with port modernization and specialization to integrate it with the regional and global economy, development of blue ports, modernization and more comfort for inter-island transport, and the development of a logistics chain.

Ports are key infrastructure for the development of Cabo Verde's blue economy and the country's strategic positioning for 2030. Ports and related activities need to be integrated into the concept of blue ports, with low environmental impact, energy efficiency, which contribute to inclusive development and regional balance, and to combat illegal, undeclared, and unregulated fishing, with job opportunities for young people, as well as rational spatial organization and good integration with the city, efficient operations, functioning in accordance with eco-port, circular economy, and future port principles.

### **3.2.3.2 Air Transport**

According to the INE's Statistical Report, in 2021, there were 14,284 aircraft landings and takeoffs at the country's airports, with 830,240 passengers and 694,742 cargo units.

Significant changes occurred in the country's air transport systems, namely: the creation of an air hub on the island of Sal; privatization and later renationalization of the airline TACV; completion of a study to review the legal framework of civil aviation and preparation of a training plan for the civil aviation sector; concession of airport public service to support civil aviation at VINCI Airports, to expand and modernize the airport network; and actions aimed at attracting new airlines, particularly low-cost options, to operate in Cabo Verde.

The changes, either completed or ongoing, are ingredients that, along with other conditions, may contribute quite a bit to transforming the air sector in Cabo Verde. The air transport sector is undergoing profound restructuring and to be feasible is being done through policies that promote a concession regime for the public service transportation of passengers and cargo with dedicated lines, with or without exclusivity (Public Service Obligations); implementation of the concession regime for national airports; renationalization of the former national flag carrier (TACV) in order to enable the international hub on the island of Sal; modernization of the airline sector's regulation; creation of conditions to improve the efficiency and service levels provided in domestic air transport, mainly on loss-making routes, as well as technical studies for the future feasibility of airports on Santo Antão and Brava, and the international airport of Maio.

Becoming familiar with and penetrating markets in the ECOWAS region will be important for Cabo Verde, because it will strengthen the country's integration with the community and the African sub-region. This will entail the country's national strategy to transform into a hub of excellence for connections between West Africa and Europe, the United States, and Latin America, especially Brazil.

With Cabo Verde's transformation into an air transport hub for passengers and cargo, other related sectors will also be developed, such as support services, that is, handling, aircraft maintenance, training centers, catering to the companies that operate in Cabo Verde.

It is fundamental for conditions and opportunities to be created that transform Cabo Verde into an international air traffic distribution hub through their direct and indirect effects on the economy, and owing to its central Atlantic location, which bestows upon the country the necessary and sufficient condition of enabling immense opportunities across an array of sectors and fields, as a significant factor in the economy's external competitiveness.

It is likewise important to assure an integrated, international mobility system that is inter-island and intra-island, to support the development of tourism and economic growth.

The government intends to clearly define a public service obligation policy that enables a predictable and sustainable framework for domestic and international transport to encourage connectivity with the diaspora's countries and sources of tourists through an array of transparent incentives.

One of Cabo Verde's main strategic goals is to take advantage of its strategic location in the mid-Atlantic, among the leading markets of Europe, Africa, North America, and South America, to transform itself in the medium to long terms into a business hub for the movement of people, goods, and services.

Reliable, sustainable, resilient, quality infrastructure must be developed to promote inclusive, sustainable industrialization and encourage innovation.

**The PEDS II will enable major accomplishments, such as:**

An increase in mobility, training in the air sector, domestic and international connectivity, along with the implementation of a Special Air Economic Zone.

Improvements to the airport capacity and consequent internal and external mobility, the existence of an air hub, and the resumption of flights will translate into an increase in the number of passengers and amount of cargo.

*Table No. 5. Movement of Passengers and Cargo in the Country's Airports through 2026*

| Indicator                                                   | Benchmark | Final Goal |
|-------------------------------------------------------------|-----------|------------|
|                                                             | 2021      | 2026       |
| Passenger arrivals and departures at the country's airports | 830,240   | 2,852,700  |
| Volume of cargo processed at the country's ports (kg)       | 2,347,887 | 2,996,600  |

*Source: ASA*

The existence of a training plan, the creation of a training support fund, and the Institute of Aeronautics and Tourism which will be operating, are all factors contributing to an increase in technical capacities.

Implementation of the public service obligation system, investments in the TICV/BestFly fleet, resumption and stabilization of CVA, along with operations by low-cost airlines, leading to an increase in domestic and international flights and providing the appearance and/or recovery of routes, which all contribute to greater connectivity.

Creation of a Special Air Economic Zone, including the study to be undertaken to define the concept, business plan, its economic and financial feasibility, and financial assembly, its impact on the national economy, and business management structure.

**By 2026, the PEDS II will drive considerable changes in the air sector:**

Integration of national civil aviation into the international economy will help expand opportunities for national airlines at the international level, especially among countries in the region, and it will promote greater mobility of passengers and cargo between Cabo Verde and the rest of the world, contributing to the development of the aeronautical industry.

A major contribution to the national aviation sector's development is by increasing technical capacities, with the implementation of a training plan and a fund to support the technical and professional civil aviation training.

We shall be pursuing one of Cabo Verde's main strategic goals, that is, taking advantage of its strategic location in the mid-Atlantic, among the leading markets of Europe, Africa, North America, and South America, to transform itself in the medium to long terms into a business hub for the movement of people, goods, and services. This is a major ambition that requires the creation of an attractive, competitive, and reliable hub that is capable of intensively attracting foreign direct investment in air transport, tourism, the international distribution logistics industry, processing for exports, and providing multiple specialized support services to companies that come to operate in Cabo Verde or that intend to take advantage of the favorable conditions that the country can offer. Given its global dynamics in terms of transporting passengers and cargo, air transport is one of the crucial engines for the success of this goal.

### 3.2.4 Environment, Biodiversity, and Geodiversity

The country currently has a total of 47 national protected areas in its network, across a range of categories, based on IUCN criteria. According to the latest data from DNA-DSCN, the total area of protected areas is 206,775.77 hectares. In 2021, another protected marine area was created, the Inferno Bay and Monte Angra Natural Park (PNBIMA), which has a total area of 21,096 hectares.

Management plans were approved for seven protected areas on the island of Maio covering a total area of 9,099 hectares, with eight protected areas covering 16,610.57 hectares, which have ecotourism plans and business plans. In 2018, the island of Santa Luzia received an international award given by the International Small Island Organization (SMILO) in the category of sustainability of landscape management and biodiversity. In 2019, the Cova/Paul/Ribeira Natural Park, in Santo Antão, received the international Melina Mercouri award given by UNESCO, for its cultural and natural value, and interrelations among natural physical elements with human ingenuity in this protected area. In 2020, two islands, Maio and Fogo, were designated UNESCO Biosphere Reserves.

Important gains were achieved on matters of conducting and managing environmental impact assessment processes, a favorable environment for creating a legal framework for strategic environmental assessment, and modernization, updating, and ongoing adjustments to environmental legislation that contribute to better control and management of environmental pressures.

Major challenges still lie ahead, such as: increasing the value and use of environmental assets associated with biodiversity and geodiversity to promote the country's socio-economic development and to speed up sustainable development; strengthening control of environmental pressures on use and operation of biodiversity resources within the perspective of reversing trends entailing resource loss; valuing and enhancing the use of geodiversity with improvements to control and manage anthropic pressure on resources; strengthening control and mitigation of environmental pollution sources and factors; broadening the scale of seismological and vulcanological information; improving environmental literacy and ecological awareness; and the progressive optimization of the degree of compliance of national obligations as part of international conventions.

***Our ambition is to conserve and to enhance the potential and value of the resources associated with biodiversity and geodiversity by contributing to the acceleration of the country's sustainable development, building a more inclusive, more resilient nation, by assuring improvements to environmental quality and the well-being of Cabo Verdeans and visitors to the islands of Cabo Verde.***

The PEDS II should, through the "Environment, Biodiversity and Geodiversity" program, enable the development, review, and implementation of Protected Area Management Plans; promotion and implementation of an adequate institutional model and co-management of the protected areas; development and implementation of action plans for the Biosphere Reserves of the islands of Fogo and Maio; approval and implementation of the National Strategy for Aggregate Mining; preparation, approval, and implementation of the legal system for Strategic Environmental Assessment; preparation of the National Ecosystem Services Registry; updates to the Red List of Species; preparation and implementation of the Shark Conservation and Management Plan; creation of a network of sites of

geological interest; and expansion and implementation of the National System for Geophysical Monitoring and Information (SNMIG)/Geophysics Laboratory.

With implementation of the PEDS II, major changes will be achieved by 2026, such as: an increase of protected land area, from 19% to 21%, and protected marine areas, from 7% to 9%, along with 75% implementation of instruments to manage protected areas; positive changes in the conservation status of priority protected species and reversal of trends in biodiversity loss; revenue from protected area ecosystem services will be considered in the calculation of local and national GDP; full implementation of the Fogo and Maio Biosphere Reserves; a network of geodiversity resources, including a properly valued network of sites of geological interest; citizens with higher levels of environmental literacy and ecological awareness; a strengthened inspection and licensing system, with a 50% increase in compliant environmental audits and inspections in terms of Environmental Impact Prevention and Assessment: At least 90% of the country will have seismological and vulcanological information, with at least 80% of the conservation and valuing of geodiversity plan implemented, and compliance inspections increasing to 50%.

### **3.2.5 Water and Sanitation**

Even though the country has been dealing with the worst series of persistent, consecutive droughts in the last 37 years, extreme events worsened by climate change, reducing storage capacity and mobilization of groundwater, Cabo Verde still managed to achieve considerable gains from 2015 to 2019. The proportion of the population with safe drinking water grew slightly to 85.5% However, the big gain came from 69% of the population being connected to public water as their main source of supply, up 4.9 percentage points from 2015. In 2019, about 71.7% of households had public water as their main source of supply, and each resident had access to an average of 43.8 liters a day, up from 38 liters in 2015.

In 2019, 85.5% of the resident population lived in dwellings with sanitation facilities, though the difference between urban (91%) and rural (74%) was considerable. Nearly 82.4% of the population used a safe sanitation system, that is, they lived in dwellings with sanitation facilities linked to a septic tank, with big differences between urban areas, where 87.6% of the population used safe sanitation, and rural areas, where only 71.8% of the population had that facility. In urban areas, sewage system use was higher (45%) than in rural areas, where septic tanks were the norm (68.8%), owing to spread out housing that has made investments in collective sanitation systems for wastewater infeasible.

Irrigation water management, as well as supplying 90 liters per person (PLENAS), are also major challenges for the sector, mainly given the current situation of serious drought with a lack of systematic rainfall having occurred over the past few years. The irrigation water crisis continues to be one of the country's main challenges. To minimize the irrigation water crisis, Cabo Verde's government has created a public irrigation water company (AdR).

Cabo Verde has been implementing an “authentic paradigm shift” in relation to water and sanitation. Proof thereof includes the investments made in mobilizing surface and groundwater, as well as collecting and treating wastewater, in addition to water for human consumption that has been

desalinized. Eliminating environmental liability, assuring sustainability in waste management, along with changes to behaviors and attitudes of the population are challenges to be addressed.

Other major challenges that will contribute to the development of the water and sanitation sector include:

- affirming a national authority at the state level acting as a technical regulator on matters of water, sanitation and waste;
- affirming a national authority as a technical regulator of water and sanitation on matters of institutional relations and improving service quality;
- the sector's financial and operational feasibility improvement and improvements to revenue generation;
- prioritizing the (liquid) sanitation problem in its entirety;
- pursuing and consolidating the sector's planning process;
- promoting and strengthening water quality control and monitoring; and
- valuing human resources and skills-building for the water and waste sector.

**During this PEDS II cycle, we shall implement the main commitments of the government's program, which are:**

Expanding the water supply network and ensuring for all households access to water through the public system, with average consumption per capita going from 43 to 90 liters a day.

Densification of access to sewage systems and household sanitation facilities.

Promoting household connections to water and sewage, with construction of sanitation facilities, giving priority to basic sanitation (solid waste and stormwater drainage and stormwater correction).

Densifying the production of desalinated water for human consumption, for irrigation, and other economic purposes.

Building controlled landfills, converting controlled landfills to sanitary landfills, closing dumpsites, and building service centers at sanitary landfills.

Cabo Verdean authorities have reiterated their commitment to the goals set in the National Strategic Plan for Water and Sanitation (PLENAS). They continue to create conditions for expanding water supply networks, ensuring access for all homes to water supplied on the public network, and to increasing average consumption per capita from 40 to 90 liters a day, increasing the rate of access and coverage of the water supply network, currently at 85.8%, to close to 100%, shortening the distances and the trajectory between a source of water and houses without access to the network to less than 10 minutes, prioritizing rural areas and people in groups at risk of being left behind (young girls and poor women, people with disabilities, and the elderly). Increasing the coverage rate of wastewater sanitation services from around 85.1% to 90% (public sewage system, septic tank, and cesspools). Reaching 92.5% of the population covered by the collection system and 54% of the population covered by a

wastewater treatment system, with attention always to people or groups at risk of being left behind, especially in rural areas.

*Table No. 6. Access to Water and Sanitation by 2026*

| Indicator                                                                                              | Benchmark | Final Goal |
|--------------------------------------------------------------------------------------------------------|-----------|------------|
|                                                                                                        | 2021      | 2026       |
| Percentage of the population with regular, safe, and inclusive access to drinking water                | 85.5      | 100        |
| Percentage of the population with access to the wastewater drainage system in dwellings                | 85.2      | 95         |
| Percentage of the population covered by the safe, regular, inclusive, and accessible collection system | 89.93     | 93         |

*Source: 2021 – INE – IMC. 2026 – Cálculos ANAS*

Investing in renewable energies to lower the average cost of production and distribution per kWh/cubic meter of desalinized water for consumption, ensuring that households' average expenses on water do not exceed 5% of their income, investing in widespread water desalinization for agriculture and watershed management, with an increase in the capacity to retain surface water and promote the universalization of tele-management of all water production and distribution systems nationally.

Based on the “Water Distribution and Production System of Santiago” and the “City of Praia Peripheral Neighborhood Water and Sanitation” project, and “Porto Novo Sanitation”, the ANAS intends to minimize the situation of access to public water, during the PEDS II, along with connections to the sewage system and septic tanks.

The Sanitation Plan of the City of S. Filipe (ApS e ApD) shall be implemented, along with the Circular Economy Pilot Project in the Urban Water Cycle at ETAR in Santa Cruz, as well as projects such as “Support for Implementation of the Intermunicipal Operational Plan for Managing Solid Urban Waste of Santo Antão” and the “Cabo Verde Waste Roadmap - Phase 5 (Island of Santiago)”. Conditions will be created to implement the 2030 Agenda goals, as well as to gradually increase the percentage of people served by waste management and sanitation services.

One of the biggest reforms intended for the sector will be the operationalization of the Água de Rega company, with the establishment of the water desalinization project for irrigation purposes being fully functional by 2030, thereby assuring water balance for wells and sustainability for groundwater. Increase and densify wastewater treatment plants for agriculture and other commercial uses.

Efforts will continue to increase projects for installation of desalinization centers nationwide to assure widespread access to all homes of 90 liters per water per person and per day. Energy availability will go up to 100% renewable in the production of water, thereby contributing to making water more affordable for households. Professionalizing the water and sanitation sector is also one of the main goals to be accomplished this year.

With the PEDS II and implementation of structuring projects, such as: the “Development of the Water Supply System of the island of Santiago”, the “Water and Sanitation of Santo Antão”, and the “Praia Peripheral Neighborhood Water and Sanitation” project, a substantial improvement is expected by 2026 of the water and sanitation supply throughout the country, in particular in the capital, where 12 peripheral neighborhoods will be the target of intervention in terms of expanding water and sewage networks, with a consequent promotion of connections to homes. Two desalinization units will be installed, one in the city of Praia, with a capacity of 15,000 cubic meters per day, and another in the district of São Miguel, with a capacity of 10,000 cubic meters per day. Municipal reservoirs will be expanded to receive desalinized water to assure interconnections to existing reservoirs and those managed by AdS. In other words, the production and distribution of water will be substantially increased throughout the island of Santiago. On the island of Santo Antão, the first wastewater treatment plant will be built. The city of Porto Novo will have the largest water supply network, along with a sewage system, and there will be fewer poor families without bathrooms, upon implementation of the “Water and Sanitation of Santo Antão” project.

With the water and sanitation sector support program financed by Cooperação Luxemburguesa, the island of Brava is expected to have 100% renewable energy availability and water production by 2026.

In terms of waste management, the nine municipalities on the island of Santiago will have as part of their intermunicipal waste management operating plans the elimination of an environmental liability by sealing up two sealed dumpsites. Controlled landfills will be operational on islands of Fogo, São Vicente, and Santo Antão, thereby allowing six municipal dumpsites to be deactivated and basic studies to be completed (environmental studies and projects), which will enable safe investments in the area, valuing and eliminating waste. The island of Maio will have a modern waste collection and treatment system, including selective collection, with ecopoints, triage, and community waste composting.

Thus, water access, physical accessibility, and affordability will improve, while ensuring continuing supply, with quality and proper waste management, through significant changes of attitudes and behavior.

### **3.2.6 Climate Action and Resilience**

According to the Intergovernmental Panel on Climate Change (IPCC, 2021), with an average global increase in temperatures of 1.5°C by the end of the century, and a high degree of certainty, the average annual temperature in Cabo Verde could rise between 0.5°C and 1.5°C, with precipitation falling by 5% to 10%. If the rise in average global temperatures by the end of the century reaches 2.0°C, we may witness an increase in average annual temperatures of 1.0°C to 2.0°C, and a decline in precipitation reaching nearly 20%. These scenarios are clearly not favorable to Cabo Verde. Consequently, there will be rising sea levels, causing coastal erosion and an influx of salt water on farmed lands; a worsening of droughts and hydro-meteorological risks (floods), resulting in possible landslides, thereby impacting people and infrastructure; an increase in air temperatures, causing heat stress on habitats, biodiversity, and people; an increase in coral reef destruction, subsequently degrading coral habitats for reef fish, thereby affecting small scale fishing. Degraded coral reduces protection against waves, which causes even further coastal erosion and flooding. According to the ND-Gain Index

(Notre Dame Global Adaptation Initiative, 2019)<sup>1</sup> developed by the University of Notre Dame, Cabo Verde is a highly vulnerable country to the effects of climate change; though, it considers the country to be on the right path to effectively responding to these effects. It needs to strengthen its adaptation capacity. Out of 182 countries, Cabo Verde is 77<sup>th</sup> on the list of countries most prepared to deal with the effects of climate change (ND-Gain Index, 2019). Among CPLP, only Portugal (ranked 25<sup>th</sup>) is ahead of Cabo Verde. Brazil is the next country on the CPLP list after Cabo Verde, ranking 92<sup>nd</sup>, followed by Timor-Leste (112<sup>th</sup>), São Tomé e Príncipe (127<sup>th</sup>), Equatorial Guinea (142<sup>nd</sup>), Mozambique (154<sup>th</sup>), Angola (160<sup>th</sup>), and Guinea-Bissau (179<sup>th</sup>). First on the list is Norway, and the last is Chad.

*Major advances have been made over the past five years, including:*

Strengthening national capacities for data production, monitoring climate risks and phenomena, as well as preventing them, and the availability of information to support risk-mitigation measures inherent to economic activities such as air and maritime transport, agriculture, and prevent eventual disasters;

Cabo Verde ratified the UN Framework Convention on Climate Change (UNFCCC) and as a contracting party presented the Third National Communication on Climate Change in 2017;

Submission of the nationally determined contribution (NDC) at the start of 2021 to the UNFCCC; and

Implementation of the REFLOR project, with an 11% contribution to NDC goals.

Bigger challenges left to address and overcome include: reducing national greenhouse gas emissions and increasing the country's resilience in light of climate change; making Cabo Verdean society and all sectors aware of climate change phenomena; implementing the national adaptation plan (CV NAP); planning, managing, and monitoring progress on climate governance.

***By 2030, we hope to make Cabo Verde more resilient by increasing knowledge about climate change and minimizing its negative impacts through planning and budgeting for climate change at all levels, nationwide and locally, to mitigate and adapt to it.***

As part of the PEDS II, and specifically under the Climate Action and Resilience program, important achievements will be made, such as: implementation of public policies to improve climate governance, institutional arrangements, and climate-sensitive planning; improvement of local resilience, fighting poverty, and identifying opportunities for adaptation and low carbon development at the community level, to be included in municipal planning; strengthening adaptation actions to address current and future vulnerabilities; implementation of mitigation actions to benefit the country's development; understanding climate change and implementation of planned, concerted responses to extreme weather events, based on scientific data; expanding information, education, awareness and skills-building on climate change; and establishing new climate governance to ensure planning, management, and implementation of the country's climate policy.

Upon implementation of the PEDS II, nationwide and local climate governance will become institutionalized in all sectors, thereby integrating climate change into policies, plans, and strategies at

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<sup>1</sup> <https://gain.nd.edu/our-work/country-index/rankings/>

all levels (sector and spatial), to take climate change risks and opportunities into account when making decisions and implementing them. Cabo Verde will become a more resilient and inclusive country against climate change, with 10% of CO<sub>2</sub> and other GHGs being reduced throughout the economy. Over the course of this strategic plan, five municipalities will be implementing gender-sensitive adaptation plans in light of climate change for greater resilience of the most vulnerable communities. At least 70% of the population will have access to gender-sensitive climate alerts and information, prioritizing at least 50% of the most vulnerable groups, and climate governance will be strengthened with the participation of municipalities and other sectors. It will become more effective and efficient from a mitigation and adaptation standpoint.

### ***3.3 Promote Social Development of Human Capital, Inclusion and Mobility, Reduce Inequality, Eradicate Extreme Poverty, and Gender Equality***

#### **3.3.1 Leverage the Demographic Dividend to Prepare for the Demographic Burden**

***Invest in improving opportunities for Cabo Verdean youth, so that we arrive at 2030 with a higher degree of development, leveraging their strength.***

A country can only **create and leverage** its “**demographic bonus**”<sup>2</sup> if it implements public policies that spur changes to the populations’ age structure. These public policies help sustainably and persistently reduce **mortality and fertility**. During the first phase, the proportion of the economically active population of young adults (ages 15-64) grows, and during the second phase, the youth dependency index (IDJ)<sup>3</sup> goes down, which means that on the one hand, fewer investments are needed to meet the needs of the younger group, and on the other, there will be more adults in the active population. The country generates wealth and creates the conditions to increase the amount saved that will be used to (re)invest in quality human capital, thus allowing for growth in **labor productivity**, which is driven by **increased demands for wealth**. When a youth cohort is ready to play an active part in the economic plan, actions will be needed to prepare for dealing with a growing number of dependents in old age. The critical moment is when the active age population reaches its peak. Policies designed to extend the demographic dividend with the goal of flattening the active age population peak may in actuality be implemented and financially supported by the older members of this cohort. However, the creation and leverage of a **demographic bonus** is not automatic, and it is a time-sensitive phenomenon. This requires both the creation of opportunities as well as the (re)capitalization of such opportunities in relation to the implementation of a set of specific policies and scenarios.

Evidence and knowledge that has already been produced within demographic and socioeconomic domains demonstrate that Cabo Verde already enjoys the necessary conditions and favorable governance framework over the basic process of **creating the first “demographic bonus (1<sup>st</sup> DD)”**, as it has decisively implemented public policies in both healthcare and education that have a direct

<sup>2</sup> This report uses the expression “demographic bonus” as a synonym for “demographic dividend”. As such, they will both be employed interchangeably throughout the text.

<sup>3</sup> Proportion of the under 15 population and the over 64 population in relation to the population aged 15-64

impact on the sustained reduction to mortality, followed by a sustained and accentuated reduction to fertility, and has done so since the 1980s.

Over the more than four decades of sustained reductions to fertility in Cabo Verde, the country is in the third phase of its demographic transition, which is demonstrated on the one hand by *the clear reduction to the percentage of the young population of the demographic dividend (the country is shrinking its potential demographic bonus)*, and on the other hand, *the proportional, quantitative gain of the elderly population is apparent, which makes it necessary at some future point to accept the “demographic burden” as the result of an aging population*. Because of these circumstances and the current gains achieved by implementing fertility-reducing policies, alongside the growing level of power held by women and higher levels of education in the population, as a transitional paradigm, lower birth rates are predicted, which as a macro-demographic variable will have a direct impact on the population's age structure, and will continue its downward trend unless explicit policies are implemented to halt it, even if indirectly, through education and labor market policies. Current circumstances challenge Cabo Verdean authorities to prioritize and focus strategies to leverage to the hilt the *demographic bonus and to prepare for the demographic burden as sine qua non* conditions for full enactment of the 2030 Agenda and the 2063 Agenda, and particularly, within the enactment of the PEDS-II. These priorities must undergo the intensification of coordinated policies to leverage the potential demographic dividend, by creating decent, safe, and productive employment to increase **“effective producers”**, while at the same time it will still be necessary to maintain and reduce **“effective dependent consumers (children and the elderly)”**.

*Therefore, Cabo Verdean authorities will not prioritize policies that intensify or promote declining fertility rates. Instead, strategies will focus on implementing policies to continue to improve conditions for efficiently leveraging the “demographic bonus”, and to continue promoting a growth guided economic ecosystem, in order to be ready to take advantage of the 2nd Demographic Dividend.*

This context<sup>4</sup> becomes particularly relevant due to the need to prioritize employment policies that are mindful of anticipating what skills young people have, especially unemployed youth, and those who are not part of the employment, educational, or training system (NEET youth), especially those between the ages of 15-35, under circumstances where the labor market is characterized as being *inadequately mismatched between skills, qualifications and formative opportunities, and the labor market*. In fact, on the one hand, we see evidence that the impact that skills and qualifications has on job growth and national wealth is still in its early stages, and on the other hand, the economy is still marked by underemployment among those with degrees and professional qualifications, and at the same time relatively high unemployment rates remain (approximately 12% in the period between 2017-2019, which rose to 14.5% in 2020), and the relatively high number of NEET youth (around

<sup>4</sup> The percentage of young people dropped from 38% in 2010 to 36% in 2020 and is forecast to stabilize at around 29% in 2030, while the weight of the elderly population, ages 65 and older, which remained around 6% between 2010 and 2020, is forecast to stabilize at around 9% in 2030. In comparison, the NEET youth cohort trended downward (approximately 15%) between 2015-2019, which was interrupted by 35% growth in 2020 (growing from 57,000 to approximately 77,000, which was clearly the impact of the COVID 19 pandemic), and the intended goal is forecast to hit 20,000 in 2030.

78,000 in 2020, which corresponds to around 36% of the age 15-35 population). A massive overhaul is underway to face this challenge, in both the education and training systems, where the overarching priority is to promote greater relevance, in both quality as well as quantity of available human resources for catalytic economic sectors.

*For that purpose, the Cabo Verdean authorities will implement policy strategies with the following goals:*

**In the short and medium terms:**

1. To consolidate implementation of a holistic demographic dividend strategy that allows for the identification and implementation of decisive, sustainable, public policies in areas directly or indirectly related to the Sustainable Development Goals (healthcare, education, economy, governance), with a direct impact on the sustainability of social security, based upon two master plans: (i) **To continue promoting conditions to efficiently leverage the “demographic bonus”**, which will require, among other things, the following actions: to re-estimate the potential DD through 2030 and how much the DD can be effectively leveraged; to identify and implement measures that allow an increase of the percentage of the DD potential; to monitor and assess the impact of DD potential leverage policies. (ii) **To promote an economic ecosystem guided by growth** in order to extend and continue to **leverage the 2<sup>nd</sup> Demographic Dividend** leading to increased economic productivity, while *preparing for a demographic burden by also promoting policies that prioritize healthy aging among the young population.*
2. To prioritize and intensify policies within the **scope of the economy and labor policies** to promote the market economy, promote household savings, diversifying the economy and infrastructure investments. Promoting more productive jobs, in sectors with strong growth potential and to help develop local entrepreneurs, will also be prioritized; in the healthcare and education sectors, investments will continue to meet the current needs that are not satisfied with respect to contraceptive methods and reproductive health; to further actions to improve the quality of education and assure that it is on par with the skills and demands required from the labor market, through the reinforcement and implementation of a system that will anticipate efficient and functional skills and to encourage savings by reducing the number of family dependents in higher education.
3. To prioritize the following policies: 1) Productively integrate the current generation of young people into the economy: Through larger investments in the quality of human capital, so that people will increasingly have more and better skills, and will be bolder, more skillful and in good health, through a mechanisms that reallocates and capitalizes resources/investments; investments in economic sectors like agriculture and construction, with high labor potential that requires fewer qualified workers to increase job creation to meet the current high demand: Through the creation of work opportunities for women, because through employment they will be capable of investing more in their children’s education, and thus progressively effectively reduce gender inequality as it pertains to the work force, thus improving women’s ability to contribute to the economy, as they

represent nearly half of the working age population; ii) Prepare for the aging of the young generation: Strengthening social security systems and preparing for the inevitable aging of a large number of working age young people. The goal is to mitigate the declining potential demographic dividend. Current and future generations should be encouraged and have the opportunity to finance their consumer needs in adulthood and old age. This can be achieved by promoting private savings through secure means and future investments, as well as through the development of motivating economic policies. Policies will thus be promoted that incentivize plans to expand social security (focusing on needier members of the population). Additionally, fiscal policies will be promoted that lower income taxes to encourage and reward savings.

**Cabo Verdean authorities will also promote policies that have a medium- and long-term impact on leveraging and prolonging the demographic dividend. To that end, policy strategies will be prioritized with respect to the following:**

**Over the medium and long terms:**

1. Intensify economic and employment policies to promote technologically based economic growth, in sectors with high added value. The goal is to stimulate and create conditions for household savings by promoting a convergence of social partners to have a conversation about increasing the retirement age, to promote employability among adults and the elderly, thus creating an environment primed for growth through economic diversification betting on foreign direct investment and inclusion in global markets. Economic conditions favorable to local savings will be created, promoting exports through the expansion of trade with emerging markets and with African nations through sub-regional integration. The inclusion of new workers in the economy will be prioritized through intensive capital investments in economic sectors that may create significant employment opportunities for a set of young people, as well as through research in the agribusiness sector to increase productivity; assuring gradual job creation in sectors that require advanced and complex skills with high added value while improving labor qualifications; promoting partnerships among domestic and foreign entrepreneurs; reviewing the legal framework for the labor market with the goal of rewarding professional mobility, work flexibility; improving active employment policies that prioritize insertion in the labor market, elimination of gender discrimination, and as a result, employment for a growing number of qualified women. Improve the supply of new qualified workers thanks to economic policies, investments in the education system to reinforce access to higher education, reducing regional asymmetries as well as venturing on quality, and especially, the acquisition of complex advanced skills. Prioritize the development of science, technology, engineering and math, as well as entrepreneurship, management and leadership training through the educational system. Expand professional training opportunities with the goal of assuring that students acquire the most advanced and complex skills for the current labor market, as well as general know how. Such programs could facilitate the transition from school to the workplace. In healthcare and education, strategies will be promoted to assure the health of workers. Investments will be continued to meet current unsatisfied needs in terms of contraceptive methods and awareness raising about reproductive health, reducing the rate of unwanted pregnancies; promotion of informal training programs for women who have left school because they lack the means or due to family obligations, specifically involving professional training that includes content that stresses hygiene, nutrition and family planning; more investments will be made in adult education,

training and qualification, as well as enhancing skills and promoting policies that guide and focus education on the qualifications needed by the digital sector;

2. Intensify economic and employment policies even further to extend the demographic dividend by prioritizing policies that promote private savings among elderly workers, so that they can finance their retirement; through the reduction of knowledge transfer barriers, encouraging entrepreneurship, advances in science and technology, all with the goal of driving the economy through technology sectors; **through the convergence of social partners to increase the retirement age, with the goal of maximizing the number of years workers have available before they become pensioners** and dependent upon the public sector; by bolstering the social security system, to work in conjunction with public sector pensions, professional pensions and private savings; by investment in programs to train adults to learn new advanced and complex skills and to promote career or labor changes; **in healthcare** investments will be made to extend the demographic dividend through better healthcare and the supply of higher quality healthcare, especially among the elderly, with an emphasis on non-transmittable diseases that become more common among demographic-epidemiological advances, since the cost for treating these illnesses are quite high, but that may be improved through adequate public health programs.

### 3.3.2 Human Capital Development

#### 3.3.2.1 Excellence in Education

Human capital development within the scope of Cabo Verde Ambition 2030 is one of the main accelerators of sustainable development. Education is one of the most important pillars of human capital development and an important tool to combat poverty, promote healthy living, reinforcing democracy and citizen participation in the development process.

Transformation of the education system should continue to be a medium- to long-term agenda item, which is properly classified and aligned with the country's domestic and international commitments, wherein training women and young people is essential to prioritizing human capital, which largely contributes to inclusive, equitable and sustainable economic growth.

The education system contains a significant network of public establishments, including 398 primary education schools, 44 secondary education schools, distributed throughout Cabo Verde, as well as 10 institutions of higher learning, which are located on the islands of Santiago and São Vicente. The vast majority of primary and secondary education schools (78.7%) are connected to the power grid, which should facilitate the access and use of ICTs, although their penetration for pedagogical purposes is still relatively low, in just 46% of schools.

Because of this reality, we know that today the country covers approximately 80.2% of all preschool-aged children, with a literacy rate of over 90%, a net education level rate of 92.3% of compulsory primary education and **61.3%** of secondary education. This has significantly reduced primary school dropout rates to 2.7% and secondary school dropout rates to 1.6%, in part thanks to this level of education being made free of charge, and achieving a rate of 23.5% of graduates in higher education, whereby of primary and secondary teachers, 97% have specific training.

The inclusion of special education needs youth is prioritized within education policies that provide schooling free of charge for **duly proven** disabled students at all education levels, mapping those students and implementing resource centers in the different departments and the creation of multidisciplinary inclusive educational support teams within the different school districts.

The effects of successive droughts and the COVID-19 pandemic have had direct consequences on the quality, equality and sustainability of education and learning, and inform new strategic guidelines for educational policies, which are already contained in the Strategic Education Plan for 2022-2026.

Despite the good reputation of the education system, massive challenges remain, not the least of which is the failure to integrate preschool into the formal education system; however, one of the biggest primary education challenges continues to be under-trained teachers and administrators on curriculum management materials and grading processes, using ICT in education and management, as well as students' poor math performance.

Technical education is poorly attended (4%), and there is no indication of significant changes to the quality and relevance of education/learning processes. Students' performance levels are below expectations, and the failure rate has remained the same. The challenge is to focus on relevance, which should result in a growth in demand, and especially, attendance of classes at this level, which reduces the failure rate, which in turn slows the growth of NEET youth.

As for higher education, there has been a significant drop in interest in the country, and access remains a challenge, along with regional asymmetries, quality, and sustainability, and the selection processes for admission need to be brought into alignment with best international practices. On the other hand, we do not have strong statistics that allow us to evaluate access and the level of internal efficacy of the institutions of higher learning. There is no consistent training policy for faculty and research staff, a relatively new area. There isn't even a specific fund that could support and assure the desired sustained research policy.

***Our ambition for the 2030 horizon is “an integrated education system based upon the concept of a knowledge economy that from the very beginning guides young people to master languages, integrated sciences, and technologies, with the goal of building a cosmopolitan global citizen who is capable of absorbing intrinsic values, knowing how to be and how to do, holding one another mutually accountable as members of a community, and prepared to make learning a lifelong journey, through a culture of research, experimentation and innovation.”***

The PEDS II continues to prioritize equality, which is to say, the gradual, equitable, and sustained universalization of access, increased quality and relevance of educational services. The goal will be excellence that prioritizes governance, which is to say, the efficiency and efficacy of education management.

We envision broader education-system reforms through an evaluation and consolidation of a revised primary education curriculum. This should involve conceptualization, framework building and a start to reviewing the curriculum for secondary education. This should also involve a restructuring and implementation of grading systems for learning modules, consolidating and implementing the national teacher training plan and an overhaul of the educational communication and technology system for the transition, and the digital transformation of the education sector.

**In particular, national higher education needs to align with leading international practices as it relates to rules, curricula, international quality systems, promoting English use, as well as the language of educational academic projects. It will promote excellent, efficient, competitive higher education conditions, through indicative planning and oversight, making use of resources available in other countries, in particular in the Cabo Verdean diaspora, and investments in advanced training for faculty and university researchers residing in the country.**

**This planning cycle will focus on an overhaul of higher education to create quality and sustainability, with specialization of public universities through complementary areas, promoting proximal solutions as a specialized response to local and regional needs for training and employment as a new governance model for public universities. Different entities will participate, through public, social and business avenues, to promote the complementary and synergistic nature between them and public institutions of higher learning and those institutions with private ones.**

The PEDS II has set goals and priorities to be achieved through the 2022-2026 Strategic Education Plan and it will respond to the challenges identified with education administration, which in and of itself was an internal challenge at the Ministry of Education and in all areas that comprise the education system. The goal is to start restructuring the preschool operation model, its organization and integration into the formal education system, to assure sustainability of access to universal, obligatory and free education through the eighth year, and a guarantee of equitable access to educational opportunities for children with special educational needs in primary school. As for secondary school, the curriculum needs to be reformatted to focus on the skills needed for immediate employment, improvement of equitable access, consolidation of technical instruction and its connection to professional training, while keeping school free of charge through the twelfth year.

**With respect to higher education, the PEDS II focuses on scientific and technological training for public university professors, overhauling the curriculum and branching out on what higher education training programs are offered, reinforcing and fomenting research, ARES reinforcement, specifically with the goal of taking over the technical rules for technical and professional training, and measures to help reduce regional and social asymmetries, to encourage effective distance education at all institutions of higher learning and broadening public higher education to other regions throughout the country.**

Adult, community, non-school-related, and other types of lifelong training also deserve the government's attention, and the priority will be to substantially overhaul the subsystem that assures refreshers at the different primary, secondary and professional levels for both adults and youth, which is related to professional training programs to improve employability.

The transformation of the educational system is on the medium- to long-term agenda. However, with the enactment of the PEDS II, by 2026, at least 90% of children between the ages of 4 and 5 will be attending a formal preschool education system, and when they enter primary education those children will have at least 80% of the cognitive skills, 95% of the socio-emotional skills, 80% of the motor skills and 80% of the language and communication skills.

Throughout this planning cycle, a reform of primary education will be completed, with the goal of assuring universal fundamental literacy. The education completion rate for boys will be at least 96%,

and at least half of the unschooled education age children, who have special education needs, who are capable of learning and properly identified, will be attending primary education classes.

Throughout this planning cycle, secondary education will see considerable progress made in terms of quality, equality and relevance to the country's development. Secondary education reform will generally and technically be implemented, offering adolescents and young people more life opportunities. Demand will grow, reaching a net education rate of no less than 90%, internal efficiency will significantly improve with a net passing rate of 85%. Dropping out of school will be practically nonexistent, and at least 15% of young people in secondary school will continue their technical training.

Throughout this planning cycle, higher education will strengthen its research, autonomy and citizenship components, but more than anything the goal will be expanding access, covering at least 25% of young people between the ages of 18 and 24. **Equality and sustainability will be guaranteed in higher education, which will be in line with leading international practices, and coordinated through research in strategic areas for sustainable development.**

The education system will become more efficient and effective, with improved performance at the central and district level, and with better performance in terms of follow-up and evaluation.

### 3.3.2.1 Professional Training

In Cabo Verde, professional training is governed by Decree-Law 53/2014, and there are also other legal rules that provide support, like Decree-Law 6/2013, which establishes the legal accreditation rules for training entities, to develop professional training programs and actions, Regulatory Decree 13/2020, which establishes the legal rules for distance professional training methodology, and Regulatory Decree 4/2018, which sets forth rules for the National Qualifications System Legal Framework.

Over the past few years, key instruments have been created and updated, such as: the National Qualifications Framework, the National Catalogue of Qualifications, the Credit System, the Program for Professional Business Internships, the National Quality Monitoring, Evaluation and Improvement System for the SNQ. Systems were enacted for the Accreditation, Validation and Certification of Skills (RVCC), a Platform was created for Accrediting Training Entities, the Legal Rules for Professional Training Financing and the Professional Access and Exercise Rules.

From 2017-2021, government professional training agencies held 1,109 training actions, which benefited 21,693 trainees, including 2,789 trainees trained through private training entities, for a total of 24,482 people who benefited from training activities in a variety of professional fields, throughout the country.

We believe that one of the biggest challenges for transforming Cabo Verde into a country of opportunities for young people, which involves the initial training of young people, particularly NEETs and continued training of assets, is clearly one of the largest challenges the country faces over the next few years and is a priority to promote their inclusion in the labor market and insure social and professional stability. It is essential to broaden access and offer a variety of technical and professional education in new and relevant training areas.

An even bigger challenge is to ensure the development of professional training, in order to coordinate education and employment, under inclusive organizational and operational conditions that insure quality.

The professional training and employment sector is of the utmost importance to the socioeconomic development of Cabo Verde, to the extent it is responsible for training and qualification of Cabo Verdean labor to meet the needs of the productive sector.

By 2030, we strive for “***Professional training within a system recognized socially as accelerating sustainable development of human capital and promoting decent work.***”

Active employment policies prioritized by the PEDS II are part of the National Strategic Action Plan to Promote Decent Jobs and concerns professional training and will contribute by integrating resources and creating a foundation to accelerate and expand the capacity to respond and expand professional education and training, through the integrated management of public resources, which make it possible to plan market guided trainings, which is to say, to assure an appropriate level of employability and youth engagement, as well as to contribute towards the reduction of the number of young people without employment, education or training (NEET).

### **The PEDS II prioritizes:**

Increased investment in training-associated qualification, employability and entrepreneurship among young people. The intention is to place them in a job market and provide them with technical assistance directed towards entrepreneurship and intra-entrepreneurship, as well as the promotion of innovation and talent in future areas, as well as extending the amount of training available to retrain young people who have left the education / training system some time ago who are having trouble finding jobs.

The assembly of mobile training units to promote access, particularly for needier groups who have mobility difficulties.

The promotion of a minimum number of local trainers who are technically and pedagogically prepared to assume the enactment and coordination of programs, as well as the systematization and digitalization of technical and pedagogical resources.

Improvements to satisfaction of the professional training offered with the labor market needs, to expand professional certification through the RVCC process, to evaluate how effective training currently available is to the needs of the labor market.

The operationalization of a new financing model for professional training, through the implementation of a new legal system for financing professional training that makes it predictable, permanent and sustainable.

The rollout of public private partnerships and the dual modality for professional training, is intended to strengthen the private sector's participation in professional training, with the goal of promoting the execution of rotating professional training programs (like School/Training Center and Company).

The adoption of an agreement between the public and private sector to enact a professional training policy, with the goal of implemented shared management pilot experiments between Training Centers and highly specialized sectors.

Making remote training relevant by creating specific digital information repositories and forums, online student communities, webinars, social networks, blogs and vlogs, social education and learning networks, MOOCs, in addition creating and producing specific video classes and e-learning and b-learning programs.

Strengthening infrastructure and technological systems at training centers and technical schools to support the implementation of structural and innovative projects for trainings and methodologies, which include decentralization and distance learning.

Defining the use of an international concept for the training structure, such as CERMI, EHTCV and CEFPI for IEFPI for the sub-region, based upon the mobilization capabilities of strategic partners, along with the international reference entities in specific sectors. The goal is to transform Cabo Verde into a training hub in the mid-Atlantic.

Strengthening the certification of training entities, providing agility and relevance to the CNQ and create a permanent quality evaluation system for professional training entities. Developing uniformity in access to and exercise of the profession, for attribution within professional portfolios with respect to the other sectors of economic activity.

Training centers in Praia, Variante, and Santa Cruz will be transformed into reference centers in areas relevant to the economy based upon which economic sectors require the most qualified labor.

Guidance for professional training to accelerate the process that moves someone from the informal economy to the formal economy using mechanisms that promote entrepreneurship.

Investing in professional internships for young people as part of professional guidance and occupational intermediation, reinforcing the ability to place assets in the labor market.

Reforming the legal framework, more specifically Decree-Law 53/2014, which establishes the general legal rules for professional training, as well as Decree-Law 6/2013, which establishes the legal framework for accrediting training bodies to develop professional training programs and actions.

Equipping public resource and skills agencies to implement active and passive employment policies through the enactment of joint programs in partnership with private partners and civil society. To do so, the PEDS II should also prioritize: Implementation of an Integrated system for the management of education, higher education, and professional training resources; an Integrated employment and professional training system; the merging of a Labor Market Watch entity and the implementation of oversight for education and professional training.

Once the PEDS II has been implemented, by 2026, at least 10% of young people between the ages of 15-35 will be participating in activities to support qualification skills building and employability. Women will make up 60% of the beneficiaries of these activities and professional training will have achieved levels of excellence as it pertains to the labor market.

Once the PEDS II has been implemented, by 2026, governance, strategic planning and monitoring and evaluation will be joined, and as a result, the job market will be driven by a long term, systemic, and shared vision, with a clear division of responsibilities among different agents, joined in a policy and strategy of systemic, inclusive and evolutionary development over the long term.

A remote training program will be implemented using investments in technological resources in CEFP, EHTCV, CERMI and EMAR, and an economic and financial model will be developed, along with technical and financial stability for the professional training bodies, as well as significantly expanding access to professional and technical training assuring equality, thus increasing the employability of all the beneficiaries of professional training.

### **3.3.2.2 Healthcare**

Throughout its history, Cabo Verde has made remarkable progress in the field of healthcare. Improved living conditions and access to healthcare has contributed to changes in the country's epidemiological profile. The mortality rate is down, demographic growth has slowed, increased life expectancy, and it is the highest within Sub-Saharan Africa (77 years: 72.6 for men and 80.4 for women; 2018, INE). Consequently, those results were achieved by shifting the demographic profile and further reducing the burden of communicable diseases through significant investments in the water and sanitation systems, improving housing, promoting physical activity and reducing absolute poverty.

The country is currently in a transitional phase from an epidemiological standpoint, wherein chronic illness will constitute the primary cause of death, especially cerebrovascular complaints, and tumors and neoplasms, are the first and third leading causes respectively, and respiratory illnesses are the second leading cause of death.

Significant progress has been made in preventative public health, and vaccination rates are high among children. Those vaccinations now contain a vaccine against HPV, with a significant reduction in infant mortality, and improvement to maternal mortality rates and notable progress made in the fight against HIV/AIDS, the prevalence of which has fallen (0.6%: 0.7% for women and 0.4% for men, including HIV2; 2018, IDSR III). Cabo Verde is polio-free and continues its efforts to certify the full elimination of malaria, HIV transmission from mother to child, congenital syphilis, measles and rubeola.

Both neonatal mortality, with a rate of 7.5/1000 per live births (year 2020, REMS), as well as infant mortality, with a rate of 11.6/1.000 per live births (year 2020, REMS), are both below sustainable development goals SDG (12/1000 per live birth and 25/1000 per live birth, respectively), which may lead the country to reaching the goal well before 2030, ending avoidable deaths among newborns and children under the age of one.

Significant advances have been made to reinforce government leadership and sector regulation, which has led to an environment that is more favorable to private enterprise, public-private partnerships, as

well as the merging of public health regions and regional hospitals. Healthcare infrastructure has been reinforced, medical-hospital equipment has been modernized, medical diagnostic capacity has been increased in laboratories, as well as oral health and physical therapy care.

Healthcare professionals are more effective in terms of both number and diversity, although there are many deficiencies that remain, particularly concerning professionals who specialize in different domains, both clinically as well as related to public health and healthcare management. In 2020, a ratio of 58.8 healthcare workers per 10,000 inhabitants was achieved.

Although progress has been achieved, there are still many challenges in the sector to be faced, effectively, a “*strong healthcare system, which is responsive and accessible to everyone*”.

One of the results of that is the SNS’ improved response time on all the islands, and overall, throughout the country, incidence rates are down for priority and non-communicable diseases, through the implementation of the SNS Health care Quality Improvements Program and the PEDS itself, which has also lowered evacuations.

The government has gone beyond in its efforts to reduce dependency on evacuations, it is working to increase the level of healthcare provided, with the goal of achieving greater equality and streamlining costs. After all, Cabo Verdean health is the greatest treasure, and the government will be able to take through of all that entails, by increasing available technology, involving specialists who are part of the diaspora, and in particular, increasing private sector participation. Poor social security coverage is a challenge because of all the lost opportunities to engage in national savings programs, to improve healthcare financing, reduce inequalities in healthcare access, but also the income insurance at the end of an active life that it represents. Cabo Verde has the goal to achieve universal taxpayer contributed social security, which is why it should establish ambitious goals for 2026 as well. The goal is not to just achieve sustainability in the system, but more importantly, to improve the level of healthcare and accessibilities for all Cabo Verdeans, within the context of sustainability. As such, the government will be ready to prepare the country and the health service for the accelerated aging of the population, to reduce asymmetries related to accessibility, but also to respond to the demand for high quality services, more specifically through the effective integration of the national and foreign private sector, taxpayer contributions and participation of diaspora specialists.

To make all of this happen, the government has identified other interconnected and complementary challenges, which include the following: Providing better bedside manner in health services, with a particular emphasis on the care itself, making sure that professional ethics and patient care ethics are being employed; ongoing investments in human resources, either in training for the profession or specialization, or in recruiting; and finally, the assurance of an organized and functional National Healthcare Service, that will regulate and inspect health services, assuring high quality healthcare services for all.

***Our goal for 2030 “is to assure access to quality healthcare and to promote the well-being of everyone of all ages, which creates economic value.”***

To make this vision a reality, important activities must take place during this planning cycle, which are fully aligned with Cabo Verde Ambition 2030.

To assure wrap-around health services for children and to reduce infant mortality to levels no greater than 10 per ten thousand live births, which should be possible by widening healthcare coverage, increasing the number of pre-natal and post-natal visits; increase tetanus vaccination (VAT/Td2+) coverage to 80% of all pregnant women; increase vaccination rates for children up to age 1 to 95% and coverage of doctors' visits for these children to 95% within the healthcare framework.

Improved maternal health is another important goal to reduce maternal mortality more effectively, by increasing the number and proportion of professional healthcare provider assisted births to 95%, coverage of postpartum consults to 76% and to assure that maternity wards assure conditions to provide basic and urgent obstetric care.

In order to address concerns that still remain in public health, the PEDS II must also assure the following: Redoubled efforts to eliminate disease vectors; expanding access to services for people who live with HIV and receive anti-retro viral treatment; achieving certificate for the eradication of malaria and the transmission of HIV and syphilis from mother to child, which are public health problems; making STD protection/prevention methods widely available to the population through healthcare centers, as well as promoting public health actions to prevent communicable diseases.

Health research will be prioritized in the National Science Program, and special attention will be given to non-communicable diseases.

This strategic plan should make it possible to implement the National Healthcare Initiative, the National Strategic Mental Health Plan, the Multi-sector Strategic Plan to prevent and control non-communicable diseases, which are important for promoting healthcare, prevention, treatment, rehabilitation and reduction of premature deaths or those with avoidable causes. Mass HPV vaccination campaigns should continue for girls who are 10 years of age. Equally, treatment, rehabilitation and palliative care should be assured for people with non-communicable diseases.

Free modern contraception will be made available to adolescents in partnerships with reproductive health focused NGOs, and sexual and reproductive health services should be provided to men/boys, along with clear communication about family planning. This is an example of what should be emphasized in this planning cycle.

Within the implementation of the 2022-2026 Healthcare Human Resources Strategic Plan and the Agenda to strengthen Sanitary Regions' responses, the creation of a biomedical simulation center, are commitments made during this cycle for the Development of Human Resources and Skills Building.

Implementation of a National Plan of Action for Sanitary Safety (PNASS), the Public Health Emergency Operations Center, the DHIS2 Platform, Public Health risk mapping, International Sanitary Rules, the National Microbial Task Force and the National Plan to Inspect Ships at Port for Risks, are commitments made in this planning cycle that seek to implement a real time information sharing platform, to improve health surveillance and create early warnings as it pertains to "One Health" programs.

Given these challenges, the PEDS II must assure outcome improvements to health and well-being, by creating new response mechanisms, strengthening leadership, governance, strengthening and adapting the legal and institutional system, and introduce important reforms to the system, investments in

infrastructure, specifically construction and modernization, as well as improvements to equipment and health related technology.

If all of the goals established in the PEDS II for the 2026 horizon are met, Cabo Verde will have an infant mortality rate reduced to 10% of live births and a drop in maternal mortality rates to  $\leq 60$  \* 100,000 live births (aligned with sustainable development objectives).

We will have reduced the proportion of girls (youths/adolescents) between the ages of 15-19 who already have at least one live birth to below 10%.

This goal sees the country with a real time information sharing platform, which will contribute to better surveillance and early warning for “One Health” programs.

Thanks to research work, we will have improved our understanding of the determinants for non-communicable diseases.

Cabo Verde will reduce the number of premature deaths for non-communicable diseases to less than 5% through health promotion, prevention, treatment and rehabilitation actions.

Leadership, governance, laws, and institutional parameters will be strengthened, as will the regional offerings for healthcare, gender equality and sexual orientation policies (LGBTQiA+), and therefore, we will see improved results in health and well-being, through the enactment of new mechanisms created to respond to demands.

The country will obtain the respective certificates of being malaria- and tuberculosis-free, as well as certifying that HIV and syphilis transmission from mother to child are all no longer public health issues.

Cabo Verde will lessen its dependence on external and internal evacuations. Healthcare services will be more humane and equitable. Digital solutions will be applied to public health, as will programs that promote good health, literacy, and healthy lifestyles.

Ultimately, the goal is for the country to significantly reduce its healthcare burdens by reducing evacuations and social security involvement. Cabo Verde Hospital will be operational, private, and social sub-systems will be effectively integrated, and health related human resources will be denser and more evenly distributed.

### **3.3.2.3 Employment**

According to the Common Multi-Objective Survey, in 2020, Cabo Verde was home to 412,000 people aged 15 or older, which is 74% of the total population, and of those, 218,000 were economically active, which is to say, they make up the country's workforce, equivalent to an activity rate of 53%, concentrated in urban areas (74%) and majority men (56.6%). Therefore, nearly 194,000 make up the inactive population, which corresponds to an inactivity rate of 47.0%. Among the active population, 187,000 were employed, for an employment rate of 45.3%, and of those, 106,000 are male, making their employment rate 51.3%, while 81,000 are women, equivalent to an employment rate of just 39.3%. Women are largely employed as domestic workers, in healthcare, education, accommodations, and food services, as well as in commerce and manufacturing, while men largely work in construction,

public administration, agriculture and ranching, transportation, storage, as well as other economic activities. Employing 65.6% of the labor force, the third sector continues to be the largest employer, with the private business sector generating 41.0% of jobs, followed by those who are self-employed (25.7%), which is largely represented in the rural economy (40.5%), more among women (26.9%) than men (24.8%) respectively.

Variations in the labor and informal labor market have an impact on the level of social protection enjoyed by workers and their respective families, as they dictate social security contributions and the financial sustainability of social security. In 2020, 51.6% of workers were employed in the informal sector. Informal workers are those not registered with the INPS and thus do not enjoy the benefits of the compulsory Social Protection System. When there are economic slowdowns, they lose their jobs and their families are more likely to fall into poverty. Informal employment is highest in the rural sector, where it accounts for 76.1% of workers, most of whom (54.7%) are men.

With the recession in 2020, unemployment increased by 4.8%, with 19,700 jobs destroyed. Unemployment impacted 32,000 people, leading to an unemployment rate of 14.5%, and contrary to what has happened in the past, this rate is slightly higher among men than among women, at 14.8% vs. 14.2%, respectively. Unemployment among youths ages 15-24 reached 32.5%. Porto Novo and Santa Cruz are the districts that recorded the highest unemployment rates in the country, at 22.3% and 21.5% respectively, followed by the districts of Sal (19.5%), São Domingos (18.6%), and Boa Vista (18.0%). The lowest unemployment rates were recorded in the districts of Santa Catarina do Fogo (3.0%), São Filipe (4.1%), and Tarrafal de Santiago (6.0%).

More young people are out of work, in fact, 77,500 young people between the ages of 15-35 are not employed, in education, or in training (NEET), which represents 35.4% of this population cohort. The NEET are mostly (53.0%) women, live in urban areas (65.4%), and the vast majority, at least 71 of 100, have not completed secondary school, with only 22 of every 100 having completed secondary school.

The country is experiencing very demanding times, as unemployment continues to be a structural challenge. Given the fact that it is an archipelago, economic activities are dictated by the seasons. Because the largest employers are agriculture and tourism, which are extremely vulnerable to climate change and external shocks, the country is especially susceptible to regional asymmetries.

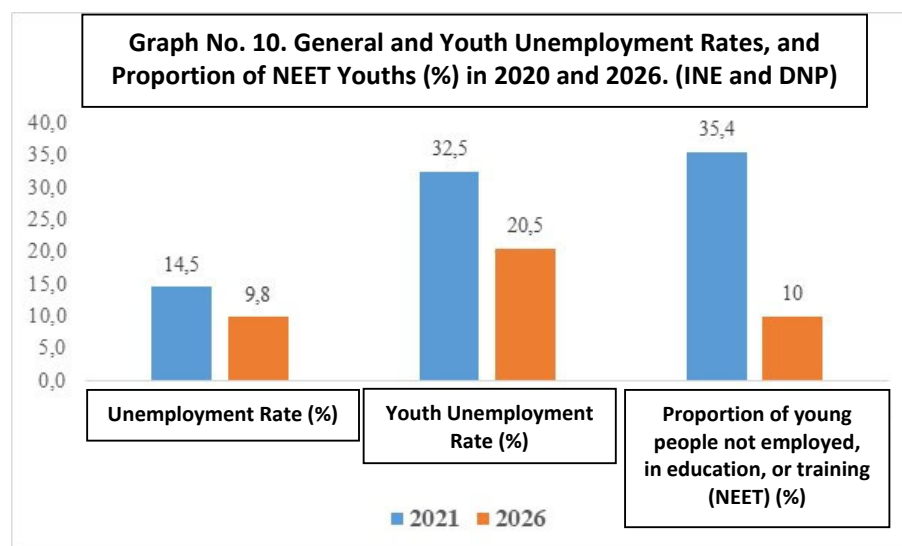
According to the International Labor Organization (ILO), a decent job **“sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.”**

Despite the fact that the country has made gains in decent jobs, there are still challenges that require better social dialogue, the promotion of more jobs with labor guarantees, and the extension of social security. This is the sustainable way to combat regional asymmetries, inequality and absolute poverty.

The 2022-2026 Strategic Agenda to Promote Decent Jobs contains active employment policies and the promotion of decent work. Measures include quality education and professional training, professional internships and entrepreneurship, to significantly increase the number of productive people and reduce unemployment among young people and vulnerable groups, thereby lowering the level of absolute poverty. Social protection measures are also being extended, broadening social security and the tax system to support it, accelerating the transition from the informal to the formal economy, strengthening public and private policies to promote decent jobs for young people, and thus achieve the essential goals of PEDS II and the SDG 8.

By 2030, Cabo Verde is working to increase average economic growth to 5% a year between 2022 and 2026, and to 7% between 2027 and 2030. This agenda involves decent work, the ability to find full-time work, and lowering the unemployment rate to less than 5%, with 4.9% for men and 5.9% for women. We also intend to further reduce as much as possible the proportion of young people who are not employed, educated, or trained.

Through the PEDS II, by 2026, we seek to increase the activity rate to 60.1%, 66.5% among men, and 53.6% among women, with a significant reduction to the unemployment rate, bringing it down to 9.8%, and a drop in unemployment among youths aged 15-24 to roughly half (20.5%) of the 2020 level (*Graph No. 10 below*).



Over the course of this cycle, policies will need to be promoted that create a large number of new skilled jobs through business expansion and development, especially by taking advantage of opportunities in catalyzing sectors. In other words, human capital development will be prioritized. This action entails realizing the potential of the blue economy, accelerating the transformation of the country's power sources, and promoting the tourism industry's value added to the real economy, specifically the transformation of agriculture, effectively valuing culture and the creative industries, and better integration of transportation into the Cabo Verde's leading economic sectors. Expanding economic activities should create conditions for the islands to converge.

To do so, the PEDS II will guarantee the quality and growth of job productivity through excellence in education and professional training, which act as human capital accelerators and encourage decent jobs, business development and entrepreneurship among young people. Higher education will be rearranged by specializing public universities into complementary areas concentrated in each institution, promoting the quality and sustainability thereof. Moving forward, the goal will be to find solutions close to home to resolve specific issues related to local and regional training and employment needs.

The PEDS II will further its investment in the digital economy, to make the Cabo Verdean economy more competitive and diverse, exporting services, while generating highly specialized employment opportunities for young people. As part of modernizing the government, a digital governance strategy will be employed for the government and Public Administration. Agriculture will also be transformed, as further emphasis is placed on that industry, which will create highly skilled jobs. Implementation of the São Vicente Special Maritime Economic Zone (ZEEMSV) will be prioritized as a key strategic foundation for the transition to the blue economy that triggers the need for qualified and specialized labor and consequently, this will energize the labor market.

With respect to business development, through research and development, the sector's potential will be explored through services connected to the transition to green energy, which will generate jobs internally, and also serve as the basis for exports. Gender equality will be promoted by solidifying the important gains made by the country on employment opportunity parity and training. Quality, reliable, sustainable, and robust infrastructure will be prioritized, which will have an impact on employment.

Another strategic point involves governance of the employment sector, and especially the Institute for Employment and Professional Training (IEFP), as an instrument to implement policies through its centralized structure and decentralized services, in partnership with other public and private institutions. This will also involve the adequate involvement of local players through Local Sustainable Development Platforms.

In pursuit of the Cabo Verde Sustainable Development Strategic Agenda, by 2026, there will be a significant increase in the labor force's participation, especially women, and advances will be made to achieve parity between men and women. This job growth will be expanded, and the business sector will become a job leader, generating at least 50% of jobs, with at least 40% of jobs having professional training or higher, and the number of young people, especially girls, who do not have jobs, education or training will fall to around 20,000. At least 66% of workers will be covered by social security contributions, the largest convergence of social partnerships, which will subsequently reduce informal work and unemployment, leading to a significant increase in decent jobs, which will significantly reduce inequality and absolute poverty.

### **3.3.2.4 Social Protection**

Social protection is a right enshrined in Cabo Verde's Constitution. It is incumbent upon the State, through the National Social Protection policy, to promote the development of a groupwide national culture and solidarity, to assure basic rights for citizens and equal opportunities for all. Cabo Verde has spent 30 years building its contribution-based social security system, and social security has been

growing in importance in national policy agendas, with expenses on social protection actions accounting for 8.6% of GDP.

The country is a signatory to the 2030 Agenda for Sustainable Development Goals (SDG) and has committed to a decade of action. As such, the principle of *leaving no one behind* to eradicate extreme poverty and reduce absolute poverty is one of the biggest priorities in the 2022-2026 Sustainable Development Strategic Plan (PEDS II) that shall guarantee improvements to well-being, social opportunities, and access thereto, which for multiple reasons and causes has been heretofore unavailable.

The Cabo Verde Social Protection System is structured into three parts: the Safety Net, with national solidarity and wide distribution at its core; Mandatory Social Protection, based on solidarity of a group with a commonality; and Supplementary Social Protection, based upon the logic of insurance and optional adherence. According to the Social Protection System Statistical Bulletin, in 2020, about 286,006 people, which is, 51 of every 100, received at least one social protection cash payment, from both contributory and non-contributory schemes. The vast majority (88%) of people covered fall under the contributory system, while women constitute the majority (54.6%) of the population covered. This year, 42.3% of children under the age of 15 were covered by family or children's benefits, 23.1% of mothers of newborns registered received maternity benefits, 52.7% of people with serious disabilities were covered by disability benefits, 7.3% of unemployed people were covered by unemployment benefits, and 69.8% of the population age 60 or older received a cash benefit, either for old age, disability, or survival benefits.

During the 2020-2021 school year, scholastic-related social actions provided 85,117 students with school meals, 3,744 with scholarships/study subsidies, 8,478 students received transportation to and from school, and around 30,000 received school supplies through sponsorship and collection drives in student residences.

With respect to the insurance industry, total production in the first semester of 2021 was CVE 1.46 billion, up 2.6% over the same period in 2020. Life insurance was responsible for positive changes in the sector, despite accounting for just 16% of production in the period in question. Non-life insurance performed worse across the entire business line, except for automotive insurance, because this service is correlated with economic activity and is therefore more heavily impacted by the COVID-19 crisis.

Despite gains made, the COVID-19 pandemic exacerbated vulnerabilities among informal production units and in general for anyone working informally. Economic activity was down, and close to 20,000 jobs were destroyed, which shows that these groups were not adequately protected from socioeconomic shocks, and proving once again that informal work does not pay.

The pandemic has emphasized the importance of social protection as an instrument to offset the impacts these shocks have on individuals. It works as a stabilizing factor against cyclical macroeconomic changes. As an instrument to fight poverty and social exclusion, social protection should contribute towards strengthening solidarity and reducing regional asymmetries and be founded on logic, appropriateness, coverage, good governance, as well as financial and economic sustainability, in order to ensure the future safety of all Cabo Verdean citizens.

Our goal for 2030 is to make the social protection system universal, providing adequate and effective coverage for all workers in the compulsory system, as well as to develop a safety net and supplementary systems to contribute to reducing risks of exclusion, social inequality and regional asymmetries.

Under the PEDS II, and in line with the Decent Job Agenda, the 2022-2026 Social Protection Strategic Plan will work to combat poverty, vulnerability, inequality, and regional asymmetries to make social protection coverage universal, in line with Cabo Verde Ambition 2030, with decent jobs, along with strengthening social and political stability in the country. **Hence, through the PEDS II, we expect by 2026 to:**

- Increase social security coverage to 56.8% of elderly people and people with groups I, II, and III disabilities on the Unified Social Register.
- Increase the proportion of the employed population covered by the contributive system to 66%, and achieve a coverage rate of 90% and a degree of satisfaction among users.
- Increase school lunch availability to 95% and increase school scholarships to 40% of students between the ages of 18 and 24 who attend higher education, irrespective of their residential district.
- Assure a moderate exemption rate for all groups established in accordance with Decree Law 2/2021 of BO 4 of the Series I for social services dated January 14, and to increase coverage by 50% for these base healthcare social services (medical assistance, prosthetics and evacuations) and care.
- Assure access to 80% of immigrants to registration services, and provide education, training, health and social security to all of them.
- Assure access to 35% of NEET youth, former drug abusers, former inmates and gender-based violence victims to social inclusion services.
- Increase to 50% the proportion of workers at companies and other public entities who work in accordance with the labor code, with access to labor-management services;

Over the course of this cycle, a plan to broaden compulsory social protections will be prioritized, aimed at groups that are hard to cover, as well as formalizing a plan to speed up the transition from the informal to the formal economy. The Labor Code will be revised. These reforms should result in a sharp drop in informal employment, contribute to the development of human capital, specifically decent jobs, business development, increased efficacy in the transmission of monetary and fiscal policies, as well as encourage sustainable development.

### 3.3.1 Housing

The Cabo Verde Constitution of September 1992 established access to decent housing as a constitutional right, and thus a state policy. However, decades prior, the Cabo Verdean authorities had already adopted formal initiatives in the housing sector, for example, creating the *Instituto de Fomento de Habitação* (IFH) Housing Authority, in a housing context officially characterized as “quantitatively and qualitatively lacking in housing, with the highest impact on the largest population centers. There is inadequate support infrastructure and building means for construction, which make it hard to plan and coordinate activities in the construction and housing sector.”

The Housing Sector Profile (PSH) for Cabo Verde estimates that at least 80% of all existing housing has been self-built; therefore, project management fell directly on the owners and inhabitants of the dwelling, with significant variation in the quality of the materials used and construction techniques adopted.

According to the 2021 Census, Cabo Verde had 147,984 households, 113,611 of which were in urban areas, or 76.8%, with 34,373 in rural areas. About 69% of households have piped water from the public network as their main source of water; 53 out of 100 discharge their used water through the sewage system or rudimentary/septic tanks; and one out of three do so around the home. Around 59.2% of households own/co-own their respective dwellings, while 28 out of 100 occupy housing as tenants or subletters.

The vast majority, 82 of every 100 homes, has running water. The population has nearly full access to electricity, since 89.5% of households have power, mainly (98.1%) from the public grid.

Nearly all (97.8%) of the dwellings are traditional or independent buildings (58.8%) or apartments (39.0%), while shacks represent just 1.5% of housing units. Approximately 60 in every 100 households lived in homes with one to three rooms. According to the National Housing Plan (PLANAH), there is a housing deficit of 13,234 households that causes an ever larger issue of insecurity, which is to say, the housing for at least 25,535 households is degraded, with precarious sanitation conditions, and does not have basic needs met, like public water and power supply, with connections to sewer networks.

According to the INE, in 2020, 175,800 poor people live in Cabo Verde, which is 31.7% of the resident population. Following the COVID-19 pandemic, and more recently, the war in Ukraine, poverty, and in particular, increases to the price of power and food, have added to the cost of living, which has significantly reduced how much households can invest in their dwelling. Hence, it is not a surprise that the housing issue has gotten worse, especially as more and more people are leaving rural areas, after four successive years of drought and this social crisis that has tended to get worse.

Housing is an essential component of well-being, and reducing the housing shortage (quantitatively and qualitatively) is one of the major challenges the sector faces, where it is an imperative that the national Habitat Regeneration Program (PRH) be expanded.

By 2030, our goal is to achieve the strategic goals described in the National Housing Plan (PLANAH) by reducing the housing deficit (quantitatively and qualitatively) through re-qualification, remodeling existing housing, as well as building new, quality housing.

The Cabo Verde Sustainable Development Strategy Agenda forecasts that by 2030, all citizens will be assured access to safe, adequate, and affordable housing, with access to basic services, and thus improve the living conditions for people in their respective neighborhoods.

The PLANAH framework is aligned with sustainable development objectives and a new urban agenda, which seeks to offset the current housing shortage and future demand. By 2030, nearly 38,600 new homes will be built, and about **40,000** will be remodeled for Cabo Verdean families.

Through the “Urban Housing Development and Land Management” Program, the PEDS II shall complete the first cycle of this goal in a strategic dialogue with municipalities, and in partnership with the World Bank, the Budget Support Group, the IMF, and the private sector, as well as by engaging social partners through the NGO platform.

During this planning cycle, about 7,600 dwellings will be built and delivered. Infrastructure will be built on around 120.8 hectares of land set aside for housing, installing 9,600 basic services like running water and electricity. Nearly 16,000 dwellings will be remodeled, which will reduce the qualitative deficit by 40%. Furthermore, about 36 hectares will be re-zoned and can now be used for housing, with the goal of assuring greater dignity and inclusion, aligned with sustainable development goals and the Cabo Verde Sustainable Development Strategic Agenda.

The government will work in close partnership with sector institutions to provide infrastructure on the lands where housing will be built, assuring basic services are installed. Every effort will be made to ensure the appropriate legal and institutional framework, which bestows the power to control the implementation of policies designed for the sector and create conditions for installing a housing information system that will be used for managing data and information and for producing indicators to strengthen knowledge, monitoring, and constant evaluation, helping to make proper sustainable decisions.

By 2026, the quantitative housing deficit will drop to 7,600 and the qualitative deficit to approximately 16,000, which works toward the goal of providing decent housing for all, and gender equality. A reduction to the housing deficit will be a major step towards eradicating extreme poverty and will generally reduce absolute poverty.

### 3.3.2 Reducing Inequality and Absolute Poverty

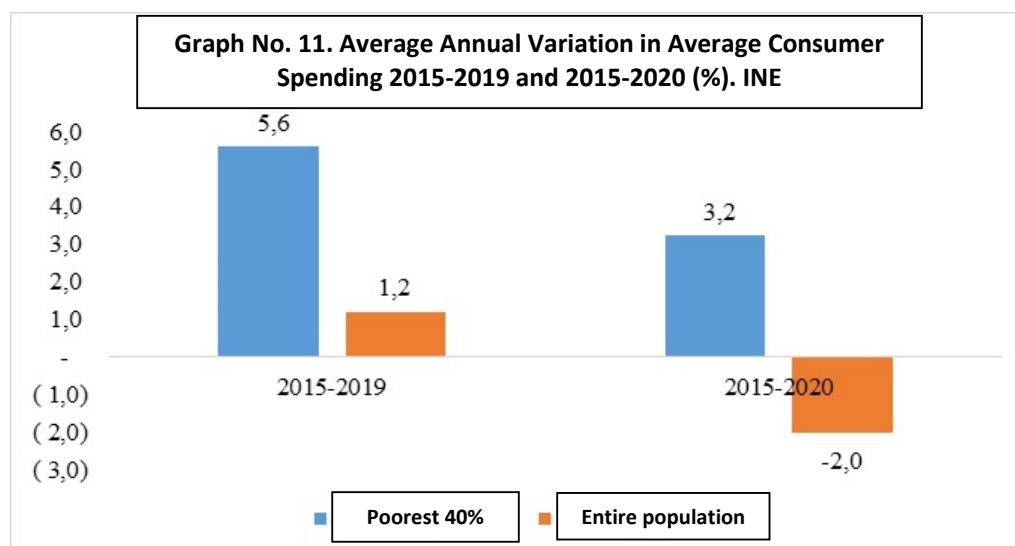
#### 3.3.2.1 Reducing Inequalities

Social inequality has always existed, but it becomes a problem when the difference between the impoverished and the wealthy is so vast that **it rewards or punishes a specific social group**. Social inequality exists in education, because income levels determine access and quality. Consequently, inequalities are predetermined in the search for better jobs, but also when the job chances and quality are determined by factors other than merit. With healthcare, higher earners have more freedom to choose whether to pursue private healthcare. With housing, the higher your income, the higher the likelihood you live closer to where you work and study, in safer neighborhoods, with better access to power, water and sewer networks. Income differences also determine access to events and cultural heritage.

In Cabo Verde, the economy has the capacity to generate more jobs for men than for women; consequently, women earn less than men throughout all active life cycles. Inmates and members of the LGBTQIA community have more difficulty accessing essential goods and services, including reproductive healthcare services. People covered by the contributive social security system have better access to supplemental doctors' appointments and exams, above all privately.

In 2020, overall consumption by the poorest 40% accounted for only 20% of overall household consumption, which as a statistic demonstrates how much income and consumption inequality exists; although, it is actually a significant improvement with respect to 2015, when this population's consumption accounted for just 15% of all consumption by Cabo Verdean families. We are a country of social inequalities, as demonstrated by scientific evidence. This condition is generally recognized by academics, the population, decision-makers, and development partners.

However, between 2015 and 2020, we were on track to reduce inequality, as demonstrated by the drop in the Gini coefficient, from 0.42 in 2015 to 0.37 in 2019, and 0.34 in 2020, in addition to the fact that consumption by the poorest 40% grew by approximately 3.2% (*Graph No. 11*). The population living on less than 50% of average consumption fell from 15% in 2015 to 5%, a marked reduction in inequality.



The drop in inequality explains the large-scale robust decline in absolute poverty, which fell from 35.2% in 2015 to 26.0% in 2019, rising to 31.7% again in 2020, because of COVID-19. In fact, the economic growth that took place between 2016 and 2019, on average 4.7%, was completely wiped out by the 14.8% recession in 2020, meaning that the average growth for the period, from 2016-2020, was just 0.8%, not enough to reduce poverty when employment fell.

The reduction of inequality in 2016-2020 entailed a significant improvement in the distribution of wealth through more government transfers to households, a more targeted approach, and further financial decentralization. Government transfers rose from US\$ 58.8 million in 2015 to US\$ 97.0 million in 2020, where the volume of public spending on social inclusion programs (guaranteed access to income, education, and healthcare), which includes social income and social pensions, and “guaranteed rights and protections for children and adolescents”, accounted for 14.4% of public expenditures and 5.1% of GDP, and over the past three, on average, was 12.4% and 4.1% of public spending and GDP, respectively.

Likewise, widespread implementation of professional training and professional internships, more scholarships, tuition breaks in primary and secondary education, broadening social security coverage for both contributive and non-contributive systems, but especially more funds transferred to municipalities, and retraining, rehabilitation, and accessibility programs, offered a wide range of works proposed by municipalities to reduce the opportunity gap, improve the distribution of national wealth, and thus reduce inequality.

Income and pricing policies, and in general, the social policies implemented between 2016-2020, need to be revisited, since they are good practices that should be capitalized on, redirected, and improved upon; even though the welfare state's sustainability may be called into question.

Reducing inequality should be a major priority, which has been made more difficult by the current high prices of fuel and foods owing to the three-pronged crisis, with the country also facing a social and economic emergency.

Inequality reduction is a PEDS II priority, demonstrated through its emphasis on social protection and expanding the safety net for those at risk of being left behind. It also broadens the coverage of contributive social security, better social actions in schools and even universities. Overall, the focus is on social programs and the development of human capital, with a special emphasis on combating regional asymmetries and educational exclusion, in addition to active employment policies, including professional training for nearly 60,000 young people, as well as the development of digital entrepreneurship and economic financing ecosystems, in addition to integrated healthcare promotion programs. The Economic Recovery program prioritizes productive inclusion and decent employment through the acceleration of economic opportunities to reduce inequalities, as well as a sustained reduction of all social inequalities.

In addition, the investment in regional development, one of the hallmarks of this planning cycle, is essential for increasing the islands' economic potential, spurring local economies, and reducing economic and social opportunity asymmetries.

Investments in diversifying tourism across the islands, increasing the production and export of fish-related products, and in general, improving internal connectivity through maritime means, and especially transforming agriculture by increasing irrigated areas, improving the offer of agricultural products in the tourism market and the significant increase of gross value added production in the agriculture sector and farm income, reducing the qualitative and quantitative housing deficit, and especially gender inequalities, will all improve economic and social opportunities for low-income populations, and especially for those who live in rural areas, have been left behind, or are at risk of being left behind.

The PEDS II sets as its first challenge eradication of extreme poverty, duly translated into the priorities of various programs and policies that favor inclusion and the reduction of inequalities, which are essential for eradicating extreme poverty and in general, reducing absolute poverty.

Inclusion of gender and human rights objectives in the PEDS program, in accordance with "Leave No One Behind", is essential for this planning cycle, which will aid in reducing inequality.

However, given the current high cost of energy and food, and the significant increase of the population facing severe food insecurity, we know that hunger increases economic and social inequality. The scope of the emergency measures adopted by Cabo Verdean authorities seeks to reduce this risk and thus prioritize more job opportunities and focus on groups facing survival risks, especially in rural communities. Emergency programs include other safety net measures that are based upon best practices, and local authorities must strengthen local actions. These measures are essential to assuring that the progress made by Cabo Verdeans is maintained, and ultimately mitigate the risks of greater social inequality.

However, special attention should be given to monitoring and evaluation to guarantee that the enactment of a strategic plan promotes inclusion, reduces regional asymmetries, growing social mobility, and advances the reduction of inequalities and accelerates the reduction of absolute poverty.

The international solidarity felt at present is crucial, since the drop in internal revenue resulting from the climate crisis, COVID-19, and the war in Ukraine, as well as the risk of reduced remittances from emigrants because of falling employment and income in emigration countries, seriously limit what the government can do to maintain its social policies and thus preserve the important gains made to reduce inequality and absolute poverty.

### 3.3.2.2 Eradication of Extreme Poverty

In 2015, according to data from the Household Income and Spending Inquiry (IDRF), the extreme poverty threshold in Cabo Verde was CVE 49,699 and CVE 49,205 per year in urban and rural areas, respectively, equal to 136 escudos a day, or fewer than 135 escudos a day in rural areas, or fewer than US\$ 452 and US\$ 447 a year, respectively. Nearly 54,395 people (10.6% of the population) live in extremely poor households, meaning consumption levels below those thresholds.

Extreme poverty is largely a rural phenomenon and particularly impacts women. Roughly 68.1% of the population in extreme poverty live in rural areas, where poverty impacts 20.3% of the population, compared to 5.3% of the urban population. Santa Cruz and Praia were the districts with the highest rates of extreme poverty, at 14.6% and 11.9%, respectively, followed by the districts of São Filipe and Santa Catarina, where about 11% of the population lives in poverty.

In most districts, women represent the majority (53.6%) of the population living extreme poverty, except for the districts of Paul, Ribeira Brava, Sal, Maio, São Domingos, São Lourenço dos Órgãos, Mosteiros, and Ribeira Grande de Santiago. Moreover, about 42% of the extremely poor population were children under the age of 15; 14.5% were under the age of 5; and about 5% of the population in these circumstances were elderly, aged 65 or older.

The absolute poverty rate fell from 35.2% in 2015 to 26.0% in 2019, as a result of social public policies but also owing to 4.7% economic growth between 2016 and 2019. During this period, about 14% of public spending was allocated to social inclusion programs. Also, annual economic growth was 4.7% between 2016-2019. As such, the number of poor people fell from 179,990 in 2015 to 142,778 in 2019. However, with the COVID-19 pandemic, Cabo Verde suffered a 14.8% recession that destroyed nearly 9% of all jobs, increasing the exclusion of young people, increasing absolute poverty, with 175,844 [sic] people now live in these circumstances, or 31.7% of the population. Workers and their families are increasingly exposed to poverty, with subsequent risks of deepening gender inequality, the exclusion of children, the elderly and the disabled, which are the groups most at risk at being left behind. About 77,500 young people were left without a job, education, or training, and 66,000 live in extreme poverty, which could compromise the leverage provided by the demographic bonus in realizing the innovation potential and impulse for change.

There are no estimates regarding the dynamics of extreme poverty, but the reduction to inequality between 2015 and 2019, and specifically the average yearly increase of 5% in consumption of people in the first and second quintiles, and the reduction of people living at half the rate of average consumption, from 15% to 5%, are all evidence of the declines in extreme poverty during this period. Since absolute poverty increased in 2020, it is likely that the major gains made reducing extreme poverty have been lost, which is evidence that the INE should produce.

As such, the government set its highest priority to fight impoverishment and the eradication of extreme poverty by 2026 through the National Strategy to Eradicate Extreme Poverty in Cabo Verde 2022-2026, which the Council of Ministers will approve as a Policy Charter to be enacted by the central government through the PEDS II Social Protection program. At the sector level, this will occur through the 2022-2026 Strategic Social Protection Plan, while at the local level, it will be through the Municipal

Sustainable Development Strategic Plans (PEMDS). By 2030, our goal is to reduce absolute poverty to below 5%, within the scope of substantially reducing inequality.

The Cabo Verde 2022-2026 National Strategy to Eradicate Extreme Poverty will be a territorial mechanism, focused on families, since the very poor live in households in extreme poverty. The National Statistics Institute (INE) must recalculate the extreme poverty threshold and estimate the population in order to produce a profile of the households and population in extreme poverty and analyze the determining factors in each district, based upon 2022 IMC data. In terms of a strategy, inclusive economic growth must be an essential method alongside expanding coverage and efficacy of the different social programs.

The 2022-2026 Cabo Verde National Strategy to Eradicate Extreme Poverty shall be based upon four essential pillars:

Better **Knowledge** about households in extreme poverty, determining factors for extreme poverty, the socioeconomic context, inequalities and inequities, public policies and evolution of these elements, as well as a proper *diagnosis of extreme poverty*.

**Mobilization** of poor families to for socioeconomic change and mobility is essential for people to believe it is possible and develop the **AMBITION** to overcome their circumstances, since no one is forced to escape their deprivation, even with an injection of funds. People living in extreme poverty tend to double down on their risky choices, attitudes, and behaviors, often with a fatalistic attitude. People living in extreme poverty frequently lack good information and advice.

**Empowerment** is represented through the social transfers package, which is key to change, and entails developing skills specifically through professional or higher education training, which reinforces a person's capacity to leverage economic and employment opportunities, access to consumer goods and publicly available services, as well as active and deliberate participation in the decision making process.

People who live in extreme poverty should be given **Economic Opportunities**, mindful of the ones that exist around them, as well as the business environment. Economic opportunities should mostly be given within the economy's financing ecosystem, and locally, by entrepreneurship centers, either through general and specific incentive measures for economic activities, or access to land and other factors for agricultural or ranching production, and especially the local facilities granted by local governments and decentralized state services.

At the municipal level, the Local Sustainable Development Platform, led by the municipal government, will identify and map zones or districts of families living in extreme poverty, those pockets of extreme poverty that will be fully covered by the Unified Social Register. Based upon the profile of families in extreme poverty supplied by CSU, a project will be assembled for each pocket of poverty. Those projects will specifically grant cash transfers, professional training, and other active employment training for NEET youth and productive inclusion. Special attention will be paid to economic

opportunities in rural pockets, like agriculture, ranching, fishing, food manufacturing, inactive ingredients and rural tourism. On the urban side, opportunities will be related to urban opportunities, and the key focus will be drawing people into the formal economy.

The Social Protection Project will remain focused on the increased exposure children from poor families have to privation, exclusion, ending up on the street, exploitation and even child labor, and will strengthen the State's ability to intervene, through local agencies and civil society bodies, with the goal of guaranteeing the rights and protections for children and adolescents. Within the scope of this program, the safety net will be strengthened by broadening the coverage of a social pension, so that by 2026, it will cover more than 18,000 elderly and disabled people in poor households not covered by the contributive system, and also within this timeline, at least 74.4% of elderly people will have a pension.

By 2023, the goal is to increase school activities to make preschool universal and hopefully maintain the gains made by reducing dropping out. In particular, financing scholarships for young people from poor families who meet the selection requirements should be increased.

Temporary work will be promoted, especially in rural areas, as a means for assuring income for poor families and especially those who live in extreme poverty and are not part of productive inclusion projects, specifically within the scope of public programs for crisis mitigation, urban re-qualification, accessibility, and road infrastructure. Coverage of the social inclusion income will also be expanded to all households in extreme poverty, to the poor with children under the age of fifteen, as well as to households where there are victims of gender based violence. Power and water bills will be kept low through subsidies, and moderate fees will be charged for healthcare, to improve access to medication, but also to consolidate mutually beneficial healthcare programs. The government will implement a housing security program, seeking to remodel degraded dwellings, with priority going to families in extreme poverty whose homes are at the highest risk of collapse.

The government will prioritize consolidation of the Unified Social Register as the only means of accessing public social benefits, and will be the sole mechanism to focus on families in extreme poverty who are the target for the 2022-2026 National Strategy to Eradicate Extreme Poverty in Cabo Verde, for recording public benefits and changing the profile and consumption level, thus monitoring this transition.

### **3.3.2.3 Gender Equality**

Cabo Verde continues to be very committed to promoting gender equality, as established in its Constitution, in the PNIG (2021-2025), and in the CEDAW. The government has assumed this commitment based upon the paradigm, "More Equality, Gender Equity and Inclusion", mirrored in its government program, which is a foundation for the country's sustainable development.

In light of these challenges, the country established priorities to accelerate gender equality and equity, by supporting broad legal reforms, through the passage of a special law addressing gender-based violence, the introduction of an article on gender in the State Budget law, solidifying the notion that the budget process should be guided by efforts to promote gender equality and equity, and introducing maps, annexes and indicators, and further, through the approval of the Parity Law, assuring effective

equality of rights and duties between men and women with respect to political participation and holding high level, decision making jobs.

Integration of a gender approach when drafting of the PEDS (2017-2021), as well as implementation of a gender-sensitive budget, without a doubt had a profound impact on the increase and visibility of gender equality public investment, where allocations with specific promotion goals grew from 0.04% in 2017 to 51.7% in 2022, of the government's entire budget. Of special note are the programs that assure access to income, education, care, and health services.

With this increase in budget allocations and public investment in gender equality, policies that focus on families, designed to positively discriminate on behalf of women and heads of household, the country has unquestionably made significant advances, with direct impacts on the population that have encouraged women to have more autonomy.

At a national level, the impacts of these measures transcend the country and have significant repercussions on the Global Parity Index. According to the World Economic Forum Report on Gender Equality, published in 2022, Cabo Verde rose 23 places over the year prior, moving into the 45<sup>th</sup> spot because of its many advances, particularly political empowerment, which reached a score of 0.238 and an educational level score of 0.975.

In addition, the government approved the PNIG 2021-2025, which has the strategic goal of efforts to achieve gender equality, capitalizing on best practices and absorbing the results of the evaluation 25 years after the implementation of the Beijing Declaration and Platform for Action, in Cabo Verde, as well as the conclusions and recommendations reached by the CEDAW Committee and by other National and International Entity Reports. Note that the PNIG is a guideline, which defines the attributes and responsibilities held by the parties to implement, coordinate, monitor and evaluate policies, and that elects full institutional enactment of mainstreaming the gender approach as a strategy for consolidating gains and progress that has already taken place.

Despite the advances achieved on matters of gender equality and equity, and improvements to institutional practices, and the increasingly robust legal framework, Cabo Verde still faces major challenges, especially with respect to women's autonomy, in its dimensions, economy, physical determinations and decision making.

With respect to women's economic autonomy, for example, the connection to the overwhelmingly female informal sector, difficulties accessing the formal labor market, and the difficulty of widening the national care system, are major economic barriers Cabo Verdean women face. Decision-making autonomy continues to be a challenge, especially privately. There are very few women executives and intermediaries in government, the private sector, or civil society organizations. In terms of physical autonomy, discrimination still exists, as does gender based violence and restrictions on sexual and reproductive rights, as well against LGBTQIA+ people.

The 2021-2025 PNIG is quite detailed on this point and should serve as a guide to instruct how to identify these challenges and the corresponding policy measures to get past them.

Likewise, the PEDS II 2022-2026 shall also pursue mainstreaming as a national commitment, through the national government implementing Municipal Sustainable Development Strategic Plans (PEMDS),

with a focus on the mechanisms and policies municipalities use for sustainable development goals, along with the principle of positive discrimination, investment and business incentives, public transfers and the creation of mechanisms to reduce asymmetries and promote economic, social and political opportunities.

***By 2030, our ambition is “Cabo Verde free of gender discrimination, which invests in equal opportunities and capitalizes women and men's contribution to the country's sustainable economic and developmental growth.”***

The Gender Equality and Equity program, one of 28 sector programs that make up the PEDS II, is the result of an alignment and synchronization of this plan with the “Cabo Verde Ambition 2030” government plan, and will be fundamental for its successful enactment in this first cycle of the Ambition 2030, within the context of economic and social recovery post pandemic.

Under the “more Gender Equality, Equity and Inclusion”, the government is clearly assuming a commitment to this program, and has big expectations within this plan, with the goal of achieving the specific objectives proposed.

For starters, transformation of the PNIG into a benchmark for the national gender agenda, encompassing the actions proposed in the 28 PEDS II programs, will guarantee mainstreaming and the inclusion of this issue into all governance sectors.

However, during this period of time, the government should also strengthen tools to combat gender-based violence through prevention, awareness raising, care, protection, social sensitivity, and territorial coverage by implementing the 22 Victim Support Centers (CAV), through implementation of a plan to promote strong men and positive parenting, based upon equality and shared parenting responsibility; a review of the ICIEG Bylaws and the respective PCCS to include the CAV and to plan for the necessary human resources; enacting the victim support information system; updating the procedures manuals for how to work with victims, and the implementation of a prevention and sensitivity plan.

The government shall also include in its national policy agenda the arguments for eliminating discrimination that impacts the LGBTQIA+ community, through specific legislation that creates a specialized committee to enact legal and institutional mechanisms, the production of knowledge about this population, and rights training for this population.

To reduce controls over a woman's earning, and the social controls imposed upon them, the government will continue efforts to promote positive changes regarding the exercise of power in public and private places. It shall design and implement a communication plan that promotes a social and cultural environment of consensual decision making in private spaces, and enact an agenda to raise awareness about the exercise of this power in that same space, and further, to implement sensitivity training with different players and society in general to increase women's participation in decision making roles, as well as promote advocacy to reduce income related gender inequality.

With the full enactment of the PEDS II, major changes will occur that favor gender equality and equity, in areas that are key to promoting women's autonomy in different spheres, as well as that for LGBTQIA+ people, which will mean that Cabo Verde in 2026 will undoubtedly be a fairer and more egalitarian where girls, women, boys, men and LGBTQIA+ people will enjoy the same rights under the constitution and other laws of the republic.

The PNIG will become a reference document for the national gender agenda, encompassing 100% of the actions proposed in all PEDS II programs.

Cabo Verde will be an example to the world and play a central role in its region on matters regarding gender equality, which will even be seen on foreign policy;

A country that has reduced women's reproductive burden by 50%, therefore, promoting joint responsibility for taking care of the family;

A country where joint responsibility for family care is the norm, reducing women's reproductive burden by 50%.

A country where at least 30% of gender-based violence victims will be helped at a Victim Support Center (CAV);

A country where at least 70% of institutional mechanisms related to the LGBTQIA+ community are fully enacted;

A country where women are free, reducing by at least 50% the number of women whose money is controlled by their partner, and reducing by at least 30% the proportion of whom state that their behavior is controlled by their partners;

A country at parity (50/50) of women holding mid-level leadership positions in the central government and local government agencies.

### ***3.4 Consolidate National Sovereignty, Deepen the Appreciation for Democracy, the Diaspora, Cabo Verde's International Prestige, Promote Regional Integration and Dynamic Inclusion of Cabo Verde into the Global Economic System.***

#### **3.4.1 Cabo Verdean Diplomacy**

Cabo Verde is a Small Island Developing State (SIDS). As such, it faces structural limitations, given its geographic and oceanic distance, archipelagic insularity, dearth of natural resources, small domestic market, high costs, and import dependencies, which also make it vulnerable to external economic, environmental, and geopolitical shocks, along with other things, like pandemics.

As such, the country has had to face sustainable development as a SIDS, progressively overcoming its vulnerabilities to external shocks and solidify its structural resilience.

At the same time, Cabo Verde foreign policy and diplomacy must not become detached from this reality and should be governed from this perspective.

Cabo Verde reached high economic growth rates during the pre-pandemic period, the budget policy was sound, its foreign position was strong, and inflation was moderate. Driven by a rapidly growing tourism sector, with the enactment of the PEDS, annual average growth was nearly 4.7% during the 2016-2019 period. Sound budgetary policies, supported by reforms, resulted in a gradual improvement

to the budgetary status, and debt was on a downward trend. The balance of payments improved, as FDI in the tourism sector increased, tourism revenue improved, and remittances emerged as a stable source of foreign transfers. Consequently, gross official reserves grew to 9 months of prospective imports through the end of 2019.

In 2020, Cabo Verde was negatively impacted by the COVID-19 pandemic, which hit health, economic, and social plans hard. In addition, energy and food costs have risen, causing high generalized inflation because of the war in Ukraine, the consequences of which have been even harder for small island states. Over the past five years, we have also been experiencing one of the worst droughts in Cabo Verde's history as an independent nation.

Consequently, the pandemic, climate change, and the war in Ukraine may wipe out important progress and compromise sustainable development goals, yet we have to save the economy, preserve the successes and dreams of Cabo Verdeans, and maintain the commitment to sustainable development. Given the demographic transition we face, we cannot lose the 2020-2030 decade.

With respect to diplomacy, over the past few years we have made significant advances, specifically in the special partnership with the European Union, including improvements to the mobility agreements, simplifying the rules related to visas for the Schengen/EU spaces. We have taken the lead on the mobility agreement process in the CPLP. In particular, the United Nations system redoubled its engagement with sustainable development goals and Agenda 2030, and the mobilization of PEDS financing, and mobilized funds to fight the COVID-19 pandemic. The commitment to regional integration in the ECOWAS, with an embassy opened in Nigeria, which also represents Cabo Verde before ECOWAS, a study was performed on meeting the specific needs of Cabo Verde, as the sole island nation in the ECOWAS. Also of note is the signing and ratification of the Africa Continental Free Trade Agreement and the Unified Air Transportation Market Agreement and Economic Diplomacy, and initiatives like agreements to avoid double taxation and tax evasion, as well as agreements to promote and protect investments.

In 2018 and 2021, we submitted a Voluntary National Report about the implementation of sustainable development goals and the Agenda 2030. In 2020, we created the 2030 Strategic Sustainable Development Agenda that is aligned with the 10<sup>th</sup> Legislature's governance program. The latter is enacted through the 2022-2026 Strategic Sustainable Development Plan (PEDS II) that thus implements the first strategic agenda cycle and sustainable development goals.

Some of the broader challenges facing Cabo Verde involve the consolidation as a useful and relevant partner in the mid-Atlantic, and the promotion and maintenance of peace and security, defending democracy and human rights, and thus increasing its international prestige. In addition, this involves making the diaspora a central focus, promoting new foreign debt management modalities and mobilizing resources for financing sustainable development, consolidating regional integration, and inserting the country actively into the global economic system.

In order to overcome these challenges and meet its goals, revitalized and pragmatic diplomacy is required, equipped with appropriate human and financial means. It is within these challenges that the new Cabo Verde diplomacy paradigm resides.

Therefore, in this 2022-206 cycle, we intend to make Cabo Verde an advanced democracy, with a dynamic economy, which is digitalized and diverse. It will be an inclusive nation, integrated into the ECOWAS, with shared prosperity, high international prestige and a source of pride for all.

The PEDS II will be executed within the context of facing the climate crisis, the pandemic, and the war in Ukraine, as well as building back better through expanding public investment to potentialize catalytic sectors, economic diversification, and mostly sustainable development.

Cabo Verde does not have the fiscal room for the foreign financing needed to expand public investment. Given that Cabo Verde is a middle income country (MIC) and a small island developing state, it is a government and diplomatic priority to find new ways to manage foreign debt, including converting the debt into climate investments and bet on innovative financing solutions and mechanisms for development, with increased potential through the Multidimensional Vulnerability Index which is being finalized for use within this framework..

Around 25% of Cabo Verdeans are estimated to live in the country, out of two million, with the remaining 75% living in countries in Africa, the Americas, Western Europe, and Oceania. Their direct and indirect economic contributions to the country, according to BCV data, account for roughly 25% of GDP, which exceeds public development aid and foreign direct investment.

Diplomacy should also contribute to enacting a commitment to making the Cabo Verdean diaspora a central focus; an extension of the islands from an identity, cultural, economic, and knowledge standpoint. The diaspora is one of the largest investors, an important component of the scientific research and development ecosystem, an important protagonist that lends international prestige to Cabo Verde, which increasingly takes pride in mentioning it.

*By 2030, our goal is revitalized, pragmatic diplomacy that takes innovative approaches, which reinforce Cabo Verde's position as a credible, safe, and useful partner in the mid-Atlantic, at the service of the country's Strategic Sustainable Development Agenda.*

**In order to achieve this ambition and a new Cabo Verdean diplomacy paradigm, the PEDS II must prioritize and enable the following:**

Participation in statutory and ordinary meetings of regional and international agencies, and other bilateral and multilateral partnership spaces; creation of an information system and the reinforcement of the equity and logistical conditions of foreign relations; adoption and implementation of a SIDS National Strategy, and the creation of a national structure for coordinating economic diplomacy.

**In this planning cycle, Cabo Verde shall:** further encourage mobilization of foreign funds by adopting a national strategic system and plan for that purpose; promote new ways of managing foreign debt; consolidate and reshape the diplomatic and consular network, with a priority on re-installation

of the Cabo Verde permanent mission to the African Union, and the potential opening of other missions, providing greater efficiency and efficacy to foreign activities; to promote the recognition of what makes Cabo Verde unique in ECOWAS as a small island nation, the community tax exemption on essential products, approval of a community tax specific to Cabo Verde, and the decision on how to reduce the community tax debt, acceptance of the phased application and selection of a Common Foreign Tariff, a ratification of the Praia-Dakar-Abidjan Maritime Corridor Treaty, and the Regional Treaty on Double Taxation in the ECOWAS.

**Within the framework of the PEDS II, Cabo Verde shall** implement maritime agreements, single market agreements for African air transportation, execute agreements for institutional proximity, phyto-sanitary protection and banking, and ratify all pending agreements and treaties.

**In this planning cycle, Cabo Verdean diplomacy shall** promote the renewal of the EU preferred system, sign a Cooperation and Investment Facilitation Agreement with Brazil, define a product strategy for the American market, mindful of the fact that the AGOA will remain in force through September 2025, to promote the disclosure of opportunities from the International Business Center. There are demands for a higher level of consular services at embassies, and there needs to be a response. So, priority must be given to monitoring honorary consulates, as well as effectively control and manage honorary Cabo Verdean consulates throughout countries in Africa, Asia, the Americas, and Europe; enact a new agreement to facilitate visas and readmission agreement within the scope of the mobility partnership with the European Union and participation in international accords related to migration, including attendance of statutory or thematic meetings on migration at the ECOWAS level, the AU, the Rabat process, and other events involving the Global Compact for Safe, Orderly and Regular Migration.

**In this planning cycle, Cabo Verdean diplomacy shall:** reach visa facilitation agreements diplomatic passports with countries like Norway, Ireland, Morocco, as well as passports with the Republic Namibia, and the Federative Republic of Ethiopia; establish or review more social security accords; reach agreements for the mutual recognition of driver's licenses with various countries, respond to mobility flow; implement and enact a Migration Observatory.

During this planning cycle, Cabo Verde will significantly increase its participation in negotiations to codify international law.

In 2026, Cabo Verde will have greater visibility and international prestige. It will have made strides toward regional integration, and Cabo Verde will be actively participating in the global economic system. We will have consolidated our position as a useful and relevant partner in the mid-Atlantic, promoting and maintaining peace and security, defending democracy and human rights. The Cabo Verdean diaspora is a central focus for Cabo Verde and will be equipped with an advanced institutional capacity to mobilize foreign resources, and will enable investments in accelerator segments as well as mobilize financing development within the scope of the PEDS II. A significant portion of foreign debt will be converted into climate investments or managed in accordance with new modalities. Exports will increase, mostly for the EU and US markets, and as an SIDS, we will achieve a significant increase in financing for sustainable development. Cabo Verde will significantly improve its response for the demand for consular services and participate in managing international instruments related to

migration, as well as broadening and qualifying its participation in negotiations seeking to codify international law.

### 3.4.2 Cabo Verdean Diaspora - A Central Focus

The eighth Constitutional Administration of the 10<sup>th</sup> Legislature, upon adopting the Strategic Communities Plan within the PEDS II framework, and as it concerns the instrument to execute the government's program, has taken on and integrated a new perspective on the diaspora. It demonstrated how within this legislative session it intends to enact its program, specifically the part concerning communities abroad, through the creation of an institutional environment and favorable policies to produce new responses regarding the legal claims of our emigrant communities.

Cabo Verde is a small island developing state that has created a clearly transnational nation with an expatriate diaspora. It belongs to a group of countries facing negative influence and impact with respect to the effects of what is called central insularity<sup>5</sup> from the perspective of its territorial integrity and its regional geopolitical position in the mid-Atlantic and the world. It has over 740,000 km<sup>2</sup> of maritime territory and 4,033 km<sup>2</sup> of land, where, according to estimates, only 25% of the estimated two million Cabo Verdean population lives,<sup>6</sup> with the other 75% spread across 25 countries in Africa, the Americas, especially the United States, Western Europe, Asia and Oceania. According to data from the BCV, direct and indirect economic contributions made by the diaspora to the country account for around 25% of GDP, exceeding public development assistance and all foreign direct investment.

These are the challenges faced in putting the diaspora front and center. We need to focus on knowledge, as one of the foundational tenets for public policy to be developed during the current legislative session; full integration in a sustainable development model; a progressively closer relationship between the government and the demands and legitimate claims made against it; promotion and reinforcement of participation in domestic policy; promotion of Cabo Verdean culture in the diaspora countries; integration and winning over political, social, and cultural spaces in diaspora countries; and finally, placing value on the skills in the diaspora, associated with encouraging direct investment by emigrants, with their promotion and integration into the Cabo Verdean development process.

We strive to make the Cabo Verdean diaspora the center of our focus, an extension of the islands from an identity, cultural, economic, and knowledge standpoint, as they are key investors, an important part of the ecosystem for the research and development of science, an important player in the renown and prestige of Cabo Verde around the world, and increasingly assuming a central role and source of national pride. We strive to enact cross-sectional strategic integration on planning matters, shifting the paradigm in the country with its foreign communities, more in alignment with the view that the

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<sup>5</sup> Central or marginal insularity are two concepts used in strategic planning to describe countries with island territories. For example, large countries like England and Australia, despite being islands, experience a marginal impact from their island nature, while in the case of small development island country, like Cabo Verde, where being an island nation has a profound impact on the development process.

<sup>6</sup> Estimates have recently confirmed the need for a census and study of the profile of the Cabo Verdean diaspora, because we need to know who we are, where we are, what we do, and what wealth we have made in the countries where they have ended up.

diaspora takes of itself and of the country, and joining it with the view that the country has of itself and of the diaspora, placing Cabo Verde at the vanguard of best global emigration practices.

The 2022-2026 Communities Strategic Plan, part of the PEDS II planning cycle meets part of that goal by proposing that the Cabo Verdean government taking on those things the members of the diaspora around the globe have asked for in terms of a paradigm shift. Striving for the principle of territorial unity, for the indivisibility of the nation, from the standpoint of promoting a relationship of trust and solidarity between the resident population and non-resident population, for affirmation, projection, expansion, and enhancement of the identity of Cabo Verdeans as a unifying, cohesive factor among emigrants in host countries, promoting greater recognition and taking up greater cultural, economic, social and political space in producing a migratory dividend, and especially, reinforcing their awareness that they are participating in this wealth-generation process, both in their host nations and in their integration into the Cabo Verde sustainable development process.

**Through the 2022-2026 Communities Strategic Plan, the PEDS II shall prioritize:**

**Raising awareness** about Cabo Verdean communities who live abroad, gathering information about each community and the creation of statistics about the diaspora, led by the INE, using diplomacy and cooperation to develop statistics with the 25 primary host countries.

**Undertaking a profound paradigm shift on matters of governing the group, in terms of modernizing the State and public administration**, with respect to Cabo Verdean communities living abroad, adjusting public administrations to the diaspora's demands and in general making legislative reforms, so that the Cabo Verdean legal system makes the diaspora a central figure.

**Encouraging** the integration of Cabo Verdean communities abroad as part of the process of developing Cabo Verde, by creating new public policies and legislative measures, institutionalizing the International Congress of Cabo Verdean Boards, promoting participation of specialized boards in healthcare and other areas, like business people, cultural figures and others who live in the diaspora, to implement a plan for developing healthcare and the pharmaceutical industry, an international sports platform, sustainable tourism development, an industrial sector, higher education, science, culture and the creative industries, the blue economy, the digital economy, volunteering and collective activism.

**Implementing** an agenda to promote seasonal emigration under the Rabat Accord and with partners to come and go from the European Union.

**Allowing the diaspora to participate more** in the election process; expanding Social Security Conventions to the 25 host nations; implementing a savings plan and supplemental retirement for the diaspora; expanding double taxation agreements to provide investment protection to the diaspora in all host countries; revising the law to implement regional councils and community councils; implement a plan to welcome home Cabo Verdean emigrants.

**Promoting Cabo Verdean culture in host countries**, strengthening their identity, integration, and social inclusion, strengthen the Cabo Verdean Cultural Center in Lisbon, creating Cabo Verdean

Cultural Centers and Houses in other host countries, and a Diaspora Museum, and changing the law to enable the creation of other cultural and community envoys.

**Empowering** Cabo Verdeans to develop associations for themselves in communities abroad, by reinforcing the country's role in the host country, as well as in Cabo Verde, specifically through the adoption and implementation of a plan to train members in an association movement in emigrant communities, legally make diaspora associations and NGOs a public utility in Cabo Verde, and establishing exchange program for young Cabo Verdeans to interact with young people in the diaspora, engaging them in learning, culture and sports.

**Implementing an agenda** for Cabo Verdean diaspora scientists and researchers to participate in the Youth Forum; amending the legal framework and regulatory-legal acceptance into the Emigrant Researcher Statute; holding the Cabo Verde Investment Forum with the diaspora; promoting Cabo Verdean Trade associations in host countries with a Consular Portal, Communities Portal, and an agenda to infiltrate public and private social communication agencies in Cabo Verdean communities in other countries.

**Implementing a diplomatic agenda** capable of granting relevance to emigrant Cabo Verdean communities through relationships with host nations, and providing the same relevance to their descendants, through fair treatment, inclusion and empowerment. Emigrant Cabo Verdean communities must know they play an important role in the development of foreign relations, and represent one of the pillars of economic development in the country, by attracting skills and investments, and that involves its cultural dimension as well.

By 2026, knowledge of foreign Cabo Verdean communities will have increased considerably, and government operations will change to reflect their demands. Seasonal emigration will be more vigorous under the Rabat Agreement, and there will be a partnership allowing mobility with the EU, which will reinforce social protection and the diaspora's participation in the Cabo Verdean political system. Cabo Verdean culture in host countries will be broadly promoted in order to strengthen a Cabo Verdean identity. Cabo Verdean associations in foreign communities will be developed and will have the status as a public utility in Cabo Verde, and they will have carved out their own political, social and cultural spaces in their respective host nations. Young Cabo Verdeans and young people in the diaspora will have more contact and interactions; scientists and researchers in the Cabo Verdean diaspora will more effectively participate in the process of promoting science in Cabo Verde.

The Cabo Verdean diaspora will learn about and be better situated to take advantage of economic opportunities that exist in Cabo Verde. They will play a larger role in developing development in the country, and resident business people will have a larger presence in host nations. The diaspora will be connected digitally, which will profoundly strengthen the community's bonds both publicly and privately, and as such, the diaspora will be better informed and allow emigrant communities and their descendants to maintain a connection to the islands as part of their identity, culture, economy and learning.

### 3.4.3 Modernizing the State and Public Administration

The expansion of new information and communication technologies has sped up social, economic, and political change in Cabo Verde, which demands greater participation from citizens in the definition of government policies and services rendered to Cabo Verdeans, who are increasingly well informed and fragmented, and grow by the day.

On the other hand, constant reductions and insufficient funds to meet the multiple volatile and changing demands of civil society have only deepened the complexity of state functions and the corresponding concern with defending citizen rights and respecting the needs facing the government.

In order to effectively modernize the state and its administration, the status quo must be changed, and profound change introduced in some of the ways the state acts. Overall, the goal is to implement a public administration model that decisively contributes to the country's growth and socioeconomic development, which prizes the country's coordinated development in the service society's needs in general and those of citizens and economic agents in general.

#### Biggest Challenges

At present, the government of Cabo Verde is facing the challenge of establishing a new relationship between the State and society, seeking a **public administration** model that provides fast, accurate, and strong responses, which engages rights and stimulates initiative. The goal is to create overlapping and cooperative connections among the public, private and social sector, which are not burdened by excessively bureaucratic and cumbersome processes and work methods. They must be appropriate for modern democratic societies. Major challenges also include:

Promoting social development through human capital, inclusion and mobility, reducing inequalities and eradicating extreme poverty;

Encouraging decentralization, regional development and the convergence with territorial cohesion, urban quality and sustainability, environmental sustainability, climate actions and resilience, which prizes biodiversity and geo-diversity;

Strengthening national sovereignty, with higher priority on democracy, the diaspora and the international prestige of Cabo Verde, and promoting regional integration and Cabo Verde's inclusion in the global economic system.

The Cabo Verdean government is taking on the challenge of implementing a new public administration model, aware of the need to implement a series of profound changes to how the state acts, and how it relates to its citizens and to companies. Thereafter, as part of its program, it announced its vision of public administration based on a “a State that is partner, a regulator, a visionary, an aid, with the authority and means to promote private initiative and civil society organizations.” It has established as one of its priorities reforming public administration, which should take place through the implementation of a set of policy measures to modernize the state and enact administrative innovation.

More than anything, the goal is for public administration to appropriately respond to demand, value its human resources, make procedures that are less bureaucratic, prioritize digital public services, and be closer and more open and transparent to users, assuring gender equality and the best possible public-facing services, to implement this administrative model proposed by the government.

From this perspective, given that the ecosystem for modernizing the State and public administration entails actions across five dimensions, including: **Structures, People, Processes and Procedures, Technology, and Services**, through implementation of the Strategic Agenda to Modernize the State and Public Administration under the slogan “Making it Happen”, to be implemented during the 2022-2026 PEDS II, the government shall:

**Optimize public services** to improve the quality of services rendered to both citizens and companies, to meet the ongoing demands of users, develop and reinforce leadership and provide incentives for worker autonomy and creativity by creating space for innovation.

**Value and invest in human resources** to improve the working conditions of employees and workers, providing and retaining within the public administration the necessary number of workers with the profile, experience, and appropriate knowledge to perform their activities. They will be trained and prepared to work to their fullest, and behavior will be encouraged to achieve their best results, which represent gains for the citizenry and companies. An integrated human resources management system will be implemented, to be approved through a new public employment foundation law; a new plan will be approved for careers, duties and pay, wherein pay will be predetermined in a single compensation table, determining the pay for each employee, directly related to the complexity, degree of maturity and requirements of the cross-section of skills required; use of functional mobility instruments will be encouraged, which will lay set out careers in a coherent, fair, and balanced manner, wherein the pay will correspond to the level of responsibility and the complexity of each function; (4) assurances will be made that guarantee that recruitment and selection are merit based, swift, rigorous and transparent; (5) a worker accountability and incentive system will be defined and implemented, through the creation of a National Administration School that will work to provide ongoing and systemic training for government staff; through the definition and creation of a sustainable and fair social protection system for employees and workers of the current public administration.

**Simplify and digitalize administrative processes and procedures** to eliminate excess formalities that are oftentimes unnecessary and end up delaying or keeping citizens from receiving state services, and thus assuring their rights are being respected.

**Increase digital governance in public administration and implement a digital governance strategy for Cabo Verde**, to offer framework technological, administrative and legislative arrangements to encourage safe and transparent digital transformation.

**Improve the quality of public services** to fully renew and manage public services, through different means and assure good oversight of public services.

**Encourage proximity and encourage citizen and civil society participation**, to assure equitable access to services, information and administrative documents across all islands and with the

diaspora.

**Important changes shall occur as part of the PEDS, that is, by 2026, we shall have:**

At least 70% of users satisfied with quality-guaranteed public administration services, gender equality, and equitable access in 80% of public services;

At least 80% of predictive and integrated administration instruments for governmental human resources;

At least 60% of online digital services and 90% of computerized services;

At least 80% of governmental departments will have data on the portal, open data, and 80% of public services with the national document and archive management service implemented;

All Cabo Verdean municipalities with results-based planning and budgeting instruments; and

A primary surplus of 0.2% of GDP and a reduction of the public debt to 108% of GDP.

#### **3.4.4 Strengthening fiscal competitiveness**

Competitiveness is an asset and a true investment. It is a key factor in promoting the capacity to internally mobilize resources and assure sustainability of any of the country's development processes.

**Important measures were taken during the previous legislative system, but there are still major challenges facing this planning cycle:**

**Strengthening Cabo Verdean fiscal competitiveness**, which supports Cabo Verdean business people and facilitates foreign direct investment and improves the living conditions for the population. This major challenge includes: (a) a modification to the national tax system, and a modernization of customs taxation; (b) digitalizing the economy and modifying the value added tax; (c) strengthening environmental and healthcare taxation; (d) broadening the double taxation convention (CDT), (e) introduction of an asset reassessment system; and (f) the introduction of a society group taxation system

**Improving the efficiency and efficacy of tax management** through coordinated, systemic actions in key tax administration areas, using objective performance indicators and a monitoring and assessment system based upon best international practices, which will serve as the basis for tax administration in the near future. This challenge is particularly important during this crisis period in which, on one hand, there is a natural concern with streamlining tax payments, and on the other, higher governmental expenses and attending pressures. Tax administration is called upon to exert its role more effectively to ably mobilize internal resources. The challenge to improve the efficiency and efficacy of tax management includes: (a) institution of an agency model or tax authority, (b) better digitalization and tax administration digital services; (c) streamlining fiscal benefits; and (d) better institutional collaboration and cooperation, domestically and internationally.

**The PEDS II prioritizes:**

Updates to the customs code, consolidation of the E-Payment system, an update to the taxpayer register and implementation of a inspection management and control platform, implementation of the SAF-T

Standard Audit for Taxes Purposes, a tax citizenship program, electronic invoices, a unified DNRE-INPS statement, modification to the revised seal tax model, and a creation of manual for a stratified appeal

Legislative reforms, like the adoption of a legal system for credit recovery in the case of bankruptcy or court ordered composition of creditors. A proposal to revise the ICE law, revise the tax code on individual income tax (CIRPS), a revision of the value added tax code, the special value added tax system on goods subject to price control, the special tax system for civil groups and the reassessment of assets, the fuel tax system based upon CO2 emissions, the regulation for Law 73/IX/2020 and Law 80/IX/2020 dated March 26.

These reforms involve a revision of the general tax code, the rules that define the exemption attribution method, within the scope of contractual fiscal benefits, arising from fiscal changes published in the BO on April 28. Also included is a revision of the legal framework for tax benefits, a revision of the real estate tax code (IPI) real estate ownership transfer (ITI), approval of the instrument regarding the tax identification number (NIF), and a directive about the allocation and revision of the legal instrument on digital seals.

Include a gap study on the value added tax for the creation and implementation of double taxation, tax fraud and tax evasion conventions between Cabo Verde and countries like Italy, Turkey, Hungary, Germany and the Czech Republic.

Finally, also include a study on fiscal-measure impacts on tobacco products adopted by Cabo Verde, updates on the study on fiscal competitiveness, training on CIPI and CITI, and proper monitoring of the agreements.

### 3.4.5 Regional Integration

Cabo Verde is a member of the African Union (AU) and the Economic Community of Western African States (ECOWAS). However, for a multitude of reasons, regional integration has not been regular or active, nor is there work or decisions from the agencies in these organizations, or those mandated by them.

Cabo Verdean authorities are aware that this passivity has led to gaps that require constant work to bring Cabo Verde nearer to this region, and consequently, to speed up the regional integration process, founded on consensual values of democracy, human rights and good governance, which befits its geostrategic location. The better integrated the country is into its sub-region, the greater the possibility of exploring partnerships with other regions.

In light of the fact that regional integration requires consistency and alignment with Cabo Verde's tangible and intangible realities, as a small archipelagic island nation, which is unique and has its own vulnerabilities that distinguish it from other nations in the sub-region.

In this PEDS II cycle, Cabo Verde will improve its participation in the region, as a full member of the AU and ECOWAS, which will drive regional integration, and it will be useful and dependable when working in tandem with other African nations. There will be more dialogue and closer cooperative and political relationships in different areas with the state and the region, in particular, with member partners of **PALOP** and **CPLP**, who share the Portuguese language. Furthermore, stronger bonds of brotherhood and fraternity will be made with **Senegal, Nigeria, the Ivory Coast, and Ghana**, because

they are neighbors and their importance to ECOWAS. Other members of the wider African family are also important, like **South Africa, Morocco, and Egypt**.

Making use of the Revised ECOWAS Treaty, which recommends balanced development in the sub-region and special treatment for island nations, specific priority negotiations will be made on the following items: community fees; common external tariff; circulation of goods; development investment and financing; freedom of movement of people, among others.

At the continental level, special attention will be paid to a **new partnership agreement** between Africa and the European Union, which replaces the Cotonou Agreement, based upon values and principles such as human rights, democracy, good governance, peace and security, human and social development, environmental sustainability and climate change, sustainable economic development and growth, as well as migration and mobility.

The PEDS II includes a reference to the ECOWAS Vision 2050, approved in December 2021, by the Heads of State in ECOWAS: “A fully integrated community of peoples in a peaceful, prosperous region with strong institutions and respect for fundamental freedoms and working towards inclusive and sustainable development” supported by five key pillars:

Pillar 1: Peace, Security, and Stability:

Pillar 2: Governance and Rule of Law:

Pillar 3: Economic Integration and Interconnectivity;

Pillar 4: Transformation, Inclusive and Sustainable Development;

Pillar 5: Social Inclusion.

The first Medium-Term Strategic Framework is also used as a reference to implement Vision 2050, as well as to progressively incorporate planning instruments to ensure better alignment with and proper consideration of the regional dimension in instruments involving how to sustainably develop Cabo Verde.

At a certain level, the PEDS II reflects the key challenges identified by the diagnostic analysis performed for the ECOWAS Vision 2050, to wit: (i) poverty and the population's poor access to basic social services; (ii) low quality social services; (iii) demographic pressure on scarce resources; (iv) slow economic integration processes; and (v) insufficient infrastructure. It also includes challenges related to ever increasing climate change, terrorism, which is seriously impacting the economy and regional stability to pandemics and crises, as well as weak human development and social progress, which has made regional progress even more difficult.

### 3.4.6 Sustainable Development Information System

Through the “Sustainable Development Information System”, the PEDS II will prioritize the regular, quality, and relevant production and release of official statistics and carry out studies that support sustainable development, the Cabo Verde Ambition 2030 Agenda and the publication of at least 5 public policy catalogs.

The Sustainable Development Information System program will encompass the National Statistics System and Center for Intelligence and Public Policy.

Official statistics are one of the government's important responsibilities. The Cabo Verdean government, deputies, social communication, business sector, academia, unions, civil society organizations and development partners all require credible statistics that are made available to produce knowledge and support the decision making process, but also for public information, a quality assessment of public expenses and the correct determination of the application of national resources, mobilized with its cooperation and international financial institutions.

Official statistics fulfill the mission of contributing to building knowledge, identifying problems, and especially our potential, for our reputation and credibility both domestically and internationally, for central, sector, and local planning, but also for public information, social control and policy, as well as to reinforce transparency and advance democracy.

The Cabo Verde National Statistics System, through the National Statistics Development Strategy (ENDE) 2022-2026, will assure a supply of statistical information that responds to the needs of user, specifically for the monitoring and assessment of the PEDS II, Strategic Sector Plans, Strategic Municipal Sustainable Development Plans and Regional Development Plans, as well as international agendas (Agenda 2030 and Agenda 2063 for Africa).

**The Center for Intelligence and Public Policies** will be created as an organizational unit for government management, with the goal of uniting specialists from the ministry of finance and business development and other ministries, universities and specialists in Cabo Verde, the diaspora and foreigners to produce original work and produce proposals to guide Cabo Verde development policy. It will include the Sustainable Development Indicators System, the Center for Analysis and Studies for Sustainable Development, Cabo Verde Ambition 2030 and the Public Policies Catalogs.

The **Sustainable Development Indicators System** is a development indicator platform that has been carefully selected, produced by the INE, BCV or other national statistic system agencies, but also created and produced by the Center for Intelligence and Public Policies, based upon statistics produced by the National Statistics System, by international organizations from data made available through administrative sources, using best practices and the most advanced methodological and technological resources that science makes available.

These indicators concern the current and structural aspects covering economic, social, and environmental domains, which also provide information on the impact of public policies and ultimately about PEDS, sector plans, Regional Development Plans and Municipal Sustainable Development Strategic Plans.

They will be structured by areas of interest, specifically the area of government where essential indicators of interest to the government are made available, in addition to other political and business subjects, and other interest groups. This will include projections and simulations of scenarios based upon agreed-upon evidence produced, thus allowing people to anticipate the development of and provide aid for decision making.

**The Center for the Analysis of Sustainable Development Studies** is dedicated in large part to analyses and studies about the measurement, determinants, location, and trends through which public policies will be evaluated in terms of economic, social, and environmental domains, specifically regarding the following thematic areas:

- Cabo Verde Country of Vulnerabilities;

- Cabo Verde Country of Opportunities; Business Environment
- Productivity and Economic Competitiveness;
- Cabo Verde in the mid-Atlantic;
- Innovation, Technology, and Economy; Digital;
- Labor market;
- Generational economy;
- Decentralization, regional development and convergence;
- Governance and democracy;
- Migration and development;
- Land management;
- Social development.

### **Cabo Verde Ambition 2030**

The Center for Intelligence and Public Policy will resume the Cabo Verde Ambition 2030, which will become a permanent forum for valuing the knowledge produced. More specifically, the Center for Analyses and Studies for Sustainable development will hold strategic debate both domestically and internationally, working closely with institutions that represent the private sector, within a particular like of research, and universities with international development partnerships like the United Nation, World Bank, the International Monetary Fund, ECOWAS, and the African Union.

### **Public Policy Catalogue**

The work produced by the Intelligence Center will be useful if it is not limited to mere production, circulation of knowledge, and public debate. On an annual basis, the Center for Intelligence and Public Policies will produce a public policies catalogue to be given to the government, the private sector, municipalities and civil society organizations. It will be a technical document and an important reference for drafting the government's general budget, as well as municipal budgets, but also national, regional, and municipal strategic plans. The public policies catalogue will also be published.

The Center for Intelligence and Public Policies will work closely with the United Nations, World Bank, International Monetary Fund, ECOWAS, the African Union, as well as with similar entities in countries like Portugal, Senegal, France, Mauritius, and Seychelles, and other regional and international institutions, through medium- and long-term cooperation instruments and agreements. Furthermore, the Center will work closely with study agendas, public policy reviews and sustainable development reports, which will be jointly produced and co-authored.

With the goal of underscoring its utility and public relevance, the Center for Intelligence and Public Policies will contribute to the National Science Program by producing recommendations on applied research projects to be performed by the primary members of the applied research team. The goal is to produce quality innovation, improve productivity and ultimately, be competitive in different areas of economic activity.

Because it is involved in yearly and multi-year programming and it work producing analyses and studies, the Center for Intelligence and Public Policies will work to engage local experts, and especially people at universities and key Cabo Verdeans residing in country. Those include people who work in public administration, the financial sector, the business sector and the social economy and social

alliances with the diaspora. This might also include foreign talent who may be mobilized, specifically through the World Bank, International Monetary Fund, United Nations, universities and other foreign entities that the Cabo Verdean government engages.

The Center for Intelligence and Public Policy will lay the important groundwork for the Ministry of Finance and Business Foment, whereby it will insure the coordination to implement the PEDS and the sustainable development goals. It will provide key support to the Social and Environmental Economic Council. It will establish technical cooperation agreements with the Labor Market Observatory, the Public Administration Observatory, as well as other entities of the same nature. It will support and make use of any information produced and publish such work involving analyses and studies produced by these entities that have passed through a rigorous selection process. It will also coordinate with respect to this analysis and studies agenda, in order to avoid repetition and promote integration and cooperation.

Therefore, by 2026, Cabo Verdean authorities will have implemented 80% of the National Statistics Development Strategy 2022-2026 and thus improved the satisfaction demanded by users of official statistics, in terms of its availability, consistency, quality, applicability and relevance. Access to the sustainable development information system will increase to at least 70%, assuring that at least 80% of the studies to support sustainable development take place, and 70% of the Agenda Cabo Verde Ambition 2030, along with the publication of 5 Public Policy Catalogues.

### 3.4.7 Security

Stability and security, social peace, and trust are all fundamental for a country to sustainably develop. Today, Cabo Verde is a safe, low-risk country, where the rule of law and social stability are actual strategic assets that must be constantly preserved, cared for and improved upon.

After a 15-year period marked by a worsening of criminal activity in Cabo Verde, which grew every year between 2016 and 2020, we have seen a continued reduction in the number of crimes committed for five consecutive years. This translates to a cumulative reduction of 57.2% compared to the number of crimes committed in 2015. However, crime went up in 2021, contrary to the trend in previous years, but in line with nearly the entire world. With respect to homicides, between 2016 and 2021, 207 homicides were committed, for an average of 34.5 homicides a year, which corresponded to an average annual rate of 6.43 homicides per 100,000 inhabitants, far below the 2010-2015 period, when there were 313 homicides, or an average of 52.5 homicides a year and an annual rate of 10.26 homicides per 100,000 inhabitants. There were 29 homicides committed in 2021, a drop for the fifth consecutive year, compared to the 62 recorded in 2016. As a result, we have reduced homicides to 5.9 per 100,000 inhabitants, which is the lowest in the last decade.

Because the country has worked so hard on this and achieved consistent results, Cabo Verde and its institutions today enjoy international prestige, acknowledged by countless authorities and credible independent entities and corroborated by the successive favorable rankings the country has earned around the world.

In fact, according to the Global Organized Crime Index published in 2021, Cabo Verde is ranked as one of the top 50 countries in combating organized crime, one of five African nations in this ranking,

which selects and highlights countries with low organized crime rates, also demonstrating strong indicators like the resilience of the State and its institutions.

Many things have taken place in the past few years, like the Dengue outbreaks, followed by Zika, the volcanic eruption in 2014-2015 on the Island of Fogo, landslides after heavy rains, as well as the cyclical droughts, which have all revealed significant vulnerabilities at the level of the National Civil Protection System. Despite the vulnerabilities and these extreme phenomena, the country does not have a broad policy, much less a strategic intervention plan and institutional mechanism to reduce risks related to these disasters. In light of this fact, the Council of Ministers approved a National Disaster Risk Reduction Strategy (ENRRD) and a Post-Disaster Recovery Framework through Resolutions number 114/2018 and 115/2018, respectively, and published in Official Bulletin n. 66, I series, dated October 20, 2018, for the 2018-2030 time period.

This strategy (ENRRD) is a symbol of the government's commitment to achieve consistent reductions in disaster risks and adapt to climate change, which involves national, sector, and local plans and policies. It may even be an opportunity to integrate strategic plans, like the Strategic Sustainable Development Plan (PEDS);

However, despite the progress achieved, security is a never-ending process. Risks, threats, and challenges in the contemporary world that manifest as internal security issues, which have an impact on citizen's perception of security, are ongoing and marked by growing complexity and demands.

Major challenges involve a public policy that promotes internal security and citizen engagement, seeking proximity with people; crime prevention, notably serious, violent and organized crime; civil protection and a reduction to accidents on roads; as well as strengthening cyber security.

Violence and crime prevention are a priority government action, which has to respond to the multi-dimensional phenomena it faces and continues to require a multi-sectorial approach.

The major challenges facing the National Civil Protection System are technical and financial. That means, on the one hand, while the ENRRD was approved in 2018, there are serious issues executing strategy plans, because the government budget does not have any means to finance it. On the other hand, a shortage of human resources compromises the execution of actions detailed in the annual activity plans, and ultimately, the ENRRD itself.

*By 2030, the Cabo Verde security goal is to promote citizens' full development and prosperity, in a peaceful and safe environment, where they are committed citizens who respect the fundamental rights held by human beings.*

By 2030, with respect to the ENRRD, we envision a Cabo Verdean society that is resilient to disaster risks and continues on its positive development trajectory, in part by reducing disaster risks. It will have the support of institutions at every level and communities will be trained to understand and manage risks, to prevent, respond and recover from disasters, minimizing associated damages and losses, and mitigating and limiting the impact of climate change disasters as part of sustainable development.

**The first cycle of the PEDS II Ambition 2030 will involve the priorities of the “National Safety Reinforcement” program. By 2026, part of this 2030 goal should be underway.**

Committed to the national slogan, “A Safe Cabo Verde”, based on the notion that security is a mainstay of a more developed, tolerant, free and democratic society, strategic choices within the promotion of public safety in 2022-2026 period shall translate into substantive commitments in the following areas: Promotion of a public policy committed to internal and citizen safety, which entails community involvement; crime prevention, primarily serious, violent and organized crime; civil protection and reduction to road accidents; and the reinforcement of cyber security.

Violence and crime prevention are a priority government action, which has to respond to the multi-dimensional phenomena it faces, which continues to require a multi-sectorial approach.

Hence, the guiding principles of a public policy that seeks to promote public and citizen safety is a reaffirmation of the commitment to continue prioritizing actions at the level where violence is caused, along with the attending risk factors, within a framework of principles guiding a public policy that promote public and citizen safety, and the approval of the Community Level Prevention and Safety Plan, which is the instrument to focus on the National Homeland Security Program (PNSIC). Doing so facilitates and accelerates the implementation of specific measures to prioritize and reinforce crime prevention and the emphasis on and strengthening of protective factors.

With respect to the prevention of serious, violent, and organized crime, the focus will continue to be to increase domestic capacity to prevent and anticipate threats, and protect citizens, preserve the peace and social stability, with special importance on reinforcing the efficacy of crime prevention measures and the capacity to intervene and rapid response of security forces and services, as well as control and monitoring of air and maritime borders.

Actions to improve road safety and reduce the number of road accidents, given the challenges associated to adopting circulation models based upon sustainable development, the government will move forward and approve and implement the National Road Safety Strategic Plan 2021-2030, aligned with the United Nations Agenda 2030 and the Sustainable Development Goals, with the UN's Second Decade of Action for Road Safety and with the Stockholm Declaration, establishing new goals and measures to prevent roadway accidents, specifically in urban areas.

At the same time, highway patrols will be reinforced and broadened, specifically as it pertains to the clandestine transport of passengers and a review of the current public transportation modalities, specifically tourism transportation, given the market specificities of each municipality. The goal on some islands is to correct decaying services and to reinforce the regulation and promotion of healthy competition.

As far as cyber security is concerned, understood as a key factor to protect sovereignty, economic development, protect citizens and critical infrastructures, which could also grant local public and private institutions a higher degree of resiliency, the priority is implementation of a National Cyber Security Strategy and the creation of a National Cyber Security Center.

Because of how important it is to strengthen a framework to reinforce the prevention, planning, monitoring and management of disaster risk reduction policies, which will help strengthen resiliency, the National Disaster Risk Reduction Strategy will continue to be enacted to improve information and comprehension about risk and to reinforce response and mitigation capacities.

Good disaster-risk management requires a considerable investment in the development of skills and to strengthen the legal and institutional framework to reduce disaster risks. Therefore, PEDS II is a strategic, relevant instrument to promote the institutionalization of risk governance within the ENRRD framework, and specifically should prioritize the following: the institutionalization of a National Disaster Risk Management System, based upon the appropriate legal and regulatory framework; the institutionalization of a National Disaster Risk Management Council as the agency that steers policy and inter-sectorial coordination of disaster risks; the organization of a Special Disaster Risk Management Cabinet to strengthen national disaster-risk governance capacities; relaunching a disaster-risk reduction platform as a mechanism to unite social efforts and public participation to support the implementation of the ENRRD.

In order to implement this policy framework within the PEDS II cycle, the ENRRD framework has to anticipate the development of a planning tool that equips the sector with a system of specific guidelines, operational mechanisms and practical tools to monitor, follow up and accompany the progress for 2030, and specifically a (four year) plan of action as part of the National Disaster Risk Reduction Strategy, prioritizing activities based upon each strategic area, detailing the necessary budgets and mechanisms to enact them. By 2026, Cabo Verde will have significantly reduced the number of people impacted by natural and technological disasters.

### **3.4.8 Human Rights**

The goal of sustainable development centers human rights as the foundational principle, and authorities are working to respect and protect human rights, as well as the design, implementation and monitoring of proactive policies and measures for that purpose. Progress is visible in countless internationally recognized indicators: in civil and political rights Cabo Verde leads the ranking in Public Governance in Sub-Saharan Africa. It ranks first in Africa on matters related to civil and political liberties, and guarantees the protection of people as they exercise their fundamental structural rights (right to life, physical integrity, freedom, non-discrimination) and political rights. Also of note are the investments Cabo Verde has made to guarantee social, economic, and cultural rights, which has had a visible impact on improving quality of life and decent living conditions (adequate food, education, health, water, housing, labor, leisure, social security, protection for pregnant women, for infants, and social support). There are also public policies to protect and promote the rights of specific groups (for example, women, the disabled, migrants, children), with appreciable results.

Despite being on the path to success, Cabo Verde continues to be a country of profound inequality and regional asymmetry, and in specific groups, people do not find that all of their human rights are fully assured. An adequate standard of living implies, at the very least, living above the poverty line, and that people not only have the means to meet their basic needs, but they also have the means to participate in the daily life of society. In fact, beyond those classic civil and political rights, citizenship implies empowerment and participation among citizens on public affairs and their particular interests

and includes their contribution towards the transformation of society and development in the country. Otherwise, those with the least amount of power to exercise their citizenship are the most marginalized and excluded.

Specifically, people and groups of people were identified who live with higher barriers to access to social services and economic opportunities,<sup>7</sup> to wit, those who live in circumstances of absolute poverty and/or live with food and nutrition insecurity, young people who do not work, do not study, and are not even being trained, the elderly, immigrants, the disabled, recluses and people who are incarcerated, at risk child and adolescents, sexual orientation minorities, and women who are in risky circumstances. It is common to encounter various types of intersectional discrimination, which aggravates the risk that this person will be left behind. Thus, for each of these groups, the territory/island axis is key, and there are gender specificities as well.

Therefore, the major human rights challenges faced in Cabo Verde concern the eradication of extreme poverty, the reduction of economic inequalities, regional and territorial asymmetries, as well as gender discrimination, and discrimination against specific groups. Fully guaranteeing social, economic, and cultural rights, in particular, depends on defining policies and goals, funding, and a progressive enactment. As Cabo Verde is a middle income country, this especially implies allocation challenges, which is to say, the distribution of national wealth.

In institutional terms, in addition to making the means available, additional challenges involve the availability of detailed and localized specific analyses of groups with the highest risk of being left behind; the capacity to consider systematic planning, implementation, monitoring and assessment of these same groups; better details and improved knowledge of the needs of these target groups; and mechanisms and instruments to engage or partner with the target group.

On the other hand, civil and political rights must not be neglected, since there are specific areas that should receive scrutiny (like safety, access to the justice system, prison overcrowding, occasions where excessive force is used by public security officers).

By implementing the PEDS II, Cabo Verde will consolidate the progress it has made in the fulfillment of its populations' human rights, and in particular, for those persons or groups at greater risk of being left behind. All of this fulfills the promises of the Agenda 2030 and sustainable development goals and is a better application of the principles of equality and non-discrimination, participation, inclusion, and human rights for all.

The PEDS II focused on integrating human rights into its program, having already been substantially integrated through human rights measures; however, it is still necessary (i) to strengthen efforts to reach those who are still left behind, and (ii) to include more incisive measures in specific areas related to human rights. Thus, through human rights measures integrated into the PEDS II programs, we expect, in particular, to:

- Eradicate extreme poverty.
- Reduce the number of youth who do not work, do not study, and are not being trained. This should happen equitably throughout the entire country.
- Drive the multi-sector implementation of the Disabilities Act, developing new approaches and practices, including in particular measures to improve employability.

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<sup>7</sup> Cabo Verde Government & UN (2021) Leave No One Behind Assessment: Executive Summary  
<https://caboverde.un.org/pt/151139-avaliacao-nao-deixar-ninguem-para-tras>

- Increase institutional planning capacity based upon human rights, which prioritizes and directs actions to people/groups who suffer more discrimination and marginalization, as well as monitoring thereof.
- Improve monitoring and reporting speed to implement international human rights obligations in Cabo Verde, and the capacity to reflect new human rights priorities into national planning.

The expectation by 2026 is an improvement to leading human rights indicators, whether civil and political, or economic, social, and cultural rights, and greater efficacy in public policies to respond to and empower people and groups identified as at risk for being left behind.

### 3.4.9 Social Justice and Peace

Social peace, access to justice, and strengthening institutions are fundamental elements of development and sustainability. With the democratic rule of law, Cabo Verde is committed to strengthening its institutions as a means of assuring citizens and those who choose to live in Cabo Verde that their freedoms and guarantees will be defended. Furthermore, citizens should be fully aware of their duties and thus create the conditions and opportunities necessary for happiness and sustainable development.

Human capital development also requires a justice system committed to constitutional values and principles of assuring justice in the name of the populace, for which the entire system should serve, that is, the government, the Bar Association, the Judiciary, and the Federal Attorney General, as key partners in the process of development and shifting the paradigm about how the judicial system works.

#### Status of the Justice System

The country has made great strides with its justice system. The country's leaders from 2011 to 2016 committed to making the justice system a core tenet, enabling it to respond positively to the major challenges the country faced in this particular sector, given the context and available resources. However, there are still major challenges that the justice system needs to embrace, from assuring actual justice that is quicker, accessible, impartial, and transparent, based upon rights, liberties and guarantees to citizens, promoting a culture of peace and security, contributing to sustainable development.

One of the main problems the country faces is an overwhelming number of pending cases and the sluggishness of the judicial system. The slowness and the number of pending cases continues to profoundly impact our judicial reality and generally impose critical constraints on the sector and activities themselves in Higher Council, most notably in the management of courts and prosecutors and the respective resources and procedural administration.

According to the Report on the State of the Justice System, published in 2020 by the Judiciary High Council (CSMJ) during the 2020-2021 judicial year, trial courts and tribunals processed 24,931 cases, of which 13,236 were civil and 11,695 were criminal. That year, 13,303 cases were filed before the country's courts, of which 6,104 were civil, or 46%, and 7,199 were criminal, or 62% of all cases filed. A significant portion (46.6%) of cases filed are carryovers from previous years. The majority (52.2%)

of cases are before the courts of Praia and São Vicente. During that judicial year, 14,743 cases were resolved, which is 59% of cases filed, the best performance since 2016-2017.

The Public Prosecutor's Office filed and processed 90,833 criminal cases, of which, 68,932 were from a previous judicial year, and 21,901 started in the judicial year, in which 28,074 were resolved, or the equivalent resolution rate of 31%, which translates to an increase of productivity on the order of 5.8% and 62,759 were transferred to the current judicial year.

With respect to the special types of crime, property crimes accounted for the most, but gender-based violence in relative terms has the highest resolution rate (53.0%), followed by sex crimes, as you can see in the table below.

*Table No. 7. Cases Filed and Resolution Rate per special types of crime 2020-2021 judicial year*

| Special Types of Crime                  | Cases |          | Resolution rate (%) |
|-----------------------------------------|-------|----------|---------------------|
|                                         | Filed | Resolved |                     |
| Gender-based violence                   | 4308  | 2283     | 53.0                |
| Homicide                                | 1234  | 245      | 19.9                |
| Sexual                                  | 1723  | 670      | 38.9                |
| Property crimes                         | 43611 | 12829    | 29.4                |
| In the performance of government duties | 134   | 10       | 7.5                 |
| Drugs                                   | 1068  | 310      | 29.0                |
| Human Trafficking                       | 13    | 0        | 0.0                 |
| Money Laundering                        | 144   | 9        | 6.3                 |

*Source: Report from the Public Prosecutor's High Council*

According to National Police data, Cabo Verde recorded 6.5 intentional homicides per 100,000 inhabitants. Intentional homicides occur more frequently among men (5.2 per 100,000 inhabitants) than women at 1.3 per 100,000 inhabitants, and among individuals between the ages of 22 and 30 (2.2 per one hundred thousand inhabitants).

According to the IDSR III, in 2018, 11% of women between the ages of 15 and 49 suffered physical violence over the past 12 months and the same proportion of women had at some point been a victim of this type of violence since the age of 15. Around 3% of women in that age range were victims of sexual violence in the past 12 months that was under investigation, and 6% of women in that same group declared they had been a victim of that type of violence at some point in their life. Just over one in every ten women (14%) had suffered emotional spousal abuse in the past 12 months.

Cases of physical, psychological, or sexual violence are considered crimes. According to the National Police Administration, in 2020, 1.3 crimes were committed per 100,000 inhabitants.

According to data supplied by the General Prison System and Social Reinsertion Board, Cabo Verde prisons currently hold 1,798 inmates, 97.4% of whom are men. About 19.5% of all inmates are being preventatively held, which is to say, they have not been sentenced, accounting for 19.6% of men and 13.0% of imprisoned women.

The Cabo Verdean Institute for Children and Adolescents (ICCA) has recorded an increase in reported sexual abuse among children in the past few years. There were 127 cases in 2016, which jumped to 195 cases in 2021, and through July of 2022, 146 cases had been reported. The victims are almost exclusively girls, and nearly a third of cases occur within families. Case resolution is limited because investigations by the judiciary police are limited, there is very low support for children who have contact with the law. There is a weak institutional response, and the justice system in general is quite slow. There is no specific court to deal with sex crimes or justice involving children, and there is no specialized tribunal for caring for children who are involved in judicial cases.

The government is advocating for a culture of peace, understanding, the defense of rights and the observance of citizens' duties. It also advocates for an effective and inclusive justice system, which assumes the promotion of human rights as one of its challenges, along with citizenship and justice, as well as the protection of citizen's rights, the guarantees of citizenship, and access to justice and the law. It advocates justice as a fundamental pillar of democracy and sees the justice system as the guarantor of liberties and social peace, and the rule of law.

The government envisions a justice system that promotes the country's competitiveness, capable of resolving cases in a reasonable period of time, with timetables for how long cases will last either at the lower court level, or in appeals or superior courts. Applying justice entails ongoing synergy among various players, all with the essential goal of overcoming the slowness in the system to achieve results everyone desires, which is, fast and effective justice, a peaceful, inclusive and fair society, free from fear and violence.

**Speeding up the court system is therefore one of the greatest challenges in the sector, since justice delayed is justice denied.**

*Our goal by 2030 is effective, fast, accessible, impartial and transparent justice, based upon the respect of rights, liberties and assurances for citizens, and the principles of the state of economic law, promoting a culture of peace and security and contributing to sustainable development.*

Through the Social Justice and Peace Program, the PEDS II will implement the first cycle of this ambition by prioritizing: making legal aid services available throughout the entire country as well as Victim Support Centers for violence-based gender victims; the implementation of the Justice Statistics System, and the digital agenda that seeks to speed the legal process along; and finally reinforcing infrastructure for the courts. DNA exams will be prioritized, along with the implementation of the National Plan Against Human Trafficking (PNCTP), and special attention will be paid to policies to combat organized crime, policies to combat gender based violent crime and violent sexual crimes against minors.

The PEDS II prioritizes and provides extra training to justice agents, especially magistrates and custodians on matters related to gender and human rights, as well as mediation and arbitration services throughout the entire country upon training mediators. It further prioritizes the training of inmates who are incarcerated as well as those on parole. Agents will be trained in prison safety, which includes gender and human rights, along with the implementation of a monitoring system in every jail and prison in the country. Specialized training will be provided to work with a DNA lab, and refresher training will be provided to judiciary police on tactical equipment and security.

**Important reforms such as:** restructuring, improving, and streamlining the use of the current Justice Information System (SIJ), which should improve services and speed up how fast court cases can be processed. It will also cover integration with criminal police agencies, the Cabo Verde bar association, and the eSAJ system run by the Federal Justice Policy Board (DGPJ); the enactment of the criminal case information system in every judicial district; a graphic overhaul and redesign of the SIJ platform and the implementation of the civil case information system.

This raft of reforms includes the installation of a National Mediation and Arbitration Center. The center's aim is to increase the use of alternative conflict resolution methods, which can reduce the impact on the judicial system, thereby contributing to the peace and reduction of litigation, shifting the paradigm to use new means for preventing conflicts and different modalities for resolving litigation, restoring individual relationships and reinforcing quality democracy, improving civic engagement. This reform will entail training mediators and arbitrators, to result in a team of these professionals who can work throughout the country, as mediation and arbitration centers are created.

**These efforts also include:**

**The Center for Legal and Judiciary Studies**, which will assure multidisciplinary training at a national level, thereby increasing the number of judicial agents trained in Cabo Verde.

**The Creation of the National Institute for Legal Medicine and Forensic Sciences (INMLCF)**, which will provide medical, legal and forensic examination services through a credible institution, as well as promote training and scientific research in the realms, and to support the national legal medicine and forensic science policy area.

**In the digital domain**, it includes giving citizens access to at least 80% of the RNI products and services online, on a digital platform. The goal is to improve these services, which will result in a reduction to wait times, and it should also improve services and response times for requests as well.

**The PEDS II also prioritizes:**

**Carrying out a reintegration and resocialization plan of former inmates into the community**, thus reducing the recidivism rate by promoting personal skills and resources, education and professional training. The goal is to help young people find socially constructive and productive roles in society. Furthermore, we must assure that these young people, before they are returned to society, have the basic life skills they need, like communication, conflict resolution, educational and/or professional skills, strategies for finding a job and developing a career, so that they are capable of independently living in society with others.

Resocialization and reintegration of former inmates into communities/society should result in a reduction in the criminal recidivism rate, and consequently, new court cases. Municipal governments, NGOs, churches, community associations and business associations must all become involved in the reintegration and employment plan. Joining the labor market and post-prison preventative monitoring, especially for former drug addicted inmates, family and community acceptance, are all fundamental for a successful resocialization and reintegration.

The goal is improved resocialization of youth inmates and former inmates in their community, and to reduce criminal recidivism and thus lessen the judicial burden.

**The creation of a Justice Campus** is one of the major projects at an institutional level and concerns actual physical infrastructure. The campus will help improve the operational conditions of the justice system, create economies of scale and improve safety and conditions for services and for users, as well as allowing for the expansion and increase to the number of properly equipped hearing rooms.

The hope with this project is that justice services operate under better infrastructure and technological conditions.

With PEDS II implementation, by 2026, every citizen will have access to justice and fundamental rights, mediation or arbitration will be enacted to resolve at least 30% of cases submitted to this modality. Significant progress will be made toward social reinsertion, which right now is successful with half of former inmates. Recidivism rates must also be lowered. Court performances will be improved significantly, and judge nearly two-thirds of cases filed and resolved, with a reduction in cases pending before the court for more than three years. The Prosecution Ministry's performance will also be improved, by clearing 80% of backlogged cases, for an average processing time of 18 months. Criminal investigations will be more scientific, through the modernizing of 80% of judicial police services and at least 80% of the RNI services will be accessible to citizens, and will provide substantive work reinforcing preventative justice.

### 3.4.10 Governance and Democracy

Cabo Verde leads the public governance ranking in Sub-Saharan Africa and the African region, the ranking for civil and political liberties on the subject of democracy and citizenship. It holds the second spot on the subject of transparency, economic freedom and quality of life, and it is fourth in terms of good governance. The Country is on the EU's list of cooperating fiscal jurisdictions within the Organization for Economic Cooperation and Development; it is a top 5 African nation with highest vaccination coverage against COVID-19; it is first in Africa on the GovTech Maturity Index, second for internet usage, and ranked fourth by the ITU in the African Region on infrastructure. In Africa, the country is classified as "insignificant", with low safety risks for tourist travel.

Journalists are organized into a union and the country has a Social Communication Regulatory Agency. Members of the Cabo Verde Radio and Television Council are appointed without any government interference. Social communication helps employer citizens, providing them with information, and consequently, it reinforces the critical capacity that, in and of itself, contributes to strengthen participative and civic democracy.

In Cabo Verde, the Constitution and laws are quite favorable to journalism, and journalism professionals may freely exercise their profession. Independent regulation is a recent development. The market is small, fragmented by insularity and low incomes given the demands for sustainable and quality social communication. Public radio and television stations have the greatest penetration and audiences on the market. The digital era and the phenomenon of social networks are challenges that call for adaptations to a new reality and the new forms of communication which requires regulation and social communication agencies.

However, Cabo Verde is not a country without risks. It ranks ninth on the list of Sub-Saharan African countries with the most risks, and 15<sup>th</sup> among SDIS with the highest geographical, environmental, economic and financial vulnerabilities. It is top 10 worldwide and top 4 in Africa in terms of debt sustainability, with a stable sovereign debt rating (Fitch) and in line with global risk, which identifies

risks for the country, the employment crisis, subsistence, prolonged economic stagnation, human-caused environmental damage, the debt crisis in the biggest economies, the loss of biodiversity, and ecosystem collapse, and cybersecurity failures.

This planning cycle emphasizes the priority placed on a more participatory democracy, which protects and promote citizen rights. The democratic rule of law is in a state of permanent improvement. These are major challenges, and to quell the largest ones, the nation is called to reinforce internal institutional alliances.

One of the major goals is that by 2026, Cabo Verde will be in a group one of 20 countries with the lowest perceived levels of corruption and most advanced in terms of quality and transparency of public spending, assuring that at least 90% of current primary expenditures are covered by the government budget and at least 70% of expenses are covered by tax revenue. To that end, in this PEDS II cycle, state modernization should endeavor to strengthen Cabo Verdean democracy, further decentralizing public administration through digital transformation, and in general, the Cabo Verdean economy will accelerate transparency and control of public policy.

The implementation of the decentralization policy, including increased financial decentralization and the creation of conditions to enact strategic municipal sustainable development plans is a challenge.

In this planning cycle, the National Assembly intends to strengthen the path to reforms, to enact an open parliament, and reinforce its role as the center of political power. Through the state budget, it will assure the feasibility of the PEDS II and its enactment through political control and rulings. Elected deputies who do not belong to a particular party will have improved opportunities to exercise power, which strengthens democracy and strengthens the prestige of democratic institutions.

The President of the Republic will endeavor to have an amicable presidency and be sensitive to social and environmental issues, and will strengthen foreign relations and outreach between locals and the diaspora. An additional challenge proposed to an influential judiciary seeks a convergence of political stakeholders to reinforce decentralization, sound finances in municipalities, a revision of the respective bylaws, a new local finance law, a territorial-level legal system, and greater commitment at the independent government agency level with property resources. Further, to that end, an investment in the Presidency of the Republic, specifically, to recover a respective memory and hence the political memory of the country, where important challenges await, in addition to strengthening democratic opposition conditions, through the approval of a new political party law and a new statute for opposition.

The Ministry of Finance and Business Development will strengthen its role as foundational to the government and assume leadership of the National Planning System. Thus, in order to strengthen this role and assure the mobilization of resources and partnership, it should lead execution of the PEDS II, by the programmed budget. A public assets accounting system will be implemented, which will strengthen institutional capacities in budgetary and public accounting methodologies instruments, which will assure the proper functioning of the Monitoring and Assessment System.

A Public Finance Council will be created to serve as an independent body to reinforce the mechanisms to assure consistency, fulfillment and sustainability of budget policy, and to assure the full force and operation of the corruption prevention council.

Without peace, justice, stability, human rights and effective governance, based upon a rule of law, sustainable development cannot be achieved. Based upon this premise, by 2030, we intend to have consolidated a modern democracy that is founded on governance, one of the most important assets to

garner credibility outside of the country. The goal is to make Cabo Verde a reference for democracy, freedom, and good governance in Africa and the world.

Other important activities should be guaranteed by the PEDS II within the scope of the Governance and Democracy Program

The PEDS II assumes responsibility for the Health Cities Program, which is part of the Governance and Democracy Program. In November 2016, the International “Mindelo Healthy City, Health and Tourism - an axis for development” Conference was held, where the Cabo Verde Healthy City Movement was launched, followed by the signing of the Mindelo Declaration in 2017, taking on the conclusions affirmed in the 1986 Ottawa Letter regarding health priorities, reinforced by the Shanghai Consensus and the United Nations Sustainable Development Agenda 2030, a **Unit to Support the Implementation of Healthy Cities** was created. A local structure for the development of the Healthy Cities Program in Cabo Verde, through the protocol established between the Government of Cabo Verde and the National Association of Cabo Verdean Municipalities (ANMCV), which will be institutionally and technically overseen by the World Health Organization (WHO).

Cabo Verde is **the first country in this WHO African Region** to take on a Healthy City approach and to actively engage in an **innovative and unique governance model** enacted between the central government and local governments in the ANMCV.

In September 2019, the country received an award from the United Nations, in recognition of the government's decision to elect multi-sectoral and inter-sectoral functions as strategic development axes in its Agenda 2030 and in the focus on sustainable development goals.

The Healthy Cities approach promoted by the World Health Organization (WHO) is founded on a holistic perspective wherein the state of health is related to various health determinants on a variety of scales. Its implementation takes place through the incorporation of healthcare into all policies, emphasizing the importance of holistic management of cities, and the responsibility to pursue conditions of health and inclusion. This in turn will usher in a political, social, and economic approach to development focused on new healthcare drivers as key focuses for development and investments.

The Cabo Verde 2023-2028 Healthy Cities Strategic Plan (PECS) was recently completed, and the project enjoyed broad participation. The primary goal is to promote health and well-being.

Based on the motto, “The Value of Values: Inspire health and well-being”, the PECS presents a vision of the future guided by innovation and changes to local health policies, based upon key trends for transforming territories.

It is a commitment to citizen health and well-being, where Cabo Verdean municipalities assume a central role in leading innovative projects, promoting health and well-being at a local level, through holistic public policies, which allow an intersectional approach to health determinants, quality of life and fulfillment of sustainable development goals.

New paradigms for promoting health and well-being, for which the international community has achieved consensus, demand that health be placed at the center of all public policies, including an understanding of the need for a social health determinants (DSS) as part of sustainable development.

The convergence and alignment with the PEDS II represents an essential pillar of this process, since the adoption of public policies, programs and coordinative activities seek to promote healthier and more inclusive cities, particularly through the transformation and identification of the most vulnerable territories, purposefully, consistently, incrementally and continually, to bring about significant impact through economic, environmental and social changes in those territories.

The PECS approach is rooted in a solid set of values, to wit: The right to health and well-being; social equity and justice; gender equality; solidarity; social inclusion; and sustainable development. The link between political power and health policies is a reinforcement mechanism; at the same time as city empowerment is encouraged; acknowledging that cities have a special role; closer relationships with higher commitments; which puts the focus on people: quality of life, well-being and happiness. This facilitates and promotes the “Localization of Sustainable Development Goals”/Agenda 2030, the goal of which is to “leave no one behind”.

We know that the press is a fundamental part of a functioning democracy, and in this planning cycle is focused on strengthening the freedom of the press, reinforcing independence and a plurality of social communication, with a new modern legal framework that aligns with the European Union, and for that reason it is necessary to strengthen dialogue and partnerships with the AJOC, to promote the sustainability of the private press, and especially, reinforce regulation. An assessment of the social protection of journalists and other related professionals will be a priority, along with rules about pay, the development of skills through high quality training and academic advancement for professionals, stronger oversight of private agencies and the creation of mechanisms involving financing and tax incentives, specifically for agencies who invest in innovation and the hiring of young journalists, and the enactment of a new public services broadcasting contract for radio and television.

Priorities involve the modernization and improved credibility of the electoral system, to assure that elections are free and transparent, and that enjoy a high level of participation.

The justice sector is encouraged to put together and implement an information management system that assures human resources are trained and managed, and those resources, as well as financial, technical and logistic are transparent. Most importantly, justice must be swift and effective for a peaceful, inclusive and fair society, free of fear and violence.

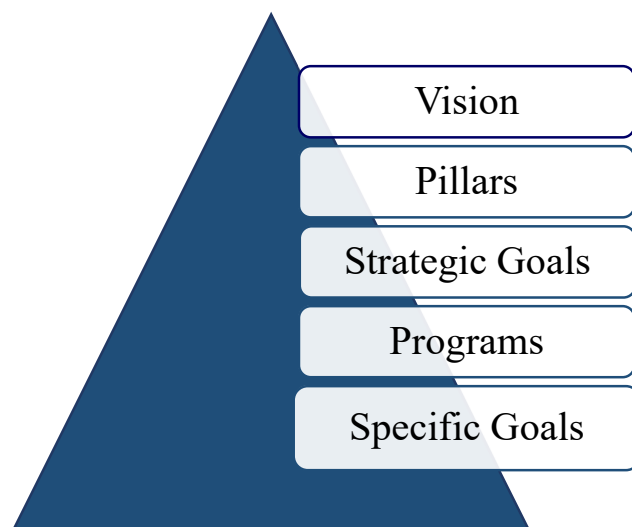
The private sector is challenged to participate more in the development of human capital, specifically in the management and financing of professional training, economic diversification, the promotion of decent jobs, productivity and competitiveness of the domestic economy, development of public-private partnerships to accelerate digital transformation, and reform the financial sector, which involves the creation of a financial platform. Along those same lines, the implementation of this PEDS II further prioritizes stronger partnerships with NGOS and not for profit civil society organizations.

## **IV. IMPLEMENTATION OF THE PEDS II**

### **4.1 RATIONALE AND LOGICAL FRAMEWORK**

With 28 programs, the PEDS II will be implemented using a programmatic approach and as such will be the essential basis for the programmatic budget instituted by the Basic State Budget Law.

**Figure 1. PEDS II. Programmatic Approach**



The plan includes the vision, in line with Cabo Verde Ambition 2030, organized into four pillars. The Economic pillar includes the first strategic goal, which is accomplished across 14 programs; the Environment pillar covers the second strategic goal, accomplished across three programs; the Social pillar addresses the third strategic goal and is accomplished across four programs; and the Sovereignty pillar covers the fourth strategic goal, accomplished across seven programs.

The PEDS II program includes a logical framework with the program's designation, a succinct description, the appointment of the sector in charge and the manager, the specific goals, which amount to the program's effects, indicators, a catalogue of outputs by specific goal, with annual budgets and targets through 2026, which should in essence assure the effects. It also includes both the risk management framework and the specific performance requirements.

Each specific goal is defined in light of SMARTS criteria. That is, it is specific, measurable, achievable, relevant, and time bound, and includes one or more indicators that measures the effects of outputs during the PEDS II timeline. Specific contributions to PEDS II indicators are presented for each specific goal, along with those for the SDGs.

The 28 programs in the PEDS II cover nearly 150 indicators, which translate the plan's effects. They represent the accomplishment of each of the program's goals and are set using CREAM+ criteria; in other words, they must be clear, relevant, economic, adequate, and measurable. Each indicator includes a description, calculation formula, measurability, measurement unit, means of verification, source of verification, with annual figures and targets for the base year; that is, for 2021 and 2022-2026, which is the plan period.

The product catalogue contains the goods and services to be delivered over the course of the planning cycle to accomplish the specific goals; in other words, the program's affects. Each product specifies the groups of beneficiaries, critical success factors, the means of verification, the person responsible, the term, the goals, and the annual budgets.

The logical framework also includes an analysis of the program's risk factors with a forecast of risk impact, the likelihood of occurrence, the weight, a mitigation plan, and the person responsible.

The logical framework also includes specific performance requirements identifying the sectors or agencies that will carry them out, a justification for the requirement, quantification of the requirement, and what happens if the requirement is not met.

Four of the milestones within the PEDS II are mainstreaming gender and human rights, along with integration of intellectual property, quality, and risk management into the 28 programs.

The 27 programs in the PEDS II (not referring to the gender equality program) are aligned with the National Gender Equality Plan (PNIG). In other words, gender issues have truly been mainstreamed into the strategic plan. The gender approach has been mainstreamed in three stages: (i) gender analysis in the national context; (ii) training the sectors responsible for the 27 programs in the PEDS; and (iii) effective mainstreaming by aligning the product catalogue for the programs with the PNIG targets, and in many cases reviewing specific objectives, an exercise being done by the program's sectors in charge of these matters.

One of the innovations of this planning cycle has been the systematic integration of human rights into the PEDS II programs.<sup>8</sup> The National Directorate of Planning and the National Commission on Human Rights and Citizenship defined the strategy for this purpose,<sup>9</sup> based on which they have worked with each sector group/program. Meetings have addressed the programs and respective product catalogues, discussed and reviewed in light of a specific survey of relevant human rights issues for each program.<sup>10</sup> Discussions and commitments were systematically organized for future reference by all those involved in implementing the programs, and a support tool was provided to identify and prioritize the program's most relevant groups at risk of being left behind. This tool will enable systematic continuity throughout the planning process by questioning and improving the way in which the program takes prioritized groups into account (e.g., in project development, their implementation, follow up, and the evaluation of results). Finally, human rights-related indicators were selected and shall be followed.

This chapter covers a set of 21 indicators from the plan, carefully selected and distributed across strategic goals.

Product catalogues are essential instruments of financial planning for the medium-term expense framework. As such, they are the mechanism for implementing the PEDS II through the State Budget, which itself is the annual plan for getting things done.

The PEDS II programmatic pillars are presented with a matrix of the 28 programs, respective descriptions, specific goals, the managing sector, budget, and their alignment with both the SDGs and the Africa 2063 Agenda.

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<sup>8</sup>Note that gender equality as a human right has merited specific work for mainstreaming, technically supported by the ICIEG to assure that it is properly addressed in depth.

<sup>9</sup>CNDHC, DNP, and NU (2022) Strategy for Integration of Human Rights in the PEDS II

<sup>10</sup> A file was prepared with the main human rights by program, identified based on available documents, studies, and statistics. In particular, the Second National Action Plan for Human Rights and Citizenship; the Second National Report on Human Rights 2010-2019; recommendations by Cabo Verde Human Rights Committees; and the Leave No One Behind Assessment.

## 4.2 PEDS II INDICATORS

Table No. 8. Main Indicators of PEDS II by Strategic Goal

| STRATEGIC GOAL                                                                                                                                                                                           | INDICATOR                                                  | Base Year 2021 | 2022           | 2023  | 2024  | 2025  | 2026  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------|----------------|-------|-------|-------|-------|
| Assure economic recovery, budget consolidation, and sustainable growth, promote diversification and make Cabo Verde a trading economy in the mid-Atlantic                                                | Growth Rate of Real GDP (%)                                | 7.0            | 14.4%<br>15.2% | 4.9   | 6.4   | 6.5   | 6.3   |
|                                                                                                                                                                                                          | Inflation Rate (%)                                         | 1.0            | 7.9            | 4.3   | 2.6   | 2.3   | 2.0   |
|                                                                                                                                                                                                          | GDP per capita (US\$)                                      | 3749           | 3867           | 4028  | 4295  | 4573  | 4846  |
|                                                                                                                                                                                                          | Public Debt (% GDP)                                        | 142.7          | 127.1          | 126.8 | 117.2 | 110.9 | 105.0 |
|                                                                                                                                                                                                          | Position in Tourism Competitiveness Ranking                | 82             | 76             | 76    | 76    | 76    | 50    |
|                                                                                                                                                                                                          | Proportion of Online Digital Services (%)                  | 7.0            | 17.6           | 28.2  | 38.8  | 49.4  | 60.0  |
|                                                                                                                                                                                                          | Import-Export coverage ratio (%)                           | 6.8            | 8.2            | 9.7   | 11.1  | 12.6  | 14.0  |
|                                                                                                                                                                                                          | Renewable Energy Penetration Rate (%)                      | 19.6           | 22.7           | 25.8  | 28.8  | 31.9  | 35.0  |
| Promote the social development of human capital, inclusion, mobility, reduce inequality, eradicate extreme poverty and gender equality                                                                   | Poverty Rate                                               | 31.7           | 29.4           | 27.0  | 24.7  | 22.3  | 20.0  |
|                                                                                                                                                                                                          | Unemployment Rate (%)                                      | 8.3            | 8.1            | 8.0   | 7.8   | 7.3   | 6.9   |
|                                                                                                                                                                                                          | Youth Unemployment Rate                                    | 32.5           | 30.1           | 27.7  | 25.3  | 22.9  | 20.5  |
|                                                                                                                                                                                                          | Weight of Active Insured in the Employed Population (%)    | 52.5           | 55.2           | 57.9  | 60.6  | 63.3  | 66.0  |
|                                                                                                                                                                                                          | Infant Mortality Rate (per 1000 live births)               | 17.8           | 17.4           | 17.1  | 16.7  | 16.4  | 16.0  |
| Promote territorial cohesion, urban quality and sustainability, environmental sustainability, climate action and resilience, value biodiversity and geodiversity                                         | Population with access to safe drinking water (%)          | 85.5           | 88.4           | 91.3  | 94.2  | 97.1  | 100   |
|                                                                                                                                                                                                          | CO2 and other GHG Emissions per inhabitant (tons)          | 1.0            | 1.0            | 1.0   | 0.9   | 0.9   | 0.9   |
|                                                                                                                                                                                                          | Protected Land Area (%)                                    | 18.2           | 18.8           | 19.3  | 19.9  | 20.4  | 21.0  |
| Consolidate national sovereignty, more value on democracy, the diaspora, and international prestige of Cabo Verde, and promote regional integration and country's inclusion in the world economic system | Tried Cases Ratio / (Entries + Final) in the Courts        | 59.1           | 60.3           | 61.5  | 62.6  | 63.8  | 65.0  |
|                                                                                                                                                                                                          | Population Participation Rate in Legislative Elections (%) | 57.6           |                |       |       |       | 80.0  |
|                                                                                                                                                                                                          | Parliamentary Seats Held by Women (%)                      | 38.0           | 38.0           | 38.0  | 38.0  | 38.0  | 45.0  |
|                                                                                                                                                                                                          | Emigrant Remittances as % of GDP pcm                       | 15.6           | 17.5           | 19.4  | 21.2  | 23.1  | 25.0  |
|                                                                                                                                                                                                          | Freedom of Expression Ranking                              | 36.0           | 32.8           | 29.6  | 26.4  | 23.2  | 20.0  |



## **PEDS II PROGRAMMATIC PILLARS**

### 4.3 PEDS II PROGRAMMATIC PILLARS

#### ECONOMIC PILLAR

| PROGRAM                                                                                                                                                                                            | DESCRIPTION                                                                                                                                                                                                                                                                   | SPECIFIC GOALS                                                                                                                                                                                                                                                                                                              | SECTOR | SDG                              | Agenda 2063 | TOTAL CVE              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------------------------|-------------|------------------------|
| <b>STRATEGIC GOAL 1:</b> <i>Assure economic recovery, budget consolidation, and sustainable development, promoting diversification and making Cabo Verde a trading economy in the mid-Atlantic</i> |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                             |        |                                  |             | <b>255,497,297,814</b> |
| <b>BUSINESS DEVELOPMENT</b>                                                                                                                                                                        | Improve the business environment, strengthen efficiency in approval, implementation, and diversification of foreign direct investment, increase exports, improve access to financing, and densify the business community                                                      | By 2026, increase the proportion of MSMEs with access to credit to 80%                                                                                                                                                                                                                                                      | MFFE   | 1,5,8,9,11,12, 16 and 17         | 1 and 6     | 12,910,622,469         |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                               | By 2026, raise the business environment to 68 points                                                                                                                                                                                                                                                                        | MFFE   | 1,5,8,9,10, 11,12, 14, 16 and 17 | 1           |                        |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                               | By 2026, bring in/attract 35% of projects approved in sectors other than tourism and contribute to the internationalization of four Cabo Verdean companies as part of the special export agreements.                                                                                                                        | MFFE   | 5,8,9,11,12,16 and 17            | 2 and 7     |                        |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                               | By 2026, reduce the average time of project approval to 30 days for general projects and 45 days for projects covered by the establishments convention, and increase the approved project implementation rate in the next 3 years to 70% of general projects and 60% for projects covered by the establishments convention. | MFFE   | 5,8,9,11,12,16 and 17            | 1           |                        |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                               | By 2026, double the number of active companies in Cabo Verde, increase the proportion of medium-sized companies to 30% and the proportion of jobs created by companies to 51%.                                                                                                                                              | MFFE   | 1,5,8,9,10, 11,12, 14, 16 and 17 | 1           |                        |
| <b>CABO VERDE TOURISM HUB</b>                                                                                                                                                                      | Increase demand for and diversify tourism across the islands in terms of products, carriers, and source markets, adding value to the tourism industry based on agriculture, transport, culture, creative industries, and strengthen its contribution to employment and income | By 2026, reach 1.2 million tourists and 40% of entries on islands other than Sal and BV                                                                                                                                                                                                                                     | MTT    | 5,8,9,12, and 14                 | 1 and 6     | 21,149,247,915         |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                               | By 2026, reduce the proportion of the three main source markets to 44% and arrivals from tourism op to 84%                                                                                                                                                                                                                  | MTT    | 8,9,12, and 14                   | 1 and 6     |                        |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                               | By 2026, lower the tourism saturation index on Sal and Boa Vista to 9.5% and increase on Santiago to 0.6% and on the rest of the islands to 1.7%                                                                                                                                                                            | MTT    | 5,8,9,12, and 14                 | 1 and 6     |                        |

### ECONOMIC PILLAR

| PROGRAM                                                                                                                                                                                            | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                 | SPECIFIC GOALS                                                                                                                   | SECTOR | SDG                  | Agenda 2063 | TOTAL CVE      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------|----------------------|-------------|----------------|
| <b>STRATEGIC GOAL 1:</b> <i>Assure economic recovery, budget consolidation, and sustainable development, promoting diversification and making Cabo Verde a trading economy in the mid-Atlantic</i> |                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                  |        |                      |             |                |
| <b>CABO VERDE MARITIME HUB</b>                                                                                                                                                                     | Promote the transition to the blue economy, developing the ports, maritime transport and logistics, fishing, maritime tourism, water sports, bunkering, international ship registry, ship repair and shipbuilding, sustainable management of coastal and maritime planning, and combating water pollution and illegal, undeclared, and unrelated fishing                                                                                    | By 2026, increase fishing product exports by 5% a year and increase fishing's contribution to GDP to 5%.                         | M MAR  | 1,5,8,9,11,14 and 17 | 1           | 7,693,935,386  |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                             | By 2026, increase the volume of cargo and passengers in the country's ports by 5% a year                                         | M MAR  | 9,10, 11 and 14      | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                             | By 2026, increase the contribution of ship repair and shipbuilding to GDP to 1%                                                  | M MAR  | 9,10,11, and 14      | 1           |                |
| <b>CABO VERDE AIR HUB</b>                                                                                                                                                                          | Value the strategic location in the mid-Atlantic by integrating national civil aviation into the international market and strengthen mobility and connectivity by creating an attractive, competitive, and reliable hub capable of attracting foreign direct investment into air transport, tourism, the international distribution logistics industry, export processing, and supplying multiple specialized support services to companies | By 2026, reach 28% annual average growth among passengers and 15% with cargo at the country's airports and aerodromes (Mobility) | MTT    | 8,9,11, and 17       | 1           | 11,252,405,168 |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                             | By 2026, reach 200 qualified technicians in the civil aviation sector (Qualification)                                            | MTT    | 4 and 5              | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                             | By 2026, increase domestic and international routes by 20% (Connectivity)                                                        | MTT    | 8,9,10, 11, and 17   | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                             | By 2026, reach 5% overall development of the Special Air Economic Zone (ZEEA)                                                    | MTT    | 8,9,10, 11, and 17   | 1           |                |

### ECONOMIC PILLAR

| PROGRAM                                                                                                                                                                                            | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SPECIFIC GOALS                                                                                                                                                                    | SECTOR | SDG               | Agenda 2063 | TOTAL CVE      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------|-------------|----------------|
| <b>STRATEGIC GOAL 1:</b> <i>Assure economic recovery, budget consolidation, and sustainable development, promoting diversification and making Cabo Verde a trading economy in the mid-Atlantic</i> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                   |        |                   |             |                |
| <b>TRANSFORMATION OF AGRICULTURE</b>                                                                                                                                                               | Transition to modern, more climate-resistant and climate-adapted agriculture with a market-oriented value chain that is competitive, innovation-based and has healthy, sustainable production                                                                                                                                                                                                                                                                                                                                                                            | By 2026, increase the agricultural sector's gross value added and farmer income by 50%                                                                                            | MAA    | 1,2,5,8, and 17   | 1           | 16,251,034,847 |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | By 2026, recovery 6,942 ha of degraded land with good soil and water conservation practices, forestation, and reforestation                                                       | MAA    | 2,5, 13 and 15    | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | By 2026, increase the value of local agricultural products consumed on the tourism market by 10% a year                                                                           | MAA    | 2,5,8,13 and 17   | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | By 2026, lower food insecurity by 37.7%                                                                                                                                           | MAA    | 1,2,3,5,and 12    | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | By 2026, reach an annual average of 5% for agricultural and animal production                                                                                                     | MAA    | 2,5,8 and 17      | 1           |                |
| <b>DEVELOPMENT OF CULTURE AND CREATIVE INDUSTRIES</b>                                                                                                                                              | Restructure the culture sector and creative industries, mainly by strengthening the preservation of tangible and intangible archival and bibliographic heritage by increasing incentive and valuation programs. Strengthen and train human resources in the various cultural and creative sectors. Improve and innovate communication services and dissemination of heritage collections, especially archives, libraries, museums, investing in new technologies. Update and adjust the legal framework and production of management instruments for the various sectors | By 2026, reach 50% formalization and professionalization of the cultural sector and creative industries                                                                           | MCIC   | 1,4,5,8, and 11   | 1           | 2,289,432,558  |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | By 2026, reach annual average growth of 40% of access to fruition, practice, and knowledge of culture                                                                             | MCIC   | 4,5,8, 11, and 17 | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | By 2026, reach annual average growth of 25% of visits to cultural and heritage sites and reach 90% protected heritage assets and cultural equipment, and 20% of created equipment | MCIC   | 1,4,5,8, and 11   | 1           |                |

### ECONOMIC PILLAR

| PROGRAM                                                                                                                                                                                            | DESCRIPTION                                                                                                                                                                                                                                                                                                | SPECIFIC GOALS                                                                                                                                                                                                                             | SECTOR | SDG            | Agenda 2063 | TOTAL CVE       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------|-------------|-----------------|
| <b>STRATEGIC GOAL 1:</b> <i>Assure economic recovery, budget consolidation, and sustainable development, promoting diversification and making Cabo Verde a trading economy in the mid-Atlantic</i> |                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                            |        |                |             |                 |
| <b>HOUSING, URBAN DEVELOPMENT, AND LAND MANAGEMENT</b>                                                                                                                                             | Reduce the housing deficit and housing insecurity, promote land management through innovation, research, monitoring, and evaluation of plans, land observatory, property registry, ZDTI management, review Municipal Master Plans, and give the islands plans for managing coastlines and the adjacent sea | By 2026, reach 30% of municipalities with implemented municipal master plans; 65% of ZDTIs with implemented tourism management plans; and 50% of islands with implemented coastline and adjacent sea management plans                      | MIOTH  | 9,11, and 17   | 1           | 133,953,457,416 |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                            | By 2026, reach 80% of transactions involving land holdings conducted safely from the Property Registry (properties described in the registry) and nine islands with implemented address systems                                            | MIOTH  | 5,9,11, and 17 | 1           |                 |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                            | By 2026, lower the quantitative housing deficit by 19,000 units and qualitative housing deficit by 40,000 units, promoting decent housing for all and gender equality                                                                      | MIOTH  | 5,9,11, and 17 | 1           |                 |
| <b>CABO VERDE SPORTS HUB</b>                                                                                                                                                                       | Expand sports, promote the National School Games, formalize, qualify, and specialize human resources, invest in certified infrastructure, promote major international sporting events, and assure national representation in fundamental and community competitions                                        | By 2026, increase the proportion of skilled and specialized sports agents to 40%, the proportion of private, formalized, sports organizations and entities to 90%, and lower the physical inactivity of the Cabo Verdean population to 15% | CGCV   | 3 and 8        | 1 and 6     | 2,645,591,152   |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                            | By 2026, increase to 10 the number of quality, internationally certified sports infrastructure locations, and reach 10 national quality school sports infrastructure locations                                                             | CGCV   | 4 and 9        | 1 and 6     |                 |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                            | By 2026, raise to 20 the number of international sporting events held in the country, participate in African competitions with training levels in three collective modalities and seven individual modalities                              | CGCV   | 3 and 11       | 1 and 6     |                 |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                            | By 2026, hold four national school games for secondary education, nine regional games for primary education, and formalize 90% of Sports Introduction Schools (EIDs), promoting gender equality                                            | CGCV   | 3,4,5 and 8    | 1 and 6     |                 |

### ECONOMIC PILLAR

| PROGRAM                                                                                                                                                                                            | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                               | SPECIFIC GOALS                                                                                                                                                                                                                                                              | SECTOR | SDG            | Agenda 2063 | TOTAL CVE      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------|-------------|----------------|
| <b>STRATEGIC GOAL 1:</b> <i>Assure economic recovery, budget consolidation, and sustainable development, promoting diversification and making Cabo Verde a trading economy in the mid-Atlantic</i> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                             |        |                |             |                |
| <b>CABO VERDE DIGITAL AND INNOVATION HUB</b>                                                                                                                                                       | Expand connectivity infrastructure, complete the Praia and Mindelo Tech Park, and implement the respective strategic plan, in particular, the Incubation Center, the Business Center, the Training and Qualification Center, and Civic Center, the Special Technology Economic Zone, internet as an essential good, promote the internationalizations of Made-in-CV ITCs, and position Cabo Verde as a strong producer of products and services for the African continent | By 2026, increase internet penetration to 90%, and the GSMA score to 75, promoting digital literacy, inclusion, and gender equality                                                                                                                                         | MED    | 5,9, and 17    | 1           | 17,066,491,755 |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | By 2026, reach 50% of Cabo Verdean companies prioritizing having their databases in the national cloud, 20 links to the IXP, and increase to 200 the number of “Made in CV” apps aligned with the country’s digital transformation, promoting inclusion and gender equality | MED    | 5,9, and 17    | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | By 2026, reach 30 tenants in the Tech Park, 30 startups, three exporting companies, three skills centers operating, and at least one assembly center, assuring inclusion and gender equality                                                                                | MED    | 5,9,11, and 17 | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | By 2026, increase internet speeds to 80 MBS, with quality and security                                                                                                                                                                                                      | MED    | 9 and 17       | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | By 2026, internationalize 10 tech projects in 15 countries with Made-in-CV products, assuring inclusion and gender equality                                                                                                                                                 | MED    | 5,9, and 17    | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | By 2026, increase the proportion of online digital services to 60% and the proportion of computerized services to 90%                                                                                                                                                       | MMEAP  | 9,16, and 17   | 1           |                |
| <b>CABO VERDE FINANCIAL HUB</b>                                                                                                                                                                    | Transform Cabo Verde into an international business center, create the Praia Financial Center, align national strategies with best international system practices, and implement the strategic model                                                                                                                                                                                                                                                                      | By 2026, reach 90% completion of the Strategic Plan to Create the Praia International Financial Center Ecosystem                                                                                                                                                            | MFFE   | 10,12, and 17  | 1 and 7     | 50,000,000     |

### ECONOMIC PILLAR

| PROGRAM                                                                                                                                                                                            | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | SPECIFIC GOALS                                                                                                                                                                            | SECTOR | SDG              | Agenda 2063 | TOTAL CVE      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------|-------------|----------------|
| <b>STRATEGIC GOAL 1:</b> <i>Assure economic recovery, fiscal consolidation, and sustainable development, promoting diversification and making Cabo Verde a trading economy in the mid-Atlantic</i> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                           |        |                  |             |                |
| <b>CABO VERDE INDUSTRY AND COMMERCE HUB</b>                                                                                                                                                        | Strengthen the pursuit of opportunities in the mining industry, invest in manufacturing, and explore opportunities in emerging sectors, promoting a sustainable, inclusive industry. Promote infrastructure, FDI, access to financing, entrepreneurship, support for existing industries, quality, and business incubation. Lower production costs and improve productivity, promote high-level commercial integration agreements like the ZLCCA and lower tariffs and nontariff barriers to trade | By 2026, increase the contribution of mining and manufacturing to 13% of GDP and the contribution from media and high tech sectors to 2.5% in the composition of the MAV                  | MICE   | 1,8,9,12, and 17 | 1           | 801,234,152    |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | By 2026, increase exports of manufactured products by 40%                                                                                                                                 | MICE   | 9,12, and 17     | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | By 2026, increase to 14% the import-export coverage ratio                                                                                                                                 | MICE   | 9,12, and 17     | 2 and 7     |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | By 2026, increase the value of intra-regional imports and exports (ECOWAS/AU) by 150%                                                                                                     | MICE   | 8,9,12, and 17   | 2 and 7     |                |
| <b>NATIONAL PROGRAM FOR ENERGY SUSTAINABILITY</b>                                                                                                                                                  | Promote energy efficiency, strengthen institutions, reform the organizational structure of the energy market, improve the business environment, and accelerate energy transition in the country. Adjust the National Oil System to include natural gas as an option for the bunkering market, in line with the nationally determined contribution (NDC). Continue investing in strategic infrastructure, business development for research and development, along with inclusion                   | By 2026, lower the energy dependence index by 12% and increase the renewable energy penetration rate for the production of electricity to 35%                                             | MICE   | 7, and 17        | 1           | 14,087,732,062 |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | By 2026, cover 90% of poor households with a social fee for electricity, increase the percentage of the population with primary access to clean technologies and fuels for cooking to 90% | MICE   | 1,7, and 17      | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | By 2026, lower the energy intensity index of the GDP by 10%                                                                                                                               | MICE   | 7,12, and 17     | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | By 2026, reach one-fourth electric vehicles for the contingent of new acquisitions of the national fleet                                                                                  | MICE   | 7 and 17         | 1           |                |

### ECONOMIC PILLAR

| PROGRAM                                                                                                                                                                                            | DESCRIPTION                                                                                                                                                                                                                                                           | SPECIFIC GOALS                                                                                                                                                                                                                                                                                                                                               | SECTOR | SDG                     | Agenda 2063 | TOTAL CVE      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------|-------------|----------------|
| <b>STRATEGIC GOAL 1:</b> <i>Assure economic recovery, budget consolidation, and sustainable development, promoting diversification and making Cabo Verde a trading economy in the mid-Atlantic</i> |                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                              |        |                         |             |                |
| <b>NATIONAL SCIENCE PROGRAM</b>                                                                                                                                                                    | Promote the development of science to accelerate sustainable development, increasing investments in scientific research, proficiency in Portuguese, English, and French, and specialized learning of our native language, promoting quality and intellectual property | By 2026, increase public investment in scientific research to 1.5% of GDP and the percentage of researchers, faculty, and university students in research projects and with scientific publications in well-known national and international journals to 50%, while promoting gender equality                                                                | ME     | 4,5,9,14 and 17         | 1           | 2,852,806,757  |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                       | By 2026, increase proficiency in Portuguese to 70%, in English to 50%, and in French to 30%, encouraging specialized training of our native language                                                                                                                                                                                                         | ME     | 4 and 9                 | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                       | By 2026, increase certifications from national certifying bodies to 40%, the use of standards from the national standards collection to 50%, and reach 30% of calibration needs covered, with 70% of metrological verification demand covered                                                                                                                | ME     | 7,9, and 12             | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                       | By 2026, increase the coverage of demand for intellectual property rights (IPR) protection services to 80%, the use of IPR to 70%, and lower the improper use of IPR to 35%                                                                                                                                                                                  | ME     | 7 and 9                 | 1           |                |
|                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                       | By 2026, implement at least 70% of the research agendas of institutions of higher learning, along with areas from the blue economy, healthcare, agriculture, culture, civil engineering, land management, digital economy, and other areas identified by the Center of Intelligence and Public Policies, carried out by non-university research institutions | ME     | 2,3,4,9,11,12,14 and 15 | 1           |                |
| <b>SAFE, MODERN INFRASTRUCTURE</b>                                                                                                                                                                 | Expand public investment in infrastructure to enable transformative results in agriculture, fishing, silviculture, sports, education, energy, water, and sanitation, including solid waste, healthcare, industry, digital economy, and transportation                 | By 2026, reach 80% execution of the National Infrastructure Plan to enable transformative results in catalytic sectors                                                                                                                                                                                                                                       | MIOTH  | 9                       | 1           | 12,493,305,880 |

### SOCIAL PILLAR

| PROGRAM                                                                                                                                                                           | DESCRIPTION                                                                                                                                                                                                                                                                                                                   | SPECIFIC GOALS                                                                                                                                                                                                                                                          | SECTOR | SDG                    | Agenda 2063 | TOTAL CVE              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------|-------------|------------------------|
| <b>STRATEGIC GOAL 2:</b> <i>Promote social development of human capital, inclusion, and mobility, reduce inequalities, eradicate extreme poverty, and promote gender equality</i> |                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                         |        |                        |             | <b>137,771,525,689</b> |
| <b>SOCIAL PROTECTION PROGRAM</b>                                                                                                                                                  | Promote the universalization of social protection with an integrated approach, expand social pensions, mandatory social protection, with social assistance protection, in healthcare, of scholastic social actions, immigrants, access to labor management services, and consolidation of the Single Social Registry database | By 2026, increase social pension coverage to 56.8% of the elderly and people with disabilities in groups I, II, and III of the CSU not covered by the contribution system, along with access to the RSI and productive inclusion of Others I and II of the CSU to 31.1% | MFIDS  | 1,2,3,5,10 and 11      | 1,2 and 6   | 52,700,00,00           |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                               | By 2026, assure exemptions from copayments to all groups included under Decree Law 2/2021 of BO 4 I Series of January 14, and increase their coverage to 50% by basic social services for healthcare (medication assistance, prosthetics, and evacuations), and care    | MFIDS  | 1,3,5, and 10          | 1           |                        |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                               | By 2026, assure that at least 80% of immigrants have legal status, and 100% have access to health, education, and training services, and at least 35% of young NEETs, returnees, former substance abusers, ex-inmates, and GBV victims have social inclusion services   | MFIDS  | 1,3,4,5,8,10,11 and 16 | 1,2 and 6   |                        |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                               | By 2026, increase the proportion of the employed population covered by the contribution system to 66%, and promote good governance and sustainability of the mandatory social protection system, to reach 90% coverage and user satisfaction                            | INPS   | 1,5,8 and 10           | 1,2 and 6   |                        |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                               | By 2026, increase the school lunch coverage to 95% and raise scholarship coverage to 40% in the country for young people aged 18 to 24 who attend higher learning institutions, strengthening scholastic social actions                                                 | ME     | 1,4,5, and 10          | 1 and 6     |                        |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                               | By 2026, increase the proportion of workers at companies and other public entities governed by the labor code to 50%, with access to labor management services                                                                                                          | MFIDS  | 5,8,10, and 16         | 1,2 and 6   |                        |

### SOCIAL PILLAR

| PROGRAM                                                                                                                                                                           | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                  | SPECIFIC GOALS                                                                                                                                                                                                                                                         | SECTOR | SDG             | Agenda 2063 | TOTAL CVE      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------------|-------------|----------------|
| <b>STRATEGIC GOAL 2:</b> <i>Promote social development of human capital, inclusion, and mobility, reduce inequalities, eradicate extreme poverty, and promote gender equality</i> |                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                        |        |                 |             |                |
| <b>HUMAN CAPITAL DEVELOPMENT</b>                                                                                                                                                  | Promote the universalization of quality preschool education, consolidate the basic education reform, reform secondary education, promote the affirmation and sustainability of higher education, increasing access, equity, and aligning it with leading international practices, along with expanding access for women and young people to qualification and employability support measures | By 2026, increase access to quality preschool for children aged 4 to 5 to 90%, and assure that, on average, children entering basic education have 80% of the cognitive skills, 95% socioemotional skills, 80% motor skills, and 80% language and communication skills | ME     | 1,4,5, and 10   | 1           | 54,541,128,342 |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, assure 97% of children are in basic education, with a gender balance and the inclusion of children with special education needs and other vulnerabilities, with the capacity to learn, duly noted                                                             | ME     | 1,3,4,5, and 10 | 1           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, reach a basic ed transition rate of 90%, reduce dropout rates by 50%, and increase the proportion of young people in secondary school following a technical path to 50%                                                                                       | ME     | 1,4,5, and 10   | 1           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, reach 25% coverage of young people aged 18 to 24 in higher education                                                                                                                                                                                          | ME     | 1,4,5, and 10   | 1           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, increase the participation rate of young people aged 15 to 35 to 15% and assure the participation of 60% of women in employability support and qualification measures, assuring excellence in professional training for the labor market                      | MFFE   | 1,4,5,8, and 10 | 1           |                |

## SOCIAL PILLAR

| PROGRAM                                                                                                                                                                           | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | SPECIFIC GOALS                                                                                                                                               | SECTOR | SDG                 | Agenda 2063 | TOTAL CVE      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------------|-------------|----------------|
| <b>STRATEGIC GOAL 2:</b> <i>Promote social development of human capital, inclusion, and mobility, reduce inequalities, eradicate extreme poverty, and promote gender equality</i> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                              |        |                     |             |                |
| <b>INTEGRATED DEVELOPMENT OF HEALTHCARE</b>                                                                                                                                       | Reduce infant mortality, halt maternal mortality, reduce teenage pregnancy rates, develop a health information system, reduce deaths owing to noncommunicable diseases, consolidate the regionalization of healthcare, and promote gender equality. Achieve certification as a country free from malaria, tuberculosis, HIV transmission from mother to child, and other communicable diseases as public health problems, reduce dependence on internal and external evacuations, develop digital solutions for public health, implement the Cabo Verde Hospital, and promote health tourism | By 2026, reduce the infant mortality rate by 10 per 100,000 live births                                                                                      | MS     | 3 (3.8.1) and 5     | 1           | 32,208,367,951 |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, maintain the maternal mortality rate < 60 per 100,000 live births                                                                                   | MS     | 3 (3.8.1) and 5     | 1           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, reduce the proportion of adolescents (10 to 19) who have had at least one child to 10%                                                              | MS     | 3 (3.8.1), 5 and 10 | 1           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, reduce the number of deaths owing to noncommunicable diseases to 5% by promoting healthcare, prevention, treatment, and rehabilitation              | MS     | 3 (3.8.1) and 5     | 1           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, achieve certification for having eliminated HIV/AIDS transmission and mother-to-child syphilis, tuberculosis, and malaria                           | MS     | 3 (3.8.1) and 5     | 1           |                |
| <b>GENDER EQUALITY AND EQUITY</b>                                                                                                                                                 | Promote women's autonomy, the rights of LTGTIQ people, reduce the burden on women's reproductive labor, reduce the social control of women by their partners, with parity in mid-level bosses in central public administration and local agencies, and expand care for GBV cases at victim support centers                                                                                                                                                                                                                                                                                   | By 2026, transform the PNIG in the reference document of the national gender agenda, integrating 100% of the actions proposed in all of the PEDS II programs | MFIDS  | 5,16, and 17        | 6           | 322,029,396    |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, promote the co-responsibility in care of the family, reducing the burden that women have for reproductive labor by 50%                              | MFIDS  | 3,5, and 10         | 6           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, raise the proportion of GBV cases addressed at victim support centers (CAV) to 30%                                                                  | MFIDS  | 3,5, and 10         | 6           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, assure that 70% of the institutional mechanisms related to the LGBTQIA+ community have been implemented                                             | MFIDS  | 5,10,16, and 17     | 6           |                |
|                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | By 2026, increase the participation of women in leadership roles in central public administration and local agencies to 50%                                  | MFIDS  | 5,8, and 10         | 6           |                |

## ENVIRONMENT PILLAR

| PROGRAM                                                                                                                                                                                                                                                      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                         | SPECIFIC GOALS                                                                                                                                                                                                          | SECTOR | SDG              | Agenda 2063 | TOTAL CVE             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------|-------------|-----------------------|
| <b>STRATEGIC GOAL 3:</b> <i>Promote decentralization, regional development, and convergence of territorial cohesion, urban sustainability and quality, environmental sustainability, climate action, resilience, and value biodiversity and geodiversity</i> |                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                         |        |                  |             | <b>23,824,390,776</b> |
| <b>WATER AND SANITATION</b>                                                                                                                                                                                                                                  | Assure the right to water and sanitation safely and inclusively, assuring access and accessibility of good quality water and sanitation services to everyone, social inclusion, public health, and a consequent improvement to social, environmental, and economic conditions, and the well-being of the population throughout the national territory               | By 2026, reach 100% of the population having access to safe, inclusive drinking water and improve accessibility and the quality of services                                                                             | ANAS   | 1,5,6, and 10    | 1           | 18,239,723,240        |
|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                     | By 2026, reach 90% of the population with access to the wastewater discharge system (public sewage system, septic tank, and cesspools) in accommodations, safely and inclusively, with better accessibility to services | ANAS   | 1,5,6, and 10    | 1           |                       |
|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                     | By 2026, reach 92.5% of the population with coverage of the waste collection system                                                                                                                                     | ANAS   | 5 and 6          | 1           |                       |
|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                     | By 2026, reach 54% of the population covered by the waste treatment system                                                                                                                                              | ANAS   | 5 and 6          | 1           |                       |
| <b>ENVIRONMENT, BIODIVERSITY, AND GEODIVERSITY</b>                                                                                                                                                                                                           | Improve the preservation, restoration, and valuation of biodiversity, including ecosystems and priority species, and reverse the trend of their degradation and loss, create and value a network of geologically interesting sites, strengthen environmental literacy, ecological awareness, and environmental information, and the inspection and licensing system | By 2026, increase protected land area to 21% and protected sea area to 9%, implementing 75% of management instruments for protected areas                                                                               | MAA    | 11,14, and 15    | 1           | 3,564,572,052         |
|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                     | By 2026, increase the sets of priority, monitored, and preserved species to seven (sea turtles, birds, cetaceans, selachians, coral, land reptiles, and endemic flora)                                                  | MAA    | 11,14, and 15    | 1           |                       |
|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                     | By 2026, reach 90% of the country with seismological and vulcanological information and implement 80% of the geodiversity conservation and valuing plan                                                                 | MAA    | 11,13,14, and 15 | 1           |                       |
|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                     | By 2026, increase the percentage of compliant inspections to 50%                                                                                                                                                        | MAA    | 14 and 15        | 1           |                       |
| <b>CLIMATE ACTION AND RESILIENCE</b>                                                                                                                                                                                                                         | Implement participative, fair, effective, and efficient climate governance to integrate climate change in policies, plans, and strategic, increase resilience to climate change, lower CO2 and GHG emissions, strengthen the population's equitable access to knowledge-based climate alerts and information, facilitated by stronger diplomacy                     | By 2026, lower CO2 and GHG emissions by 10% across all sectors                                                                                                                                                          | MAA    | 9, 11, and 13    | 1           | 2,020,095,484         |
|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                     | By 2026, increase the population's coverage of access to climate information and alerts to 70%                                                                                                                          | MAA    | 13               | 1           |                       |

### SOVEREIGNTY PILLAR

| PROGRAM                                                                                                                                                                                                                                                           | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                           | SPECIFIC GOALS                                                                                                                                                      | SECTOR      | SDG           | Agenda 2063 | TOTAL CVE             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------|-------------|-----------------------|
| <b>STRATEGIC GOAL 4:</b> Consolidate national sovereignty, deepen the value placed on democracy, the diaspora, and the international prestige of Cabo Verde, and promote the country's regional integration and dynamic inclusion into the global economic system |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                     |             |               |             | <b>62,389,164,886</b> |
| <b>CABO VERDEAN DIPLOMACY – NEW PARADIGM</b>                                                                                                                                                                                                                      | Make the Cabo Verdean diaspora a central focus, increasing reputation and international prestige, advancing on regional integration, and consolidating Cabo Verde's position as a useful, relevant partner in the mid-Atlantic. Mobilize FDI and external resources for sustainable development mainly as a SIDS, deepen and improve the participation in negotiations, seeking the codification of international law | By 2026, increase the private sector's integration and Cabo Verde's commercial trade with ECOWAS member countries by 20% (strengthening bilateral partnerships)     | MNECIR      | 10,16, and 17 | 2 and 7     | 6,907,247,535         |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                       | By 2026, increase foreign direct investment by 60%, with the involvement of the national private sector                                                             | MNECIR      | 17            | 2 and 7     |                       |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                       | By 2026, increase sustainable development finance by 20% as a SIDS                                                                                                  | MNECIR      | 10 and 17     | 2 and 7     |                       |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                       | By 2026, increase participation in negotiations by 70%, seeking to codify international law                                                                         | MNECIR      | 10 and 17     | 2 and 7     |                       |
| <b>SUSTAINABLE DEVELOPMENT INFORMATION SYSTEM</b>                                                                                                                                                                                                                 | Assure the production and provision of official statistics on a regular basis, with quality, relevance, and pertinence, carrying out studies to support sustainable development and the Cabo Verde Ambition 2030 agenda                                                                                                                                                                                               | By 2026, reach at least 80% implementation and execution of the National Statistical Development Strategy                                                           | National SE | 16 and 17     | 2 and 7     | 4,352,000,000         |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                       | By 2026, increase access to the Sustainable Development Information System to 70%                                                                                   | CGCV        | 17            | 2 and 7     |                       |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                       | By 2026, complete 80% of studies to support sustainable development, 70% of the Cabo Verde Ambition 2030 Agenda, and publish at least five Public Policy Catalogues | CGCV        | 17            | 2 and 7     |                       |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                       | By 2026, implement 70% of the sustainable development public policy monitoring and evaluation platform, enabling interoperability                                   | MFFE        | 17            | 2 and 7     |                       |

### SOVEREIGNTY PILLAR

| PROGRAM                                                                                                                                                                                                                                                           | DESCRIPTION                                                                                                                                                                                                                                                                                              | SPECIFIC GOALS                                                                                                                                                                              | SECTOR | SDG         | Agenda 2063 | TOTAL CVE      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|-------------|----------------|
| <b>STRATEGIC GOAL 4:</b> Consolidate national sovereignty, deepen the value placed on democracy, the diaspora, and the international prestige of Cabo Verde, and promote the country's regional integration and dynamic inclusion into the global economic system |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                             |        |             |             |                |
| <b>JUSTICE AND SOCIAL PEACE</b>                                                                                                                                                                                                                                   | Assure access to justice and fundamental rights, reduce pending matters in the courts and at the Public Prosecutor's Office, improve the social reinsertion of former inmates, modernize the services of the Judiciary Police, and assure online access to citizens for the majority of the RNI services | By 2026, assure access to the justice system and fundamental rights for 100% of citizen members of the Social Registry in groups I and II, throughout the country, assuring gender equality | MJ     | 1,5, and 16 | 3 and 4     | 10,452,836,129 |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                          | By 2026, reach a proportion of 30% of proceedings subject to mediation or arbitration, resolved through reconciliation                                                                      | MJ     | 16          | 3 and 4     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                          | By 2026, assure online access for citizens to 80% of RNI services, promoting gender equality                                                                                                | MJ     | 5 and 16    | 3 and 4     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                          | By 2026, reach a 75% social reinclusion rate of former inmates and lower the recidivism rate to 25%                                                                                         | MJ     | 16          | 3 and 4     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                          | By 2026, reach a ratio of cases tried/(entered + final) in courts of 65%, and lower the proportion of cases pending for more than 3 years in the courts to 20%                              | CSMJ   | 16          | 3 and 4     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                          | By 2026, lower the number of pending cases at the Public Prosecutor's Office by 80%, and the average time for a case to be resolve to 18 months                                             | CSMP   | 16          | 3 and 4     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                          | By 2026, modernize 80% of the Judiciary Police's services                                                                                                                                   | MJ     | 16          | 3 and 4     |                |

### SOVEREIGNTY PILLAR

| PROGRAM                                                                                                                                                                                                                                                           | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                | SPECIFIC GOALS                                                                                                                                                           | SECTOR | SDG          | Agenda 2063 | TOTAL CVE      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------|-------------|----------------|
| <b>STRATEGIC GOAL 4:</b> Consolidate national sovereignty, deepen the value placed on democracy, the diaspora, and the international prestige of Cabo Verde, and promote the country's regional integration and dynamic inclusion into the global economic system |                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                          |        |              |             |                |
| <b>STRENGTHEN NATIONAL SECURITY</b>                                                                                                                                                                                                                               | Reduce police incidents, assure the legal functioning of all private security companies, reduce vulnerability to natural and technological disasters, strengthen security in the Exclusive Economic Zone, highway safety, and improve women's participation in the armed forces                                                                                                            | By 2026, reduce the number of people affected by natural or technological disasters by 5% per 100,000 inhabitants                                                        | MAI    | 16           | 3 and 5     | 24,843,047,747 |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, reduce the ratio of police incidents per 100,000 inhabitants to 0.5%                                                                                            | PN     | 16           | 3 and 5     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, reduce the highway mortality rate to 5 per 100,000 inhabitants                                                                                                  | MAI    | 16           | 3 and 5     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, increase the population's level of satisfaction with the services provided by the military to 65%                                                               | MD     | 16           | 3 and 5     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, increase the proportion of women in the armed forces to 15%                                                                                                     | MD     | 16           | 3 and 5     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, lower the proportion of crimes in the ZEE to 2%                                                                                                                 | MD     | 16           | 3 and 5     |                |
| <b>MODERNIZE THE STATE AND PUBLIC ADMINISTRATION</b>                                                                                                                                                                                                              | Implement integrated, predictive, human resource management instruments in Public Administration, expand the computerization of the majority of services, add more online digital services, implement the open data portal, along with the National System for Document and Archive Management, assuring equitable access and the population's satisfaction in relation to public services | By 2026, reach 70% satisfied users with Public Administration services and assure equitable access to 80% of public services, with quality, equality, and gender equity  | MMEAP  | 5 and 16     | 3 and 4     | 4,114,598,502  |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, implement 80% of the integrated, predictive, human resource management instruments in Public Administration                                                     | MMEAP  | 16           | 3 and 4     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, reach 80% of government departments with data from the open data portal and 80% of public services from the National System for Document and Archive Management | MMEAP  | 16           | 3 and 4     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, increase the proportion of municipalities with results-based budgeting and planning instruments to 100%                                                         | MFFE   | 16           | 1,7         |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                            | By 2026, reach a primary surplus of 0.2% of GDP, lower the public debt to 108% of GDP                                                                                    | MFFE   | 8,16, and 17 | 1,7         |                |

### SOVEREIGNTY PILLAR

| PROGRAM                                                                                                                                                                                                                                                           | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | SPECIFIC GOALS                                                                                                                                                                                                                             | SECTOR   | SDG           | Agenda 2063 | TOTAL CVE      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------|-------------|----------------|
| <b>STRATEGIC GOAL 4:</b> Consolidate national sovereignty, deepen the value placed on democracy, the diaspora, and the international prestige of Cabo Verde, and promote the country's regional integration and dynamic inclusion into the global economic system |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                            |          |               |             |                |
| <b>CABO VERDEAN DIASPORA – CENTRAL FOCUS</b>                                                                                                                                                                                                                      | Deepen the knowledge and adjust public administration to the demands of the diaspora, improve their functional connectivity to the country; energy seasonal emigration; strengthen social protect and participation of the diaspora in the Cabo Verdean political system; strengthen integration, promote Cabo Verdean identity, and associated movement in the diaspora; encourage the participation of diaspora scientists and researchers in the process of scientific development; help take better advantage of existing economic opportunities and attract investment from the diaspora, energizing their participation in the development of Cabo Verde       | By 2026, re-census, map, study, and become familiar with the profile of Cabo Verdean communities living abroad, in at least 20% of the 25 host countries, producing official statistics and promoting their integration in the SNE         | INE      | 17            | 2 and 7     | 4,551,000,000  |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | By 2026, reach 90% response rates of Public Administration to the diaspora's demands and assure 95% response rates to consular service demands, with 70% participation in the management of international instruments related to migration | MMEAP MC | 10,16, and 17 | 5 and 6     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | By 2026, raise the weight of emigrant investments in private investment to 20%                                                                                                                                                             | MC       | 8,10, and 17  | 5 and 6     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | By 2026, assure implementation of 90% of the cultural and sports agenda for the diaspora                                                                                                                                                   | MCIC     | 3, 10, and 17 | 5 and 6     |                |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | By 2026, implement 90% of the agenda to empower the association movement in the diaspora in the 25 leading host countries                                                                                                                  | MFDIS    | 10 and 17     | 5 and 6     |                |
| <b>GOVERNANCE AND DEMOCRACY</b>                                                                                                                                                                                                                                   | Further the battle against corruption, with quality and transparency in public spending. Assure the participation of the majority of the population in elections and improve the credibility of sovereign bodies. Promote Healthy Cities, strengthen decentralization, municipalism, the role of Parliament, and consolidate the Presidency of the Republic. Strengthen the role of the Ministry of Finance and Business Development as a center of government and the National Planning System, regulation, and the independence of social communication, the private sector's participation, empowering and developing partnerships for the sustainability of NGOs | By 2026, join the group of 20 countries in the world with the best ranking in terms of the perception of low corruption and freedom of the press                                                                                           | MFFE     | 16            | 3 and 4     | 7,168,434,973  |
|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | By 2026, increase the participation of the population in legislative elections to 80%, with 60% among young people, and raise the proportion of the population that has a positive view of sovereign bodies to 70%                         | CGCV     | 10 and 16     | 3 and 4     |                |
| <b>GENERAL ADMINISTRATION AND MANAGEMENT</b>                                                                                                                                                                                                                      | Management and support programs for all ministries, including regional delegations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                            |          |               |             | 75,659,508,425 |

## V. THE PEDS II BUDGET

The PEDS II budget is estimated at around CVE 555 billion, with CVE 479 billion earmarked for the four pillars, and CVE 76 billion for General and Administrative Expenses. These figures refer to public sector expenses, including state-owned enterprises. As *Table No. 9* illustrates, the Economic Pillar, with an estimated budget of CVE 253 billion, has the largest budget, accounting for 52.8% of the funds for four pillars and 45.6% of the overall budget of the PEDS II, followed by the Social Pillar, at CVE 140 billion, or 29.2% of the four pillars' budget and 25.2% of the plan's total budget; the Sovereignty Pillar is next, with a budget of CVE 62 billion, or 13.0% of the four pillars and 11.2% of the total budget of the PEDS II (*Graph No. 9*). The Environment Pillar has an estimated budget of CVE 24 billion. As such, it is the smallest, at just 5.0% of the four pillars' budget and 4.3% of the plan's overall funding.

*Table No. 9. PEDS II Budget by Pillar*

| PILLAR                     | NAME        | AMOUNT<br>(CVE billion) | PILLAR<br>WEIGHT (%) | PEDS<br>WEIGHT (%) |
|----------------------------|-------------|-------------------------|----------------------|--------------------|
| Pillar 1                   | Economic    | 253                     | 52.8                 | 45.6               |
| Pillar 2                   | Social      | 140                     | 29.2                 | 25.2               |
| Pillar 3                   | Environment | 24                      | 5.0                  | 4.3                |
| Pillar 4                   | Sovereignty | 62                      | 13.0                 | 11.2               |
| Pillars Total              |             | 479                     | 100.0                | 86.4               |
| General and Administrative |             | 76                      |                      | 13.6               |
| <b>Total PEDS II</b>       |             | <b>555</b>              |                      | 100.0              |

Housing, Urban Development, and Land Management is the program with the largest budget, at nearly CVE 134 billion, followed by the Social Protection program, at around CVE 53 billion, and the Human Capital Development program, at a similar CVE 53 billion

The Integrated Healthcare Development program is next, at around CVE 32 billion, followed by the program to Strengthen National Security at around CVE 25 billion, the Cabo Verde Tourism Hub program, at nearly CVE 21 billion, the Water and Sanitation program, at around CVE 18 billion, the Cabo Verde Digital Hub program, at about CVE 17 billion, and the Business Development program, at around CVE 13 billion. They total nearly CVE 366 billion, or 76.3% of the four pillars' budget and 65.9% of the PEDS II budget.

The changes this strategic plan calls for will rely on private investment in particular, especially for implementation of the catalytic projects that enable the hubs. The essence of the projects set out in the ZEEMSV plan, increasing tourism supply, expanding the output of renewable energies, many of the accomplishments in the digital economy, and the essence of projects for the international healthcare hub, as well as for those involving public infrastructure, must be done by either the domestic or international private sector, namely through public private partnerships. The PEDS II should thus be the instrument for dialogue between the government and the domestic and foreign private sectors for

promoting the business environment, the regulatory framework, and in particular, increasing trust in the present and future with mobilization of foreign direct investment.

## **VI. ECONOMIC SPECIALIZATION PROFILE OF THE ISLANDS OF CABO VERDE**

**The PEDS II integrates and considers the orientations of the Economic Specialization Matrix for the Islands of Cabo Verde approved by the government.**

We view the profile of the islands' economic specialization as an essential instrument for reversing the trend of economic concentration, the effect of which to date has been to further inter-island inequality. This instrument will undoubtedly be used with greater efficacy if, based on the results obtained upon defining the economic specialization profile, an evaluation and analysis are done of local resources (both available and potential) for each of the islands, their demographic situation, labor market, infrastructure, and obviously the municipal management model adopted on each of the islands, which are used to establish the foundations for a strategic decision. This analysis is incumbent upon us, owing to the fact that the specialization profile has highlighted the islands' economic specificities, as well as their affinities and areas through which it is possible to promote inter-island cooperation. From this perspective, the economic profile of the islands established herein necessarily entails the conception of a new paradigm for thinking about and programming development, which values inter-island cooperation in a context of heightened inequality, as well as each of their economic specificities.

Underlying this proposal is the ambition of multipolar and network development capable of aggregating the various parts of national territory into a logic of complementarity and synergies, with more and more territorial and functional integration among all the islands.

To do so, we must maximize potential and opportunities, though, without ignoring the need for implementing public policies aimed at creating new comparative and competitive advantages, so that in the long run, it is possible to modify the islands' economic specialization profile. This will enable the economic sectors and fields that have the greatest potential for development, profitability, and productivity to be able to be implemented across all the islands of the archipelago. This is a condition to be able to accomplish the desired territorial convergence and cohesion.

Investment in each island in the economic sectors and fields listed above must occur while always bearing in mind the imperative of creating conditions so that in the long run, changes can take place to the region's economic structure with their with their reconversion, diversification, territorial integration, and demographic stabilization.

Valuing the economic specificities of each island, while preserving the overall vision, requires consistent cooperation among the government, agencies, economic players, and civil society, so that the islands can move forward while contributing to the country's progress. This cooperation among the various national and local stakeholders is necessary to make the goals of improving competitiveness compatible with those of cooperation among the islands. Inter-island cooperation is inevitable, owing to the similar

specialization profile of these islands, which are geographically distant but—likely owing to their orographical similarity and climate, or even their level of isolation—have identical features in their economy.

## VII. FINANCING AND IMPLEMENTATION

### 7.1 Funding Mechanisms

During the upcoming national development programmatic period, one of the main challenges for Cabo Verde, as part of its Sustainable Development Strategic Plan 2022-2026 (PEDS II), is to actively mobilize funding by consolidating traditional sources and exploring new funding and instruments, as well as domestic mobilization via economic decentralization and diversification as a consequence of the new sources of revenue and income, in order to reduce the country's dependence on external aid and to strengthen its self-sufficiency.

We have an estimated budget of CVE 555 billion, the scope of funding to be mobilized domestically and internationally is challenging, given the context of the ongoing triple global crisis, to which Cabo Verde is not immune.

It is fundamental for us to bear in mind that the country continues to deal with the effects of the SARS-CoV-2 pandemic, made worse since February 2022 by the geopolitical war-related crisis in Eastern Europe, with serious consequences to energy, inflation, food, and society affecting Cabo Verde and its traditional development partners, heavily compromising the international financial flow for development, in particular to developing countries.

Since 2007, with Cabo Verde's graduation to becoming a middle income country (MIC), the challenge of access to funding for development has become increasingly more difficult and requires a different, more assertive approach to be able to mobilize actual funds to pursue sustainable development goals, carry out its multiyear public investment program (PIIP) and the programmatic pillars of the PEDS II, which have a direct, positive impact on improving the island population's living conditions and positioning Cabo Verde as a quality services hub in the mid-Atlantic, which is fully integrated into the global economic system.

The PEDS II, aligned with Agenda 2030, calls for evolution and development in unison, seeking not to leave anyone behind, by employing development instruments mainly for the most vulnerable members of society, in accordance with the recommendations of the *Leave No One Behind* assessment (a study of the most vulnerable groups in society and an evaluation of public policies to be developed in order to accomplish that), with public action fully in sync with private actions, driven by measures and instruments placed at the disposal of the 8th Constitutional Government of the Republic of Cabo Verde.

The funding strategy for the PEDS II shall carry out the logic of the programmatic pillars: (i) Economic; (ii) Social; (iii) Environment; and (iv) Sovereignty, and its 27 platforms/programs, in line with the SDG accelerators, with planning, predictive budgeting, and clear identification of the partners to be mobilized, in a diversified logic

of public and private partnerships, both national and international, with assertive metrics to measure, track, and present results and goals of the performance achieved.

The National Planning System, the National Investment System, and National Monitoring and Evaluation System will act together so that mobilized, allocated funding produce the necessary impact and enable an optimization of expenses, prioritizing public investments. This approach will enable the implementation and monitoring of priority projects focused on greater economic activity and consequently an increase in income from the economy.

In a context less prone to conceptual funding, due to global circumstances, but also due to Cabo Verde's graduation to becoming an MIC, it is essential that a new paradigm of resource mobilization actually be implemented, strategically based on critical vectors:

1. Strengthening internal capacity to collect revenue to finance our development in a logic of generating new sources of revenue and income while reducing our dependence on external aid by:
  - a) Broadening the tax base
  - b) Combating tax evasion and flight
  - c) Actively managing tax incentives and their impact on social development
  - d) Reforming the tax authority, giving it greater autonomy
2. Strategically managing public debt and reforming public finance, with the goal of:
  - e) Continuing efforts to lower the national debt-to-GDP ratio
  - a) Strengthening debt service suspension initiative (DSSI) mechanisms and debt swaps for nature and climate financing
  - b) Debt relief and forgiveness, without affect international credit market risks or the SCR (sovereign credit rating)
  - c) Continuous implementation of the programmatic budget tied to medium-term expenditure framework (QDMP) and the medium-term fiscal framework (QFMP)
  - d) Effectively managing public spending, creating more room in the budget to improve the capacity for accommodating funding mobilized to fund the projects in the PEDS II product catalogue, as well as to meet the public deficit management goals
  - e) Greater integration of the islands and the region in the planning and budgeting process, continuing to improve budget execution
3. A thriving, vibrant, private sector that leads the country's economic recovery and development process, in which the focus on funding must not be limited solely to public projects but to the economy as a whole. National private sector investment and funding:
  - a) Strengthening the national business community in terms of skills
  - b) Strengthening the funding ecosystem for the economy
  - c) Boosting the national capital market (implementing the secondary market) through the BVCV
  - d) Orienting the private sector toward diversification of its supply, mainly in the blue economy and the intersectoral diversification of tourism
  - e) Digital innovation and entrepreneurship as catalyzers of economic growth, with platforms that are able to energize access to funding for expansion or

- production of new services, as well as positioning the country as regional leaders of the capital market, based on our political stability, democratic rule of law, and being a partner country in organizing nations
- f) Implementing the Social, Economic, and Environmental Council
  - g) Supporting the IMF in an effort to understand alternative funding sources
  - h) New mechanisms to guarantee private investment, enabling local companies to have access to funding, especially from abroad
  - i) Funding at more competitive costs, namely through corporate bonds and our own capital, as alternatives for sustainable development funding. This may include providing public guarantees internally and externally for sustainable financial instruments in order to lower risk perceptions and thus make interest rates competitive on international markets in established global financial centers.
4. Calmly make the transition from public development aid (nearly 40% of funding needs still depend on public aid) to sustainable financing:
    - a) Focus on the blue economy as an economic accelerator, a pillar of sustainability, technological leaps and development, and being a maritime hub in the mid-Atlantic
    - b) A private sector with access to funding that drive its quality and competitiveness: the Blu-X platform is one of the country's geostrategic instruments
    - c) Access to climate and thematic funding, along with social protection and accreditation of national entities
    - d) Capacity to attract blended finance for the projects that the PEDS II intends to carry out and for the sustainable development goals
    - e) Drive the requalification and training of people who mobilize national resources, so that the new international financing instruments and concepts can prevail, especially those related to sustainable environment, social, and governance (ESG) criteria, along with new instruments on international sustainable financing markets, such as green bonds, blue bonds, social bonds, diaspora bonds, municipals, and implementation of the circular economy
  5. National diplomacy in the sense of continuing to access conceptual funds, mainly from multilateral and bilateral partners, as well as from regional ones in the economic frameworks to which we belong:
    - a) Regionally, have Cabo Verde recognized within the ECOWAS as a archipelago nation that faces certain natural factors in its development process, under Article 68 of the ECOWAS Treaty, and strengthen our position and participation in the African Union, as well as in the benefits arising from the AfCFTA
    - b) In terms of partners, reconsider Cabo Verde for the FAD, within the African Development Bank, given the countless vulnerabilities that the country has and is facing as a result of current crises and their devastating impact, while also gaining access to the AFAC and SEFA
    - c) In addition, strengthen and deepen Cabo Verde's special partnership with the European Union under the Generalized System of Preferences+, as well as working to extract benefits from the U.S.'s African Growth Opportunity Act (AGOA)

- d) Strengthen the international diplomatic presence in forums, within the framework of access to international public funding as a Small Island Economies Exception, so that concessional financing is also a source for our development and an assumption of priorities within the scope of the SDGs, along with de facto recognition of differential treatment under the multidimensional vulnerability index (MVI) and the multidimensional poverty index (MPI), as an eligibility criterion for access to concessional financing.
  - e) Promoting the country more abroad, in alignment with Cabo Verde Trade Invest, chambers of commerce, and chambers of tourism, focusing on attracting foreign direct investment, in conjunction with diplomatic missions and consular posts, in an effective approach combining economics and diplomacy.
  - f) Mobilizing the diaspora to make investments in the country. This mobilization can be channeled to promote social-impact projects in the country from the real estate sector, as well as transport, tourism, renewable energy, fintech, small and medium enterprises across sectors, and in conjunction with remittances, to contribute to the country's goal of eradicating extreme poverty and reducing absolute poverty by 2026. This initiative entails treating the diaspora as a new focus and one of the main engines of development for the country.
  - g) Taking on a more active role and dynamic in southern/southern triangle cooperation by being fully integrated into dynamic economic spaces and exploring all the geostrategic potential of the ECOWAS as mentioned above, while also pursuing SIDS diplomacy in light of our common vulnerabilities in terms of territory, economic shocks, natural and social catastrophes, and vulnerability to climate change, deepening our focus on areas of the blue economy, climate and shock resilience, such as to the SARS-CoV-2 pandemic, debt relief and social sector funding, and hosting socioeconomic development forums in Cabo Verde, seeking to strengthen the SIDS IAS and lead the interests of SIDS Africa.
6. If, on the one hand, the dynamics for promoting the private sector will be prioritized for implementation of the PEDS II, on the other hand, the dynamics and incentives ensuring civil society's participation in project implementation, especially charitable ones, will be no less important. Attracting funding from NGOs and foundations, while promoting our diaspora's participation in this process, will be instrumental in carrying out projects in conjunction with the public sector while ensuring SDG implementation.

For better alignment of access to PEDS II funding, a coordination mechanism will be put in place with leading development partners and the representation of key sectors for national implementation, within the Integrated National Funding Framework (INFF), encouraging coordination among available financing and the funding gap for carrying out programs. The challenge is to consolidate needs that, despite being complementary and mutually reinforcing one another, may pull the country in several directions when the time comes to set priorities.

Given existing funding constraints, especially on the public side, financing all goals simultaneously will have the effect of diluting and fragmenting existing resources. This is how the areas with the greatest potential were identified, as part of the Ambition 2030 and SDG Accelerators: (i) tourism; (ii) culture and creative industries; (iii) blue economy; (iv) innovation and digitalization; (v) green and circular economy; and (vi) human capital, as a cross-sector asset.

The INFF roadmap thus proposes the following alignment, in conformity with the strategic approach to resource mobilization:

|                                           |                                           |                                                                                                      |                                                                                                         |
|-------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <b><u>Financing strategy</u></b>          | 1. Public – private integration           | a) Public and investment revenue<br>b) Private investment and productivity gains                     |                                                                                                         |
|                                           | 2. Domestic – foreign consolidation       | a) Regional integration<br>b) Commerce<br>c) South/South Cooperation – triangular                    |                                                                                                         |
|                                           | 3. Global – local nexus                   | a) Blue economy<br>b) Green and circular economy<br>c) Innovation – Digitalization and human capital |                                                                                                         |
|                                           | 4. M&E                                    | a) Planning, budgeting, and monitoring cycle                                                         |                                                                                                         |
|                                           |                                           | b) INFF dashboard                                                                                    |                                                                                                         |
|                                           |                                           | 5. Analysis development for financing impact                                                         | a) MVI<br>b) MPI<br>c) Uniform sustainable financing indicators                                         |
| <b><u>Governance and coordination</u></b> | 6. Gov and NU – Joint coordination system |                                                                                                      | a) Strategic Coordination Council<br>b) Technical Coordination Council<br>c) Secretariat – INFF and DNP |
|                                           | 7. Institutional reforms                  |                                                                                                      | a) Institutional and legal reforms<br>b) Auditing and transparency mechanisms                           |

The PEDS II has an additional purpose, because, besides our responses to the crises we are currently experiencing, namely the SARS-CoV-2 pandemic, the droughts we have experienced, as well as those caused by the escalating conflict in Eastern Europe resulting in major energy, inflation, and food crises, it is essential that we keep the country on the path of sustainable development, institutional reforms, and improving the population's living conditions to reach new stages of development by 2030, in accordance with our Ambition.

In short, the funding approach will bear in mind strategic coordination of aligned financing, with new modalities and the consolidation of ongoing reforms: (i) prioritizing projects that impact the country and the products to be delivered to society, in harmony with the programmatic pillars of the PEDS II, within a medium-term expenditure framework and aligned with Cabo Verde's traditional development partners; (ii) implementing mechanisms for access to financing by the national private sector in international markets and beyond; (iii) capacity for internal mobilization of resources for project finance, mainly local, and with an even more direct impact on populations and communities, as part of the LNOB Assessment; (iv) aligning public, private, and civil society organizations in a common purpose for mobilization and realization of the vision set out in the PEDS II.

### **Cabo Verde Stock Exchange**

The Cabo Verde Stock Exchange (BVC) has played a fundamental role in the economy's growth, acting as a true alternative for mobilizing resources for the country's sustainable development financing. The capital market has been the preferred internal way of funding the financial needs of companies and the government, entailing investments or to address other needs as measures to combat the effects of the pandemic. In addition to the mobilization of funding by issuing treasury bonds, through public-private partnerships (PPP) and leveraging the stock exchange, considerable sums have been mobilized via the BVC to finance the economy.

In 2021, the overall volume of operations on the primary market (value of securities issued to fund the economy) was CVE 25,487,365,000 up 68.43% over 2020. From January to August 2022, CVE 22,327,603,000 were mobilized through the BVC to fund the economy, including six (6) corporate issues that raised a total of CVE 2,423,973,000. Two of the issues by companies received the sustainable bond seal. The stock market's capitalization at the end of August 2022 reached CVE 106,041,036,000, accounting for nearly 59% of Cabo Verde's GDP in 2021, a historic milestone for the Cabo Verde Stock Exchange.

In 2021, the BVC undertook a first of its kind project in Africa by building the **Blu-X platform** in a strategic partnership with the UNDP, with the goal of attracting regional (Africa) and global investments for a sustainable, inclusive economy through a list of sustainable financial instruments, such as blue, green, social, and sustainable bonds. The goal is to provide investors with opportunities to invest their capital with sustainability and inclusive development in mind, promoting performance in relation to environmental, social, and governance issues, in accordance the UN's sustainable development goals that the Cabo Verde government has embraced.

In general, to accomplish the strategic goals outlined above, with economic sustainability and growth, the biggest challenges for the BVC entail the following critical success factors:

Alignment with the AGMVM and Ministry of Finance in joint, rapid action aimed at potentializing the market and involving key stakeholders, assuring clear communications and generating interest in and a focus on the capital market's development;

Successful introduction of new products, namely making headway in new segments such as sustainable bonds;

Capacity for internationalization through regional integration or partnerships that seek to increase visibility and investor interest;

Technological development that potentializes sustainable business growth, enabling goals to be met;

More specifically, the BVC's biggest challenge is to contribute to energizing the national capital market while focusing on three goals:

1. **Increasing the number of listed companies by 2025 to at least 10 businesses.** Despite the current situation, companies continue to create and develop business that has the potential to expand. Responding to the Cabo Verdean business community's structure, a significant portion of our companies do not have access to the capital market with difficulty gaining access to a diversified base of investors and thus increasing the capacity to have larger funds to finance their businesses. In this sense, the BVC's major challenge consists of advocating to make the process of admission to listing and continuity requirements more flexible and less bureaucratic, as well as to revise current pricing in order to increase the number of listed companies, the investor base, and encourage trader interest.

2. **Increase the percentage of non-resident investors with securities in the portfolio to at least 20%.** The biggest challenges here are promoting and increase the participation of Cabo Verdeans who reside abroad in the country's economic development by implementing and monitoring diaspora bonds, with a special focus on defining tax benefits and pricing, to attract foreign investment and connect the stock exchange to regional and global markets.

3. **Have at least two sustainable issues a year by 2025, starting in 2022.** In this case, the current tax framework will need to be revised with the goal of potential positive discrimination of operations involving bonds that have a positive return to society (ESGs) along with attracting a greater number of investors and issuers.

Our ambition is to have a sustainable, accessible, attractive, and nationally and regionally (Africa) relevant stock exchange with a good global reputation. Development finance continues to be one of the big challenges. The capital market can play an extremely relevant role in funding structure projects that have visible impacts on society. Using the capital market's potential by issuing sustainable bonds, we will contribute to achieving the sustainable development goals that Cabo Verde is pursuing.

As conditions improve for access to the capital market, it is expected to become more dynamic. This improvement is expected to translate into an increase in the number of listed companies, to at least ten (10) by 2025, an increase in the percentage of non-resident investors with securities in their portfolio to least 20%, and in particular, an increase in sustainable bond issues to at least eight (8).

## 7.2 Country Ownership and Stakeholders

Continuing with the Cabo Verde Ambition 2030 and Cabo Verde VNR 2021 exercises, the PEDS II was prepared within the context of mobilizing the various sectors of the National Planning System and thus the participation and accountability of the sectors that carried out the diagnosis, the ambition for 2026, translated into the programs' logical frameworks and product catalogues and drafting of the document.

During this planning cycle, 17 sector workshops were held, presided over politically by government ministers and secretaries, with the participation of 456 people, including the Directors General of Planning, Budgeting, and Management; planning and finance technicians and managers; as well as national directorates and public institutes, institutions that comprise the ecosystem for funding the economy and the digital economy. Work sessions were held with political parties including the Parliament, the Office of the President of the Republic of Cabo Verde, the National Elections Commission, the Court of Accounts, the Social Communication Regulatory Agency, the Association of Journalists of Cabo Verde (AJOC), the municipal associations of Santiago, Santo Antão, Fogo, and Brava, and the National Association of Cabo Verdean Municipalities.

Work sessions were also held with private sector organizations, such as the Chambers of Commerce of Barlavento and Sotavento, and Cabo Verde Chamber of Tourism, with the NGO Platform and a second work session with the ANMCV. As part of drafting the diaspora strategic plan, the Ministry of Communications held multiple sessions to consult with the diaspora and continues to publish the plan.

The integration of product catalogues and programmatic pillars in the process of drafting the 2023 State Budget is an important stage in the budget management system's appropriation of the PEDS II. After the Social Conciliation Council, it was presented for detailed discussions with the United Nations system.

Taking as essential references the 10<sup>th</sup> Legislature's governance program and the Cabo Verde 2030 Sustainable Development Strategic Agenda, the PEDS II takes over the economic recovery plan, the 2022-2026 Tourism Operational Plan, the 2022-2026 National Strategy for Promoting Decent Employment, the 2022-2026 Strategic Diaspora Plan, and other sector planning instruments, along with the economic specialization profile of the islands of Cabo Verde, such as the national commitments in the strategic municipal plans for sustainable development.

Approval by the Council of Ministers and parliamentary debate are essential events for political appropriation. The PEDS II will be implemented through state budgets, and their drafting and approval for the years in this planning cycle will be new opportunities to delve into appropriation, as well as assurances for effective execution of the PEDS II. The government and members of parliament have made the PEDS II the essential point of reference for debates over the state of the nation.

The alignment of municipal strategic plans for sustainable development with the PEDS II will be a key phase in the latter's appropriation, as will subsequently the drafting of regional development plans and consultation efforts with development partners.

Implementation of the new monitoring and evaluation system will also be an essential stage in appropriation and will favor appropriation with political and social control of the plan, increasing assurances of execution.

### **7.3 Implementation and Reform of the National Planning System**

Carrying out the PEDS II shall result in a consolidation of the programmatic budget. Execution, monitoring, evaluation along the way, and the final assessment will all be done by the National Planning System. Over the course of this planning cycle, there will be major reforms of the National Planning System: redefining the roles and thus enshrining the important if not decisive role of the private sector in the development planning process, from drafting to execution, to monitoring and evaluation; the Municipal Strategic Plans for Sustainable Development and regional development planning will be instituted; the National Planning System will be aligned with the new State Budget Law; the Monitoring and Evaluation System and the National Investment System will be integrated; capacity and performance will be evaluated and responsibilities and types of sector participation in the planning process will be assessed, along with other problems that the evaluation of the NPS is expected to identify.

### **7.4 Roles and Responsibilities of the National Planning System**

The Ministry of Finance and Business Development will strengthen its role as the center of the government and the National Planning System. It will assure the mobilization of resources and partnerships, while carrying out the PEDS II through the programmatic budget. It will implement the public accounting system, strengthening institutional capacities for budgeting methodologies and instruments and public accounting, and as a result improve budget transparency. This will assure that the monitoring and evaluation system is fully functional, effective, and allows for political and social control.

State-related actors in the public finance management system, namely, the National Assembly and oversight bodies such as the Court of Accounts and the Inspectorate-General of Finance, will be strengthened. These oversight bodies, that is the Court of Accounts and Inspectorate-General of Finance, will enhance their technical and jurisdictional control over public accounts and mechanisms for coordinated performance audits of the goals of the PEDS II and the SDGs.

The Public Finance Council, an independent body bound by the Constitution and the law, will be implemented to strengthen mechanisms to assure the consistency, compliance, and sustainability of budget policy.

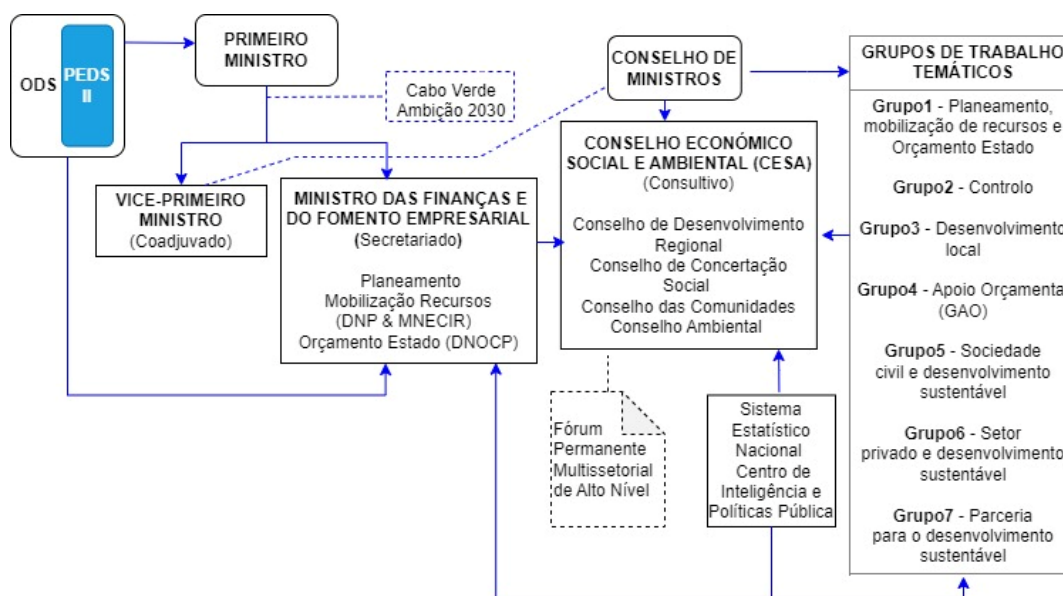
Corruption prevention mechanisms will be enhanced with a fully functional Corruption Prevention Council that has the authority to investigate cases that might entail corruption. Combating corruption and keeping it at low levels contribute to lasting trust, improvements to the business environment, and as a result help speed up implementation of both the PEDS II and the SDGs.

The Directorates General of Planning, Budgeting, and Management (DGPOG) oversee management of the respective programs, in accordance with the law, that is, the drafting of plans, financial planning within the Medium-Term Sector Expense Frameworks, and

coordinating and controlling both physical and financial execution. Each PEDS II program will have a manager who, by law, is a high-level director with authority associated with the program's goals and has decision-making powers, in coordination with the Directorate General of Planning, Budgeting, and Management of the sector regarding the allocation of program resources. He or she is responsible for monitoring and evaluating execution of the respective projects or units, appointing managers, managing risks and constraints that may influence performance, drafting the logical framework that should include a monitoring and evaluation plan, and even keeping information on the program's physical and financial performance up to date. The program manager assures prioritization of producing monitoring and evaluation indicators, along with the systematization and recordkeeping, that is, sector-level management of the Monitoring and Evaluation System.

## 7.5 Implementation Coordination Mechanism

**Figure 2. Mechanism for Coordinating Implementation of the PEDS and SDG**



| SDG PEDS II                       | Prime Minister                                                      | Cabo Verde Ambition 2030                                                     | Council of Ministers                                                                                         |                                                               | Thematic Workgroups                                                                                                 |
|-----------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| VICE PRIME MINISTER<br>(Assisted) | MINISTRY OF FINANCE<br>AND BUSINESS<br>DEVELOPMENT<br>(Secretariat) | Planning, Resource<br>Mobilization (DNP &<br>MNECIR)<br>State Budget (DNOCP) | SOCIAL, ECONOMIC,<br>AND ENVIRONMENT<br>COUNCIL (CESA)<br>(Advisory)                                         |                                                               | Group 1. Planning, resource<br>mobilization, and state<br>budget                                                    |
|                                   |                                                                     |                                                                              | Regional Development<br>Council<br>Social Conciliation Council<br>Community Council<br>Environmental Council |                                                               | Group 2. Control<br><br>Group 3. Local development<br><br>Group 4. Budget Support<br>(GAO)                          |
|                                   |                                                                     |                                                                              | High -level<br>multisector<br>standing<br>forum                                                              | National<br>Statistics<br>System<br>Center of<br>Intelligence | Group 5. Civil Society and<br>sustainable development<br><br>Group 6. Private sector and<br>sustainable development |

|  |  |  |                     |                                                  |
|--|--|--|---------------------|--------------------------------------------------|
|  |  |  | and Public Policies | Group 7. Partnership for sustainable development |
|--|--|--|---------------------|--------------------------------------------------|

Successful execution of the PEDS II, driving change and accelerating progress, in short, completing the first cycle of Cabo Verde Ambition 2030, requires a powerful coordination mechanism to assure the best choices when implementing public policies and programs with effectiveness and efficiency, which entails delivering products to the economy and society, producing and making effects permanent, and having the desired impacts.

The PEDS II includes a mechanism for coordinating implementation of the PEDS and the SDGs set out in the SDG roadmap and the Cabo Verde Sustainable Development Strategic Agenda. This mechanism will be instituted by the National Assembly as proposed by the government and at the initiative of the Ministry of Finance and Business Development, in coordination with all the entities in the National Planning System.

### **Mechanism for Coordinating Implementation of the PEDS and SDG:**

**This mechanism will be top level and overseen politically by the Prime Minister**, who leads Cabo Verde Ambition 2030, mainly through the Council of Ministers, assisted by the Vice Prime Minister of Finance and Business Development, who presides over and leads planning and budgeting, as well as mobilization of resources, along with the Ministry of Foreign Business, Cooperation, and Regional Integration.

**It is part of the Social, Economic, and Environment Council (CESA)** as a top-level standing multisector forum, which, according to the Cabo Verde Constitution, is the consultative body for dialogue on social, economic, and environmental development. The CESA includes the Regional Development Council, which is in charge of consultations on regional development and territorial cohesion matters; the existing Social Conciliation Council; the Council of Communities, which is to be implemented; the Labor Market Observatory; and the Environmental Council, which is expected to be created.

The Council of Ministers, to which the CESA's proposals are submitted for approval, is part of the implementation coordination mechanism.

**There is also a secretariat overseen by the Ministry of Finance and Business Development** with technical support from the National Statistics System and Center of Intelligence and Public Policies, which monitors, accompanies, and reviews, as well as prepares periodic reports, such as the National Volunteer Report, the SDG Statistical Report, and updates to the SDG indicators panel for Cabo Verde. The secretariat ensures oversight of planning, that is, implementation of the PEDS, as an instrument for operationalization and consequently the Cabo Verde Sustainable Development Strategic Agenda, along with assuring consistency between the Integrated National Finance Framework and the Medium-Term Fiscal Framework.

**It includes the thematic workgroups of both the PEDS and the SDG**, as multisector, multi-institutional platforms that promote technical engagement, advocacy, and

contribute to facilitating access to financing and implementing actions to meet the SDGs in Cabo Verde. The following groups, among others, will be established:

**Workgroup on budget planning and mobilization of resources**, which is part of the National Directorate of Planning, the Directorates-General of Planning, Budgeting, and Management (DGPOG) of all the ministries and program managers, the National Directorate of Budgeting and Public Accounting, the National Directorate of Foreign Policy, and Directorate General of Economic Cooperation and Development.

**Workgroup on control**, which is part of the Court of Accounts, the Public Procurement Regulatory Agency (ARAP), the Inspectorate General of Finance (IGF), and the Financial Information Unit (UIF), which oversee the development of audit capacities of the SDGs and performance audits in relevant areas of the SDGs.

**Workgroup on local development coordinated by the ANMCV, which includes municipalities and oversees decentralization, reducing regional asymmetries, and the convergence of all municipalities and islands to the SDGs.**

#### **The Budget Support Group (GAO)**

**Workgroup on civil society and sustainable development** coordinated by the Cabo Verde NGO Platform that includes representatives of civil society, NGOs, and in particular, of young people, women, and unions.

**Workgroup on the private sector and sustainable development**, including representatives of the private sector, investment promotion institutions, commercial banks, the stock exchange, chambers of commerce, industries, and services of Barlavento and Sotavento, the superior council of the Cabo Verde Chamber of Commerce and Chamber of Tourism, the Association of Young Business Owners, the Association of Women Business Owners, the Directorate-General of Telecommunications and Digital Economy, the National Directorate of Industry, Commerce, and Energy, Cabo Verde Trade Invest, the Special Maritime Economic Zone Authority in São Vicente, and the Institute of Employment and Professional Training.

**Workgroup on partnerships for sustainable development**, which includes Cabo Verde's development partners.

Thematic workgroups will rely essentially on the Cabo Verde Sustainable Development Strategic Agenda and the PEDS.

## **7.6 Monitoring and Evaluation**

Effective implementation of the 2022-2026 Sustainable Development Strategic Plan requires strong engagement with all the stakeholders in the National Planning System in the process of monitoring and evaluation of the various programs that comprise it, as it is an instrument to ensure interaction between planning and execution, analysis of the relevance, efficiency, efficacy, effectiveness, and impact of the planning instruments, for the purpose of identifying their progress and weaknesses, enabling corrective measures to be taken in the event of deviations in execution, to optimize results.

The **Monitoring and Evaluation System** in Cabo Verde has made significant progress, contributing to the construction of a solid foundation for more effective monitoring and evaluation of public policies.

At the technical level, highlights include: program-based budgeting; the alignment and consistency of the various planning instruments, that is, the governance program, the PEDS, the Medium-Term Expenditure Framework, and the State Budget, in order to coordinate short-, medium-, and long-term planning using the same programs; results-based management through logical frameworks for monitoring and evaluating purpose-driven and investment programs; standardization of monitoring and evaluation processes of projects through the development of the Monitoring and Evaluation Manual for Public Investment Projects; and drafting the Procedures Manual for Monitoring and Evaluation of Projects, purpose-driven units and programs of the Ministry of Agriculture and Environment. However, this component will only be consolidated through budgeting and execution of expenses by product, since it will enable greater realism and rigor in the physical and financial monitoring of products that contribute to accomplishing the specific goals of the programs comprising the Sustainable Development Strategic Plan. To that end, the first big challenge will be to assure that budgeting units are only composed of the same type of items (investment, purpose-driven, or management and administrative support).

From a legal framework standpoint, the Basic Law of the National Planning System (LBSNP) and the Basic Law of the State Budget are being created and passed. However, the LBSNP urgently needs to be regulated in order to: regulate in detail the process of planning, implementation, monitoring, and evaluation of public policies, establishing methodologies, the types of evaluations to be conducted, end dates for completing planning and presenting monitoring and evaluation reports; regulating access to and the process of supplying information to the monitoring and evaluation platform; defining the profiles, rights, obligations, and responsibilities of all members of the National Planning System;

In terms of knowledge, capacities, and skills, note that the majority of members of the National Planning System have a basic academic background in specific knowledge related to monitoring and evaluation. To mitigate these limits, multiple actions to enhance the capacity to monitor and evaluate public policies are being taken with the support of the São Paulo School of Economics of the Getúlio Vargas Foundation (FGV EESP Clear). To further knowledge and establish a panel of experts on this matter, members of that system are encouraged to attain a master's level of training in monitoring and evaluation.

With respect to the information system, a new, central, IT platform has been designed and developed that will enable monitoring and evaluation of all public policies set forth in the PEDS II, from both a strategic and operational standpoint, culminating in the delivery of necessary and sufficient products to accomplish each program's specific goals. One of the biggest advantages of the new platform is the fact it enables the planning, monitoring, and evaluation of future national strategic plans to be carried out, given its flexibility, while allowing for integration with other international agendas and also the development of an IT monitoring and evaluation platform for the Ministry of Agriculture and the

Environment (MAA). This platform will be integrated into the central platform and enable monitoring of activities and actions (at the micro level) to be done for delivery of products that contribute to accomplishing the specific goals of the MAA's programs. Among other things, it enables specific sector information to be generated that is relevant to internal management.

## **7.7 National Statistical System**

The Cabo Verde National Statistics System (SEN) is a centralized system organically consisting of the public agencies responsible for official statistical activity of national interest. It includes the National Statistics Council (CNEST), the National Statistics Institute (INE), the Bank of Cabo Verde (BCV), and the INE's supporting agencies (ODINE),<sup>11</sup> with these latter three bodies referred to as the official statistics producing entities.

The SEN's mission is to produce timely, quality, official statistics based on a methodological standard that enables them to be compared across time and space, optimizing resources. In addition, and no less importantly, it promotes proper training of statistics professions and statistical literacy as a fundamental instrument for decision making at all levels, as well as strengthening the exercise of citizenship.

The SEN's revitalization, through the development of the new National Strategy for Statistics Development (ENDE) for 2022-2026, will enable improvements to official statistics activities, so that the SEN can meet the country's growing demand for statistical information with a high degree of effectiveness.

Drafting the ENDE 2022-2026 is part of the new planning cycle and is aligned with the PEDS II for 2022-2026.

Implementation of the ENDE 2022-2026 should enable the SEN to furnish statistical information that meet users' needs, namely, to monitor and evaluate the PEDS II, strategic sector plans, municipal strategic plans for sustainable development, and regional development plans, along with international agendas (Agenda 2063 and Agenda 2063 for Africa).

Over the next five years, the SEN should provide disaggregated statistical data that allow the 150 indicators in the PEDS II to be measures, along with the 110 goals of local agencies, and the SDG indicators prioritized by the country.

In the current context, in which resources are scarce and demand for more and newer statistical information is growing, the SEN should invest in improving statistical coordination, taking advantage of data from administrative sources, innovating data

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<sup>11</sup> [Statistical Service of the Ministry of Agriculture and the Environment; Statistical Service of the Ministry of Healthy; Statistical Service of the Ministry of Education; Institute of Employment and Professional Training; Institute of the Sea; Directorate General of Justice Policy]

collection, empowering their agencies, and creating new ODINE, so that the SEN can fulfill its mission.

To that end, pursuant to the SEN Law (Law No. 48/IX/2019, February 19), the government is expected to create a fund to develop official statistical activities to assure adequate and lasting funding that will at the same time enable the ongoing production of quality, official statistical information.

## VIII. RISKS

Cabo Verde is also a country of risks. It is ranked ninth among the countries with the most risk in Sub-Saharan Africa, and fifteenth among SIDS with the most geographical, environmental, economic, and financial vulnerabilities. It is top 10 worldwide and top 4 in Africa in terms of debt sustainability, with a stable sovereign debt rating (Fitch) and in line with global risk, which identifies risks for the country, the crisis concerning employment and livelihoods, prolonged economic stagnation, human-caused environmental damage, the debt crisis in the biggest economies, the loss of biodiversity, and ecosystem collapse, and cybersecurity failures.

The PEDS II will be carried out within the context of Cabo Verde's own risks, made worse by uncertainties regarding the end of the war in Ukraine, but the country continues to enjoy a high degree of credibility among partners and investors.

According to a fiscal-risk assessment done by the World Bank, in Cabo Verde, fiscal risks or factors that might worsen the budget deficit and other fiscal variables more than expected are especially important because of the economic crisis caused by the pandemic and the high risk of over-indebtedness. Cabo Verde requested participation in the debt service suspension initiative in 2020 and 2021, and the latest analysis of debt sustainability from September 2020 determined the risk of Cabo Verde's external and general over-indebtedness to be very high. Fiscal risks originate from contingent liabilities associated with the state-owned enterprise (SOE) sector, municipal chambers, public private partnerships, the National Social Security Institute, and natural disasters.

Even before the pandemic, the finances of many state-owned enterprises were precarious. The electricity utility company, Electra, had negative net equity, losses in each of the past four years, and could only continue business with government support. The pandemic caused the finances of most state-owned enterprises to deteriorate, including the formerly lucrative airport company. Public private partnerships and municipal chambers also create fiscal risks but on a lesser scale. The social security institute appears to have high financial availability.

Among risks related to public institutions, those created by state-owned companies are the most significant. At the end of 2021, state-owned enterprise liabilities to entities outside of the public sector totaled ... of GDP, of which ...% of GDP were explicitly guaranteed by the government, creating a significant exposure to liabilities, in addition to a high stock of public debt, at 142.7% of GDP.

The quarterly report on the state-owned enterprise budget is an important monitoring instrument that provides a true view of the real economic and financial situation of state-

owned enterprises, on the one hand, and on the other, helps with early identification of potential risks associated with budget execution.

The financial crisis caused by the COVID-19 pandemic has continued to impact performance during the first quarter of 2022 compared to figures from the pre-crisis period, made worse by the rising price of raw materials, energy, and primary goods owing to the conflict between Ukraine and Russia.

From an economic standpoint, the volume of business rose 27% during the first quarter of 2022 compared to the same previous period, at an actual versus budgeted rate of 97%, coming in at CVE 8,373,706,000. Companies with ties to the transport and logistics sector, which was highly affected by the pandemic, have seen their business volumes increase.

Operational efficiency during the first quarter of 2022 reflected a significant improvement, as shown by the positive dynamics of operating results (+70%) and net income (+33%). This net income is the result of 12 state-owned enterprises analyzed with a positive figure of CVE 617,620,000 and 20 state-owned enterprises with a negative figure of CVE 1,527,901,000. Four companies (Ads, Electra, TACV, and TICV) contributed 80% of negative net income.

From an equity standpoint, during the first quarter of 2022, the total assets of state-owned enterprises were CVE 126,476,942,000, with CVE 49,845,341,000 in current assets and CVE 76,631,601,000 in long-term assets. Total SOE liabilities were CVE 114,529,598,000, accounting for 91% of the SOE balance. These liabilities were used to finance 39% of current assets and 61% of long-term assets, meaning that net equity over time has been very low (9% in the first quarter of 2022).

Fiscal risk, calculated based on the IMF's SOE Health Check Tool, shows that, in terms of the ongoing economic recovery, the SOE level of risk during the first quarter of 2022 was favorable, with two companies having left the very high risk category and two having left the high risk category. For instance, CABEÓLICA has gone from high risk to moderate risk, and CVE from very high risk to low risk, while CCV has gone from high risk to low risk. An analysis of expected risk for the first quarter of 2022 for the six largest SOEs found that the level remains the same for ELECTRA and TACV (very high risk), IFH (high risk), and EMPROFAC (moderate risk); however, the risk level has declined at ENAPOR, which went from moderate risk to high risk because of impacts that have yet to be reflected in ROA, ROE, and liquidity indicators.

With the pandemic, measures to protect companies and lines of credit backed by public guarantees, including private firms as well, have furthered this exposure. In August 2021, the four lines of credit for COVID-19, totaling CVE 4 billion, had created contingent liabilities with guarantees for private companies of nearly CVE 2.5 million through August 31, 2022.

The Economic Recovery line of credit, totaling CVE 9 billion, at an interest rate of 3.5% a year, has 50% to 80% guarantee coverage from Pró Garante (CVE 5 billion) and government backing (CVE 4 billion). At this point, 165 processes in total have been approved for more than CVE 2,100,000 in all sectors: industry, fishing, agribusiness,

tourism, commerce, services, and transport. The Economic Recovery line of credit is going to make contingent liabilities even worse.

The State-Owned Enterprise Sector Monitoring Unit (UASE) is strengthening its capacities by implementing a modern, real-time monitoring system of SOEs.

The SOE sector is one of the leading budget risks, having placed considerable pressure on the Treasury in recent years. Within the scope of the restructuring of the State-Owned Enterprise sector, the government has recently adopted a privatization and concessions reform agenda, aimed at, among other things, reducing the government's participation as an economic agent in the national economy and reinforcing its role as a regulator, but above all reducing the fiscal risk of SOEs, which impacts the State Budget, the dynamics of the national economy, purchasing power, and the country's attractiveness to foreign investment, aiming at the resilience of the economy, security, and improving the business environment, while reallocating public resources for implementation of structuring social and economic policies.

Optimization of tax benefits, which current account for nearly CVE 12 million in lost revenue, will also help reduce budget risks.

Cabo Verdean authorities have a well-trodden path for monitoring fiscal risks. The current General State Budget for 2022 and 2023 include a section about duly quantified budget risks.

Cabo Verde conducted a successful vaccination campaign against COVID-19. As such, on December 25, 2022, 98.7% of the target population is vaccinated with the first dose, and 86.6% of the eligible population took the second dose. Around 89.2% of adolescents have been vaccinated with one dose of the COVID-19 vaccine and 75.6% are fully vaccinated. About 43.5% of children between the ages of 5 and 11 have had their first vaccination doses and 31.8% are fully vaccinated.

Thanks to a successful COVID-19 vaccination campaign, but also thanks to measures to internationally certify travel insurance against health risks inherent to the pandemic being much reduced, as far as associated economic risks and the return of tourists, the country may be poised not just to recover its pre-pandemic levels but even exceed them, which has given the country a capacity for resilience. In addition, thanks to successful efforts in healthcare, the country will obtain the respective certificates that it is malaria and tuberculosis free, as well as certifying that HIV and syphilis transmission from mother to child are no longer public health issues.

However, in 2022, the country was again confronted with new adverse external shocks, namely, the crisis in Europe and the Euro Zone resulting from the war between Russia and Ukraine, consequently turning into an inflationary crisis caused by an exponential increase in the price of energy and food prices. Mitigation measures are being implemented again by the Executive branch, seeking to stabilize companies' production costs and to benefit the purchasing power of the poorest families.

Cabo Verdean authorities have implemented financial and fiscal measures to mitigate the impacts of imported inflation on the prices of fuels, electricity, and essential foods, and they are having an effect. We anticipate an inflation rate of 8.3% at the end of 2022.

Inflation would be 11.8% without these measures. The current year's State Budget calls for CVE 1.1 million in funding to continue these measures. Hence, despite uncertainties about the end of the war in Ukraine, we have not considered inflation risk in line with the global macroeconomic scenario. With the measures taken in the absence of new shocks, we should be converging to 2.0% by 2026.

Cabo Verdean authorities are going to implement a Public Finance Council that will strengthen fiscal risk monitoring. It is an independent body bound solely by the Constitution and the law, whose mission is to independently evaluate the consistency, compliance, and sustainability of budget policy, while promoting its transparency in order to contribute to the quality of democracy, economic policy decisions, and strengthen the government's financial credibility. The Public Finance Council is responsible for assessing the macroeconomic scenarios adopted by the government and the consistency of budgetary projections with these scenarios, compliance with established budgetary rules, the financial situation of local authorities, the economic and financial situation of the state-owned enterprise sector and its potential impact on consolidated public accounts and their sustainability, analyzing the dynamics of public debt and the evolution of its sustainability, tax expenditure, and monitoring budget execution.

Cabo Verdean authorities are aware of the state of the climate emergency we are in, and they advocate for a responsible attitude and respect for current and future generations. They are aware that climate change is a reality today and has an undeniable impact. Cabo Verde is highly exposed to the negative impacts of climate change and the frequency and seriousness of hydro-meteorological risks will likely increase (flooding and droughts), with possible sea-level rises. Cabo Verde must prepare by creating resiliency that enables it to deal with the phenomena associated with these changes.

According to the Intergovernmental Panel on Climate Change (IPCC, 2021), with an average global increase in temperatures of 1.5°C by the end of the century, and a high degree of certainty, the average annual temperature in Cabo Verde could rise between 0.5°C and 1.5°C, with precipitation falling by 5% to 10%. If the rise in average global temperatures by the end of the century reaches 2.0°C, we may witness an increase in average annual temperatures of 1.0°C to 2.0°C, and a decline in precipitation reaching nearly 20%. These scenarios are clearly not favorable to Cabo Verde. Consequently, there will be rising sea levels, causing coastal erosion and an influx of salt water on farmed lands; a worsening of droughts and hydro-meteorological risks (floods), resulting in possible landslides, thereby impacting people and infrastructure; an increase in air temperatures, causing heat stress on habitats, biodiversity, and people; an increase in coral reef destruction, subsequently degrading coral habitats for reef fish, thereby affecting small scale fishing. Degraded coral reduces protection against waves, which causes even further coastal erosion and flooding.

That is why the Cabo Verdean authorities have adopted a strategy for 2030 for climate action and resilience that is implemented through the PEDS II. Upon implementation of the PEDS II, nationwide and local climate governance will become institutionalized in all sectors, thereby integrating climate change into policies, plans, and strategies at all levels (sector and spatial), to take climate change risks and opportunities into account when making decisions and implementing them. Cabo Verde will become a more resilient and

inclusive country against climate change, with 10% of CO<sub>2</sub> and other GHGs being reduced throughout the economy. Several municipalities will be implementing adaptation plans to deal with climate change for greater resilience of the most vulnerable communities, and the majority of the population will have access to climate information and alerts, while making climate governance more effective and efficient from the standpoint of mitigation and adaptation.

Despite the risk posed by the conflict in Ukraine, the foreign outlook for the domestic economy in 2022-2023 is positive. However, growth will be impacted by various negative factors arising from geopolitical tensions and the effects these have on global value chains.

## STATISTICS ANNEX

Table No. 1. Population Breakdown by Residence and Sex. 2021 Census

| Age groups   | Cabo Verde    |               |               | Urban         |               |               | Rural         |              |              |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
|              | Both sexes    | Male          | Female        | Both sexes    | Male          | Female        | Both sexes    | Male         | Female       |
| <b>Total</b> | <b>491233</b> | <b>246363</b> | <b>244870</b> | <b>364106</b> | <b>181384</b> | <b>182722</b> | <b>127127</b> | <b>64979</b> | <b>62148</b> |
| 0-4          | 45540         | 23111         | 22429         | 33930         | 17312         | 16618         | 11610         | 5799         | 5811         |
| 5 TO 9       | 46619         | 23533         | 23086         | 34551         | 17455         | 17096         | 12068         | 6078         | 5990         |
| 10 TO 14     | 46580         | 23809         | 22771         | 33812         | 17256         | 16556         | 12768         | 6553         | 6215         |
| 15-19        | 42304         | 21903         | 20401         | 30619         | 15582         | 15037         | 11685         | 6321         | 5364         |
| 20-24        | 38550         | 20391         | 18159         | 28440         | 14714         | 13726         | 10110         | 5677         | 4433         |
| 25-29        | 44146         | 22481         | 21665         | 33462         | 16525         | 16937         | 10684         | 5956         | 4728         |
| 30-34        | 44233         | 22552         | 21681         | 34280         | 17053         | 17227         | 9953          | 5499         | 4454         |
| 35-39        | 37322         | 19217         | 18105         | 29239         | 14776         | 14463         | 8083          | 4441         | 3642         |
| 40-44        | 30079         | 15820         | 14259         | 23583         | 12203         | 11380         | 6496          | 3617         | 2879         |
| 45-49        | 23616         | 12269         | 11347         | 17983         | 9231          | 8752          | 5633          | 3038         | 2595         |
| 50-54        | 22481         | 11257         | 11224         | 16415         | 8201          | 8214          | 6066          | 3056         | 3010         |
| 55-59        | 20683         | 10001         | 10682         | 14906         | 7301          | 7605          | 5777          | 2700         | 3077         |
| 60-64        | 16301         | 7536          | 8765          | 11442         | 5455          | 5987          | 4859          | 2081         | 2778         |
| 65-69        | 11006         | 4496          | 6510          | 7476          | 3214          | 4262          | 3530          | 1282         | 2248         |
| 70-74        | 5626          | 2347          | 3279          | 3841          | 1657          | 2184          | 1785          | 690          | 1095         |
| 75-79        | 4527          | 1685          | 2842          | 2937          | 1123          | 1814          | 1590          | 562          | 1028         |
| 80-84        | 5243          | 1839          | 3404          | 3310          | 1135          | 2175          | 1933          | 704          | 1229         |
| 85-89        | 3730          | 1257          | 2473          | 2285          | 749           | 1536          | 1445          | 508          | 937          |
| 90+          | 2647          | 859           | 1788          | 1595          | 442           | 1153          | 1052          | 417          | 635          |

Source: INE, 2021 Census

Table No. 1A. Resident Population, Households and Average Size by District. INE 2021 Census

| District                | Households | Population    | Average Household Size |
|-------------------------|------------|---------------|------------------------|
| Ribeira Grande          | 4997       | <b>15128</b>  | 3.0                    |
| Paul                    | 1786       | <b>5770</b>   | 3.2                    |
| Porto Novo              | 4953       | <b>16052</b>  | 3.2                    |
| São Vicente             | 25071      | 75845         | 3.0                    |
| Ribeira Brava           | 2239       | <b>6996</b>   | 3.1                    |
| Tarrafal de São Nicolau | 1571       | 5310          | 3.4                    |
| Sal                     | 11309      | <b>33615</b>  | 3.0                    |
| Boa Vista               | 4404       | <b>12798</b>  | 2.9                    |
| Maio                    | 2040       | <b>6330</b>   | 3.1                    |
| Tarrafal                | 4829       | 16892         | 3.5                    |
| Santa Catarina          | 10166      | <b>37982</b>  | 3.7                    |
| Santa Cruz              | 6334       | 25152         | 4.0                    |
| Praia                   | 44352      | <b>145378</b> | 3.3                    |
| São Domingos            | 3537       | 14051         | 4.0                    |
| São Miguel              | 3568       | 12966         | 3.6                    |
| São Salvador do Mundo   | 1908       | 7482          | 3.9                    |
| São Lourenço dos Órgãos | 1628       | 6328          | 3.9                    |
| Ribeira Grande Santiago | 1951       | <b>7757</b>   | 4.0                    |
| Mosteiros               | 2290       | <b>8084</b>   | 3.5                    |
| São Filipe              | 5965       | 20927         | 3.5                    |
| Santa Catarina do Fogo  | 1280       | <b>4743</b>   | 3.7                    |
| Brava                   | 1806       | <b>5647</b>   | 3.1                    |
| Cabo Verde              | 147984     | <b>491233</b> | 3.3                    |

Table No. 2. Households Based upon the Number of Divisions Existing in the Dwelling by Residence and Size of Household

|            | Size of Household | Total          | 1             | 2             | 3             | 4             | 5             | 6           | 7           | 8           | 9          | 10 and +     |
|------------|-------------------|----------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|------------|--------------|
|            |                   | 147,984        | 31,779        | 26,933        | 29,427        | 25,784        | 15,750        | 8540        | 4471        | 2453        | 1288       | 1559         |
| Cabo Verde | 1                 | 25,264         | 11,996        | 4724          | 4333          | 2472          | 1071          | 403         | 156         | 68          | 21         | 20           |
|            | 2                 | 33,153         | 9201          | 6945          | 6719          | 5227          | 2720          | 1269        | 593         | 263         | 105        | 111          |
|            | 3                 | 42,048         | 5874          | 8249          | 9542          | 8541          | 4979          | 2502        | 1185        | 587         | 285        | 304          |
|            | 4                 | 31,108         | 3171          | 4672          | 6215          | 6643          | 4588          | 2676        | 1429        | 810         | 442        | 462          |
|            | 5                 | 9679           | 917           | 1409          | 1635          | 1775          | 1408          | 992         | 615         | 399         | 227        | 302          |
|            | 6                 | 4048           | 381           | 547           | 595           | 738           | 589           | 409         | 302         | 180         | 116        | 191          |
|            | 7                 | 1460           | 129           | 227           | 210           | 206           | 224           | 158         | 110         | 78          | 42         | 76           |
|            | 8                 | 697            | 56            | 88            | 108           | 99            | 107           | 75          | 51          | 35          | 28         | 50           |
|            | 9                 | 281            | 30            | 32            | 44            | 48            | 37            | 34          | 12          | 18          | 7          | 19           |
|            | 10 and +          | 246            | 24            | 40            | 26            | 35            | 27            | 22          | 18          | 15          | 15         | 24           |
|            | <b>Total</b>      | <b>113,611</b> | <b>25,358</b> | <b>21,711</b> | <b>23,299</b> | <b>19,570</b> | <b>11,467</b> | <b>5803</b> | <b>2963</b> | <b>1598</b> | <b>807</b> | <b>1 035</b> |
| Urban      | 1                 | 21,533         | 10,205        | 4202          | 3718          | 2006          | 876           | 320         | 123         | 52          | 16         | 15           |
|            | 2                 | 25,086         | 6917          | 5451          | 5217          | 3876          | 1982          | 917         | 413         | 169         | 66         | 78           |
|            | 3                 | 32,197         | 4651          | 6624          | 7550          | 6555          | 3583          | 1675        | 796         | 390         | 176        | 197          |
|            | 4                 | 23,462         | 2493          | 3704          | 4919          | 5106          | 3387          | 1825        | 929         | 508         | 278        | 313          |
|            | 5                 | 6654           | 665           | 1059          | 1180          | 1244          | 946           | 624         | 376         | 246         | 132        | 182          |
|            | 6                 | 2752           | 261           | 393           | 417           | 508           | 406           | 242         | 207         | 125         | 71         | 122          |
|            | 7                 | 1027           | 86            | 166           | 158           | 140           | 159           | 109         | 69          | 54          | 30         | 56           |
|            | 8                 | 498            | 40            | 56            | 85            | 75            | 81            | 48          | 32          | 26          | 20         | 35           |
|            | 9                 | 210            | 21            | 27            | 33            | 34            | 25            | 26          | 8           | 16          | 5          | 15           |
|            | 10 and +          | 192            | 19            | 29            | 22            | 26            | 22            | 17          | 10          | 12          | 13         | 22           |
|            | <b>Total</b>      | <b>34,373</b>  | <b>6421</b>   | <b>5222</b>   | <b>6128</b>   | <b>6214</b>   | <b>4283</b>   | <b>2737</b> | <b>1508</b> | <b>855</b>  | <b>481</b> | <b>524</b>   |
| Rural      | 1                 | 3731           | 1791          | 522           | 615           | 466           | 195           | 83          | 33          | 16          | 5          | 5            |
|            | 2                 | 8067           | 2284          | 1494          | 1502          | 1351          | 738           | 352         | 180         | 94          | 39         | 33           |
|            | 3                 | 9851           | 1223          | 1625          | 1992          | 1986          | 1396          | 827         | 389         | 197         | 109        | 107          |
|            | 4                 | 7646           | 678           | 968           | 1296          | 1537          | 1201          | 851         | 500         | 302         | 164        | 149          |
|            | 5                 | 3025           | 252           | 350           | 455           | 531           | 462           | 368         | 239         | 153         | 95         | 120          |
|            | 6                 | 1296           | 120           | 154           | 178           | 230           | 183           | 167         | 95          | 55          | 45         | 69           |
|            | 7                 | 433            | 43            | 61            | 52            | 66            | 65            | 49          | 41          | 24          | 12         | 20           |
|            | 8                 | 199            | 16            | 32            | 23            | 24            | 26            | 27          | 19          | 9           | 8          | 15           |
|            | 9                 | 71             | 9             | 5             | 11            | 14            | 12            | 8           | 4           | 2           | 2          | 4            |
|            | 10 and +          | 54             | 5             | 11            | 4             | 9             | 5             | 5           | 8           | 3           | 2          | 2            |

Source: INE, 2021 Census

Table No. 3. Population Age 15 and Older, Active, Employed, Under Employed, Unemployed, Inactive and NEET in 2020.

|                         | Population<br>age 15<br>years or + | Active         | Employed       | Under<br>employed | Unemployed    | Inactive       |
|-------------------------|------------------------------------|----------------|----------------|-------------------|---------------|----------------|
| <b>CABO VERDE</b>       | <b>412,086</b>                     | <b>218,351</b> | <b>186,627</b> | <b>23,513</b>     | <b>31,724</b> | <b>193,735</b> |
| <b>RESIDENCE TYPE</b>   |                                    |                |                |                   |               |                |
| Urban                   | 285,855                            | 161,606        | 137,288        | 14,064            | 24,317        | 124,249        |
| Rural                   | 126,231                            | 56,745         | 49,338         | 9449              | 7407          | 69,486         |
| <b>DISTRICT</b>         |                                    |                |                |                   |               |                |
| Ribeira Grande          | 13,545                             | 7982           | 7418           | 1004              | 565           | 5563           |
| Paul                    | 4,838                              | 2238           | 2022           | 166               | 216           | 2600           |
| Porto Novo              | 12,810                             | 6555           | 5092           | 719               | 1463          | 6255           |
| São Vicente             | 61,886                             | 35,472         | 29,997         | 3219              | 5475          | 26,414         |
| Ribeira Brava           | 6,134                              | 3083           | 2740           | 69                | 343           | 3051           |
| Tarrafal São Nicolau    | 3,749                              | 1783           | 1505           | 218               | 278           | 1965           |
| Sal                     | 27,478                             | 19,378         | 15,599         | 941               | 3779          | 8100           |
| Boa Vista               | 14,407                             | 9955           | 8161           | 778               | 1794          | 4451           |
| Maio                    | 5254                               | 2690           | 2327           | 357               | 363           | 2564           |
| Tarrafal                | 12,868                             | 6856           | 6446           | 1556              | 410           | 6012           |
| Santa Catarina          | 37,757                             | 20,077         | 17,339         | 2855              | 2738          | 17,679         |
| Santa Cruz              | 20,784                             | 7729           | 6071           | 1139              | 1658          | 13,055         |
| Praia                   | 114,219                            | 61,666         | 52,747         | 4684              | 8919          | 52,553         |
| São Domingos            | 12,264                             | 6444           | 5246           | 1119              | 1198          | 5820           |
| São Miguel              | 11,143                             | 4735           | 3909           | 356               | 826           | 6408           |
| São Salvador do Mundo   | 7218                               | 3517           | 3215           | 1136              | 302           | 3701           |
| São Lourenço dos Órgãos | 6393                               | 2328           | 2135           | 303               | 193           | 4065           |
| Ribeira Grande Santiago | 6795                               | 3180           | 2820           | 769               | 360           | 3615           |
| Mosteiros               | 7297                               | 3445           | 3168           | 530               | 277           | 3852           |
| São Filipe              | 16,343                             | 5683           | 5449           | 974               | 234           | 10,660         |
| Santa Catarina Fogo     | 4319                               | 1633           | 1584           | 434               | 49            | 2686           |
| Brava                   | 4585                               | 1920           | 1635           | 185               | 285           | 2665           |

Source: INE

Table No. 4. Labor Market Indicators by District in 2020

| District                | Activity Rate | Employment Rate | Under Employment Rate | Unemployment Rate | Inactive Rate | NEET Rate (15-35 Years of Age) |
|-------------------------|---------------|-----------------|-----------------------|-------------------|---------------|--------------------------------|
| <b>CABO VERDE</b>       | <b>53.0</b>   | <b>45.3</b>     | <b>12.6</b>           | <b>14.5</b>       | <b>47.0</b>   | <b>35.4</b>                    |
| <b>RESIDENCE TYPE</b>   |               |                 |                       |                   |               |                                |
| Urban                   | 56.5          | 48.0            | 10.2                  | 15.0              | 43.5          | 33.1                           |
| Rural                   | 45.0          | 39.1            | 19.2                  | 13.1              | 55.0          | 40.7                           |
| <b>DISTRICT</b>         |               |                 |                       |                   |               |                                |
| Ribeira Grande          | 58.9          | 54.8            | 13.5                  | 7.1               | 41.1          | 26.3                           |
| Paul                    | 46.3          | 41.8            | 8.2                   | 9.6               | 53.7          | 39.9                           |
| Porto Novo              | 51.2          | 39.8            | 14.1                  | 22.3              | 48.8          | 36.6                           |
| São Vicente             | 57.3          | 48.5            | 10.7                  | 15.4              | 42.7          | 30.3                           |
| Ribeira Brava           | 50.3          | 44.7            | 2.5                   | 11.1              | 49.7          | 34.0                           |
| Tarrafal São Nicolau    | 47.6          | 40.2            | 14.5                  | 15.6              | 52.4          | 39.1                           |
| Sal                     | 70.5          | 56.8            | 6.0                   | 19.5              | 29.5          | 34.1                           |
| Boa Vista               | 69.1          | 56.6            | 9.5                   | 18.0              | 30.9          | 33.7                           |
| Maio                    | 51.2          | 44.3            | 15.3                  | 13.5              | 48.8          | 38.9                           |
| Tarrafal                | 53.3          | 50.1            | 24.1                  | 6.0               | 46.7          | 33.4                           |
| Santa Catarina          | 53.2          | 45.9            | 16.5                  | 13.6              | 46.8          | 31.1                           |
| Santa Cruz              | 37.2          | 29.2            | 18.8                  | 21.5              | 62.8          | 50.8                           |
| Praia                   | 54.0          | 46.2            | 8.9                   | 14.5              | 46.0          | 33.5                           |
| São Domingos            | 52.5          | 42.8            | 21.3                  | 18.6              | 47.5          | 33.2                           |
| São Miguel              | 42.5          | 35.1            | 9.1                   | 17.4              | 57.5          | 43.6                           |
| São Salvador do Mundo   | 48.7          | 44.5            | 35.3                  | 8.6               | 51.3          | 29.4                           |
| São Lourenço dos Órgãos | 36.4          | 33.4            | 14.2                  | 8.3               | 63.6          | 43.3                           |
| Ribeira Grande Santiago | 46.8          | 41.5            | 27.3                  | 11.3              | 53.2          | 40.6                           |
| Mosteiros               | 47.2          | 43.4            | 16.7                  | 8.0               | 52.8          | 42.9                           |
| São Filipe              | 34.8          | 33.3            | 17.9                  | 4.1               | 65.2          | 51.7                           |
| Santa Catarina Fogo     | 37.8          | 36.7            | 27.4                  | 3.0               | 62.2          | 41.6                           |
| Brava                   | 41.9          | 35.7            | 11.3                  | 14.8              | 58.1          | 42.6                           |

Source: INE

Table No. 5. Evolution of the 15 and Older Population: Active, Employed, Under Employed, Unemployed, Inactive and NEETs

| Designation                  | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   |
|------------------------------|--------|--------|--------|--------|--------|--------|
| Population age 15 years or + | 380995 | 387147 | 392355 | 399588 | 405007 | 412086 |
| Active                       | 222085 | 246680 | 232198 | 222028 | 232604 | 218351 |
| Employed                     | 194485 | 209725 | 203775 | 195000 | 206344 | 186627 |
| Under Employed               | 32484  | 40611  | 32581  | 28637  | 26174  | 23513  |
| Unemployed                   | 27599  | 36955  | 28424  | 27028  | 26259  | 31724  |
| Inactive                     | 158910 | 140467 | 160157 | 177560 | 172403 | 193735 |
| NEET                         | 68120  | 62028  | 64884  | 64424  | 57605  | 77480  |

Source: INE

Table No. 6. Evolution of Labor Market Indicators. 2015-2020

| Indicator                      | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|------|------|------|------|------|------|
| Activity Rate                  | 58.3 | 63.7 | 59.2 | 55.6 | 57.4 | 53.0 |
| Employment Rate                | 51.0 | 54.2 | 51.9 | 48.8 | 50.9 | 45.3 |
| Under Employment Rate          | 16.7 | 19.4 | 16.0 | 14.7 | 12.7 | 12.6 |
| Unemployment Rate              | 12.4 | 15.0 | 12.2 | 12.2 | 11.3 | 14.5 |
| Inactive Rate                  | 41.7 | 36.3 | 40.8 | 44.4 | 42.6 | 47.0 |
| NEET Rate (15-35 Years of Age) | 32.5 | 29.1 | 31.1 | 31.4 | 27.8 | 35.4 |

Source: INE

Table No. 7. Education. Coverage Indicators for the 2019/2020 School Year

| Indicators                                           | 2019/2020 |
|------------------------------------------------------|-----------|
| Coverage/Intake Preschool (%)                        | 81.2      |
| Net Primary Education Schooling Rate (%)             | 91.9      |
| Net secondary Education Schooling Rate (%)           | 54.9      |
| Passing Secondary School (%)                         | 75.2      |
| Percentage of students who take a Technical Path (%) | 9.7       |
| Gross Higher Education Schooling Rate (%)            | 18.9*     |

Source: Ministry of Data

\* Provisional data

*Table No. 8. Beneficiaries of Professional Training Provided by Public Entities by District between 2017-2021.*

| Concelho                   | 2017        |            |             | 2018        |             |             | 2019        |             |             | 2020        |             |             | 2021        |             |             |
|----------------------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                            | Fem         | Masc       | Total       | Fem         | Masc        | Total       | Fem         | Masc        | Total       | Fem         | Masc        | Total       | Fem         | Masc        | Total       |
| Santa Catarina             | 87          | 49         | 136         | 137         | 87          | 224         | 190         | 159         | 349         | 153         | 126         | 279         | 153         | 102         | 255         |
| São Salvador do Mundo      | 0           | 0          | 0           | 0           | 0           | 0           | 53          | 13          | 66          | 71          | 38          | 109         | 8           | 7           | 15          |
| São Lourenço dos Órgãos    | 35          | 16         | 51          | 64          | 62          | 126         | 80          | 75          | 155         | 94          | 69          | 163         | 8           | 3           | 11          |
| Tarrafal                   | 0           | 0          | 0           | 11          | 8           | 19          | 93          | 33          | 126         | 130         | 63          | 193         | 209         | 101         | 310         |
| São Miguel                 | 0           | 0          | 0           | 16          | 0           | 16          | 88          | 32          | 120         | 127         | 57          | 184         | 67          | 12          | 79          |
| Ribeira Grande de Santiago | 0           | 0          | 0           | 0           | 0           | 0           | 66          | 37          | 103         | 160         | 60          | 220         | 90          | 55          | 145         |
| São Domingos               | 7           | 163        | 170         | 24          | 179         | 203         | 143         | 291         | 434         | 140         | 216         | 356         | 114         | 308         | 422         |
| Paúl                       | 22          | 22         | 44          | 8           | 12          | 20          | 66          | 15          | 81          | 61          | 23          | 84          | 20          | 1           | 21          |
| Porto Novo                 | 0           | 0          | 0           | 48          | 37          | 85          | 68          | 56          | 124         | 76          | 60          | 136         | 44          | 17          | 61          |
| Ribeira Grande             | 56          | 17         | 73          | 29          | 15          | 44          | 111         | 49          | 160         | 88          | 79          | 167         | 133         | 96          | 229         |
| Ribeira Brava              | 10          | 30         | 40          | 5           | 27          | 32          | 102         | 72          | 174         | 159         | 39          | 198         | 131         | 82          | 213         |
| Tarrafal de São Nicolau    | 0           | 0          | 0           | 34          | 20          | 54          | 20          | 28          | 48          | 144         | 71          | 215         | 140         | 59          | 199         |
| Maio                       | 49          | 9          | 58          | 61          | 21          | 82          | 32          | 5           | 37          | 54          | 6           | 60          | 26          | 51          | 77          |
| Santa Catarina do Fogo     | 0           | 0          | 0           | 2           | 20          | 22          | 10          | 7           | 17          | 83          | 32          | 115         | 39          | 30          | 69          |
| Mosteiros                  | 18          | 5          | 23          | 17          | 7           | 24          | 61          | 36          | 97          | 95          | 27          | 122         | 65          | 9           | 74          |
| São Filipe                 | 50          | 76         | 126         | 167         | 119         | 286         | 171         | 172         | 343         | 253         | 225         | 478         | 168         | 203         | 371         |
| Brava                      | 0           | 9          | 9           | 9           | 14          | 23          | 41          | 20          | 61          | 125         | 42          | 167         | 60          | 57          | 117         |
| Sal                        | 62          | 73         | 135         | 128         | 113         | 241         | 169         | 84          | 253         | 243         | 94          | 337         | 112         | 93          | 205         |
| São Vicente                | 147         | 37         | 184         | 246         | 192         | 438         | 417         | 177         | 594         | 469         | 153         | 622         | 214         | 117         | 331         |
| Boavista                   | 0           | 0          | 0           | 11          | 6           | 17          | 40          | 25          | 65          | 168         | 55          | 223         | 68          | 47          | 115         |
| Praia                      | 321         | 204        | 525         | 426         | 304         | 730         | 687         | 376         | 1063        | 497         | 267         | 764         | 502         | 294         | 796         |
| Santa Cruz                 | 264         | 247        | 511         | 144         | 146         | 290         | 380         | 378         | 758         | 253         | 301         | 554         | 164         | 195         | 359         |
| <b>Total</b>               | <b>1128</b> | <b>957</b> | <b>2085</b> | <b>1587</b> | <b>1389</b> | <b>2976</b> | <b>3088</b> | <b>2140</b> | <b>5228</b> | <b>3643</b> | <b>2103</b> | <b>5746</b> | <b>2535</b> | <b>1939</b> | <b>4474</b> |

Table No. 9. Poor Population and Absolute Poverty Rate by District in 2015, 2019, and 2020

| DISTRICT                   | Poor Population |        |        | Poverty Rate (%) |      |      |
|----------------------------|-----------------|--------|--------|------------------|------|------|
|                            | 2015            | 2019   | 2020   | 2015             | 2019 | 2020 |
| Cabo Verde                 | 179,906         | 142778 | 175844 | 35.2             | 26.0 | 31.6 |
| Ribeira Grande             | 6532            | 3777   | 3728   | 37.3             | 24.0 | 20.9 |
| Paúl                       | 2736            | 2115   | 2947   | 50.9             | 38.4 | 46.0 |
| Porto Novo                 | 9451            | 7148   | 8091   | 52.2             | 42.2 | 47.4 |
| São Vicente                | 20129           | 15689  | 21003  | 26.8             | 18.6 | 26.3 |
| Ribeira Brava              | 2788            | 2011   | 2193   | 35.3             | 29.1 | 27.9 |
| Tarfal de São Nicolau      | 3050            | 2894   | 2739   | 58.3             | 55.6 | 54.5 |
| Sal                        | 6562            | 4654   | 6729   | 19.1             | 11.7 | 17.8 |
| Boa Vista                  | 870             | 871    | 739    | 7.4              | 4.6  | 3.9  |
| Maio                       | 2036            | 1666   | 2081   | 31.4             | 24.5 | 30.0 |
| Tarfal                     | 5942            | 6234   | 5243   | 32.6             | 34.4 | 29.5 |
| Santa Catarina             | 17832           | 12304  | 15261  | 38.3             | 26.3 | 30.1 |
| Santa Cruz                 | 17421           | 13253  | 17905  | 58.9             | 51.0 | 61.7 |
| Praia                      | 39257           | 33375  | 39569  | 28.1             | 20.0 | 25.5 |
| São Domingos               | 7687            | 5299   | 6465   | 51.0             | 37.4 | 37.8 |
| São Miguel                 | 6081            | 5171   | 6708   | 39.3             | 37.1 | 44.0 |
| São Salvador do Mundo      | 5010            | 3952   | 4823   | 56.2             | 45.9 | 47.9 |
| São Lourenço dos Órgãos    | 3553            | 3582   | 4450   | 49.7             | 51.5 | 51.6 |
| Ribeira Grande de Santiago | 3466            | 2533   | 3032   | 41.0             | 30.5 | 32.4 |
| Mosteiros                  | 4017            | 3131   | 3386   | 45.2             | 33.8 | 33.1 |
| São Filipe                 | 10880           | 10589  | 14919  | 54.6             | 51.6 | 65.8 |
| Santa Catarina do Fogo     | 1807            | 1608   | 2435   | 36.2             | 30.6 | 38.5 |
| Brava                      | 2799            | 921    | 1398   | 44.3             | 16.9 | 22.3 |
| Source: INE                |                 |        |        |                  |      |      |

Table No. 10. Consumer Spending, Poverty and Inequality in 2015, 2019, and 2020

| CABO VERDE                                                                | 2015           | 2019           | 2020           |
|---------------------------------------------------------------------------|----------------|----------------|----------------|
| Total Consumer Spending (CVE)                                             | 84,967,978,159 | 95,835,892,190 | 83,228,870,708 |
| Average Annual Spending by Household (CVE)                                | 667291         | 605805         | 537026         |
| Average Annual Spending per Person (CVE)                                  | 166207         | 174342         | 150034         |
| Population Below the National Poverty Line (%)                            | 35.2           | 26.0           | 31.7           |
| Population Below the International Poverty Line (%)                       | 23.7           | 12.7           | 13.1           |
| Depth (%)                                                                 | 11.4           | 6.6            | 7.6            |
| Severity (%)                                                              | 5.0            | 2.5            | 2.6            |
| GINI Index                                                                | 42.0           | 37.0           | 34.4           |
| Population who Live on Less than 50% of Average Consumption               | 14.9           | 6.6            | 5.2            |
| Average Annual Consumer Spending of the 40% of the Poorest Citizens (CVE) | 63929          | 79475          | 74965          |

Source: INE

Table No. 11. Population who Live on Less than 50% of the Average Consumer Spending in 2015 and 2020

| Designation       | IDRF 2015    |               | 2020 Estimate |               |
|-------------------|--------------|---------------|---------------|---------------|
|                   | Population   | Incidence (%) | Population    | Incidence (%) |
| <b>Sex</b>        |              |               |               |               |
| Male              | 35896        | 14.6%         | 14466         | 5.1%          |
| Female            | 40685        | 15.3%         | 14311         | 5.2%          |
| <b>Total</b>      | <b>76581</b> | <b>15.0%</b>  | <b>28777</b>  | <b>5.2%</b>   |
| <b>Age range</b>  |              |               |               |               |
| 0-4 years         | 10595        | 20.2%         | 5275          | 10.4%         |
| 5-9 years         | 10309        | 19.9%         | 4234          | 8.1%          |
| 10-14 years       | 10138        | 19.1%         | 3744          | 9.2%          |
| 15-24 years       | 16184        | 15.7%         | 5689          | 5.4%          |
| 25-34 years       | 9161         | 11.5%         | 4145          | 4.0%          |
| 35-64 years       | 15666        | 11.6%         | 4919          | 2.9%          |
| 65 years or older | 3592         | 11.4%         | 772           | 2.3%          |
| <b>Total</b>      | <b>75643</b> | <b>15.0%</b>  | <b>28777</b>  | <b>5.2%</b>   |

Source: INE

Table No. 12. Recent Social Protection Performance in Cabo Verde. 2016 – 2020

| FUNCTION                                                       | INDICATOR                                                                  | 2016 | 2017 | 2018 | 2019  | 2020  |
|----------------------------------------------------------------|----------------------------------------------------------------------------|------|------|------|-------|-------|
| <b>ADJUSTMENT IN THE CONTRIBUTORY SYSTEM (%)</b>               |                                                                            |      |      |      |       |       |
| Maternity                                                      | Average maternity subsidy as a percentage of average salary (%)            | 80.2 | 83.9 | 81.7 | 87.7  | 80.1  |
| Unemployment                                                   | Average unemployment subsidy as a percentage of average salary – MEN (%)   | -    | -    | 41.1 | 40.5  | 38.6  |
| Unemployment                                                   | Average unemployment subsidy as a percentage of average salary – WOMEN (%) | -    | -    | 50.1 | 45.8  | 43.3  |
| Disability                                                     | Average disability pension as percentage of average salary – MEN (%)       | 86.7 | 84.0 | 83.1 | 87.8  | 86.4  |
| Disability                                                     | Average disability pension as percentage of average salary – WOMEN (%)     | 82.0 | 77.4 | 82.7 | 81.7  | 76.9  |
| Old Age                                                        | Average old age pension as a percentage of average salary – MEN (%)        | 56.6 | 62.4 | 65.1 | 78.1  | 76.6  |
| Old Age                                                        | Average old age pension as a percentage of average salary – WOMEN (%)      | 58.3 | 62.6 | 64.6 | 72.1  | 68.4  |
| <b>ADJUSTMENT IN THE NON-CONTRIBUTORY SYSTEM (%)</b>           |                                                                            |      |      |      |       |       |
| Minimum pension in the non-contributory system as a percentage |                                                                            |      |      |      |       |       |
|                                                                | Minimum Salary                                                             | 38.5 | 38.5 | 38.5 | 46.2  | 46.2  |
|                                                                | Subsistence Minimum – 1.9 dollars/day                                      | 86.8 | 88.4 | 92.6 | 105.4 | 107.3 |
|                                                                | National Poverty Line – URBAN Areas                                        | 64.0 | 63.4 | 62.5 | 74.4  | 74.4  |
|                                                                | National Poverty Line – RURAL Areas                                        | 74.0 | 73.2 | 72.5 | 86.1  | 84.5  |

Source: Boletim Estatístico do Sistema de Proteção Social em Cabo Verde, 2016-2020", OIT, 2022

Table No. 12. Recent Social Protection Performance in Cabo Verde. 2016 - 2020 (cont.)

| FUNCTION                                           | INDICATOR                                                                                              | 2016   | 2017   | 2018   | 2019   | 2020   |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| <b>ACTUAL COVERAGE (broader set of indicators)</b> |                                                                                                        |        |        |        |        |        |
| Disability                                         | Proportion of seriously disabled people who received a pension under the contribution system (%)       | 12.2   | 9.7    | 10.3   | 11.0   | 11.3   |
| Disability                                         | Proportion of seriously disabled people who received a social pension (CNPS) (non-contribution system) | 39.7   | 40.9   | 35.0   | 41.5   | 41.4   |
| Unemployment                                       | Total proportion of unemployed individuals who received an unemployment subsidy (%)                    | -      | -      | 0.9    | 3.3    | 7.3    |
| Old Age                                            | Proportion of elderly who received a contributory pension (%)                                          | 33.2   | 34.6   | 35.0   | 33.0   | 34.9   |
| Poverty                                            | Proportion of poor people who received a cash social assistance benefit                                | 12.7   | 14.2   | 16.8   | 16.5   | 20.0   |
| Poverty                                            | Proportion of people in extreme poverty who received a cash social assistance benefit (CNPS)(%)        | 22.3   | 29.5   | 39.6   | 33.8   | 48.2   |
| <b>EXPENSES</b>                                    |                                                                                                        |        |        |        |        |        |
| Aggregate/social protection                        | Total social protection expense as percentage of GDP (%)                                               | 5.6    | 5.9    | 6.1    | 6.7    | 8.6    |
| Contributory                                       | Expenses of contributory system as percentage of GDP (%)                                               | 4.6    | 4.9    | 5.2    | 5.5    | 6.9    |
| Non-contributory                                   | Expenses of non-contributory system as percentage of GDP (%)                                           | 1.0    | 1.0    | 0.9    | 1.2    | 1.7    |
| Aggregate/social protection                        | Total per capital expenses for social protection (escudos CVE)                                         | 17,612 | 19,012 | 20,713 | 23,634 | 25,497 |

Table No. 12. Recent social protection performance in Cabo Verde. 2016 - 2020 (cont.)

| FUNCTION                                                       | INDICATOR                                                                  | 2016 | 2017 | 2018 | 2019  | 2020  |
|----------------------------------------------------------------|----------------------------------------------------------------------------|------|------|------|-------|-------|
| <b>ADJUSTMENT IN THE CONTRIBUTORY SYSTEM (%)</b>               |                                                                            |      |      |      |       |       |
| Maternity                                                      | Average maternity subsidy as a percentage of average salary (%)            | 80.2 | 83.9 | 81.7 | 87.7  | 80.1  |
| Unemployment                                                   | Average unemployment subsidy as a percentage of average salary – MEN (%)   | -    | -    | 41.1 | 40.5  | 38.6  |
| Unemployment                                                   | Average unemployment subsidy as a percentage of average salary – WOMEN (%) | -    | -    | 50.1 | 45.8  | 43.3  |
| Disability                                                     | Average disability pension as percentage of average salary – MEN (%)       | 86.7 | 84.0 | 83.1 | 87.8  | 86.4  |
| Disability                                                     | Average disability pension as percentage of average salary – WOMEN (%)     | 82.0 | 77.4 | 82.7 | 81.7  | 76.9  |
| Old Age                                                        | Average old age pension as a percentage of average salary – MEN (%)        | 56.6 | 62.4 | 65.1 | 78.1  | 76.6  |
| Old Age                                                        | Average old age pension as a percentage of average salary – WOMEN (%)      | 58.3 | 62.6 | 64.6 | 72.1  | 68.4  |
| <b>ADJUSTMENT IN THE NON-CONTRIBUTORY SYSTEM (%)</b>           |                                                                            |      |      |      |       |       |
| Minimum pension in the non-contributory system as a percentage |                                                                            |      |      |      |       |       |
|                                                                | Minimum Salary                                                             | 38.5 | 38.5 | 38.5 | 46.2  | 46.2  |
|                                                                | Subsistence Minimum – 1.9 dollars/day                                      | 86.8 | 88.4 | 92.6 | 105.4 | 107.3 |
|                                                                | National Poverty Line – URBAN Areas                                        | 64.0 | 63.4 | 62.5 | 74.4  | 74.4  |
|                                                                | National Poverty Line – RURAL Areas                                        | 74.0 | 73.2 | 72.5 | 86.1  | 84.5  |

Source: Social Protection System Statistics Bulletin (*Boletim Estatístico do Sistema de Proteção Social em Cabo Verde*), 2016-2020”, OIT, 2022

Table No. 13. Active Insured, Beneficiaries, and Coverage Rates by District. 2015-2021

| <b>District</b>                       | <b>2015</b> | <b>2016</b> | <b>2020</b> | <b>2021</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|
| <b>Ribeira Grande</b>                 |             |             |             |             |
| Active Insured                        | 1981        | 2152        | 2962        | 3019        |
| Coverage Rate (Employed Population %) | 45.5%       | 38.4%       | 39.9%       | 40.7%       |
| Total Beneficiaries                   | 5216        | 5509        | 7135        | 7375        |
| Coverage Rate (Population %)          | 30.7%       | 33.0%       | 46.2%       | 48.8%       |
| <b>Paúl</b>                           |             |             |             |             |
| Active Insured                        | 362         | 479         | 710         | 725         |
| Coverage Rate (Employed Population %) | 18.1%       | 23.7%       | 35.1%       | 35.8%       |
| Total Beneficiaries                   | 1252        | 1426        | 1852        | 1935        |
| Coverage Rate (Population %)          | 20.5%       | 24.0%       | 34.4%       | 33.5%       |
| <b>Porto Novo</b>                     |             |             |             |             |
| Active Insured                        | 1351        | 1472        | 2121        | 2287        |
| Coverage Rate (Employed Population %) | 19.5%       | 23.2%       | 41.7%       | 44.9%       |
| Total Beneficiaries                   | 4420        | 4829        | 6119        | 6449        |
| Coverage Rate (Population %)          | 25.4%       | 27.9%       | 36.4%       | 40.2%       |
| <b>São Vicente</b>                    |             |             |             |             |
| Active Insured                        | 14,436      | 16,750      | 21,375      | 22,630      |
| Coverage Rate (Employed Population %) | 43.9%       | 50.0%       | 71.3%       | 75.4%       |
| Total Beneficiaries                   | 37,179      | 41,653      | 49,133      | 49,781      |
| Coverage Rate (Population %)          | 45.9%       | 50.9%       | 57.8%       | 65.6%       |
| <b>Ribeira Brava</b>                  |             |             |             |             |
| Active Insured                        | 1165        | 1003        | 1053        | 1080        |
| Coverage Rate (Employed Population %) | 52.0%       | 44.6%       | 38.4%       | 39.4%       |
| Total Beneficiaries                   | 3059        | 3186        | 3198        | 3168        |
| Coverage Rate (Population %)          | 42.6%       | 44.8%       | 46.8%       | 45.3%       |

Table No. 13 Active Insured, Beneficiaries and Coverage Rates by District, 2015-2021 (cont)

| <b>District</b>                       | <b>2015</b> | <b>2016</b> | <b>2020</b> | <b>2021</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|
| <b>Tarrafal de São Nicolau</b>        |             |             |             |             |
| Active Insured                        | 436         | 586         | 897         | 962         |
| Coverage Rate (Employed Population %) | 27.4%       | 29.8%       | 59.6%       | 63.9%       |
| Total Beneficiaries                   | 1780        | 2113        | 2489        | 2592        |
| Coverage Rate (Population %)          | 34.0%       | 40.4%       | 47.9%       | 48.8%       |
| <b>Sal</b>                            |             |             |             |             |
| Active Insured                        | 10 633      | 12 677      | 13 424      | 12 633      |
| Coverage Rate (Employed Population %) | 67.9%       | 67.1%       | 86.1%       | 81.0%       |
| Total Beneficiaries                   | 20,795      | 23,888      | 27,413      | 26,300      |
| Coverage Rate (Population %)          | 61.6%       | 67.7%       | 66.7%       | 78.2%       |
| <b>Boa Vista</b>                      |             |             |             |             |
| Active Insured                        | 3240        | 3206        | 6233        | 4388        |
| Coverage Rate (Employed Population %) | 44.8%       | 35.8%       | 76.4%       | 53.8%       |
| Total Beneficiaries                   | 7,304       | 7,791       | 12,673      | 11,078      |
| Coverage Rate (Population %)          | 50.5%       | 50.2%       | 63.7%       | 86.6%       |
| <b>Maio</b>                           |             |             |             |             |
| Active Insured                        | 646         | 662         | 1 028       | 1 171       |
| Coverage Rate (Employed Population %) | 25.0%       | 22.1%       | 44.2%       | 50.3%       |
| Total Beneficiaries                   | 2343        | 2479        | 3155        | 3402        |
| Coverage Rate (Population %)          | 33.6%       | 35.2%       | 41.9%       | 53.7%       |
| <b>Praia</b>                          |             |             |             |             |
| Active Insured                        | 31,881      | 33,356      | 39,246      | 40,805      |
| Coverage Rate (Employed Population %) | 53.5%       | 54.8%       | 74.4%       | 77.4%       |
| Total Beneficiaries                   | 71,715      | 75,158      | 86,678      | 90,314      |
| Coverage Rate (Population %)          | 47.4%       | 48.4%       | 50.9%       | 62.1%       |
| <b>SÃO DOMINGOS</b>                   |             |             |             |             |
| Active Insured                        | 788         | 1 009       | 1 088       | 1 156       |
| Coverage Rate (Employed Population %) | 18.0%       | 19.6%       | 20.7%       | 22.0%       |
| Total Beneficiaries                   | 3 035       | 3 477       | 3 928       | 4 123       |
| Coverage Rate (Population %)          | 21.6%       | 24.7%       | 27.7%       | 29.3%       |
| <b>Tarrafal</b>                       |             |             |             |             |
| Active Insured                        | 1127        | 1235        | 1627        | 1748        |
| Coverage Rate (Employed Population %) | 14.9%       | 16.5%       | 25.2%       | 27.1%       |
| Total Beneficiaries                   | 4377        | 4613        | 5824        | 6542        |
| Coverage Rate (Population %)          | 23.9%       | 25.3%       | 32.2%       | 38.7%       |
| <b>São Miguel</b>                     |             |             |             |             |
| Active Insured                        | 652         | 720         | 1013        | 1092        |
| Coverage Rate (Employed Population %) | 21.4%       | 13.1%       | 25.9%       | 27.9%       |
| Total Beneficiaries                   | 3057        | 3015        | 3686        | 3949        |
| Coverage Rate (Population %)          | 20.8%       | 20.8%       | 26.8%       | 30.5%       |

Table No. 13 Active Insured, Beneficiaries and Coverage Rates by District 2015-2021 (cont)

| District                              | 2015  | 2016  | 2020  | 2021   |
|---------------------------------------|-------|-------|-------|--------|
| <b>Santa Catarina</b>                 |       |       |       |        |
| Active Insured                        | 2612  | 2553  | 3610  | 3930   |
| Coverage Rate (Employed Population %) | 16.2% | 17.4% | 20.8% | 22.7%  |
| Total Beneficiaries                   | 9666  | 9707  | 12018 | 12,872 |
| Coverage Rate (Population %)          | 21.4% | 21.3% | 25.5% | 33.9%  |
| <b>Santa Cruz</b>                     |       |       |       |        |
| Active Insured                        | 1774  | 1772  | 1761  | 1858   |
| Coverage Rate (Employed Population %) | 20.5% | 15.1% | 29.0% | 30.6%  |
| Total Beneficiaries                   | 6160  | 6312  | 6897  | 7451   |
| Coverage Rate (Population %)          | 23.4% | 24.0% | 26.6% | 29.6%  |
| <b>São Salvador do Mundo</b>          |       |       |       |        |
| Active Insured                        | 167   | 207   | 382   | 426    |
| Coverage Rate (Employed Population %) | 4.9%  | 5.5%  | 11.9% | 13.3%  |
| Total Beneficiaries                   | 1227  | 1241  | 1653  | 1745   |
| Coverage Rate (Population %)          | 14.2% | 14.4% | 19.2% | 23.3%  |
| <b>São Lourenço dos Orgãos</b>        |       |       |       |        |
| Active insured                        | 312   | 317   | 456   | 482    |
| Coverage Rate (Employed Population %) | 16.1% | 14.7% | 21.4% | 22.6%  |
| Total Beneficiaries                   | 1487  | 1481  | 1713  | 1783   |
| Coverage Rate (Population %)          | 17.2% | 17.1% | 19.9% | 28.2%  |
| <b>Ribeira Grande de Santiago</b>     |       |       |       |        |
| Active Insured                        | 138   | 303   | 449   | 481    |
| Coverage Rate (Employed Population %) | 6.0%  | 12.2% | 15.9% | 17.1%  |
| Total Beneficiaries                   | 837   | 1044  | 1357  | 1433   |
| Coverage Rate (Population %)          | 9.9%  | 12.4% | 15.9% | 18.5%  |
| <b>Mosteiros</b>                      |       |       |       |        |
| Active Insured                        | 425   | 508   | 767   | 782    |
| Coverage Rate (Employed Population %) | 16.1% | 23.6% | 24.2% | 24.7%  |
| Total Beneficiaries                   | 1540  | 1729  | 2447  | 2645   |
| Coverage Rate (Population %)          | 16.4% | 18.5% | 26.5% | 32.7%  |
| <b>São Filipe</b>                     |       |       |       |        |
| Active Insured                        | 2073  | 1909  | 2073  | 2198   |
| Coverage Rate (Employed Population %) | 33.4% | 23.1% | 38.0% | 40.3%  |
| Total Beneficiaries                   | 6957  | 7110  | 7742  | 7945   |
| Coverage Rate (Population %)          | 32.8% | 33.8% | 38.0% | 38.0%  |
| <b>Santa Catarina do Fogo</b>         |       |       |       |        |
| Active Insured                        | 124   | 110   | 236   | 269    |
| Coverage Rate (Employed Population %) | 6.5%  | 6.2%  | 14.9% | 17.0%  |
| Total Beneficiaries                   | 700   | 699   | 928   | 992    |
| Coverage Rate (Population %)          | 13.3% | 13.3% | 17.8% | 20.9%  |

Source: INPS

Table No. 13 Active Insured, Beneficiaries and Coverage Rates by District, 2015-2021 (cont)

| District                              | 2015    | 2016    | 2020    | 2021    |
|---------------------------------------|---------|---------|---------|---------|
| <b>Brava</b>                          |         |         |         |         |
| Active Insured                        | 462     | 455     | 678     | 729     |
| Coverage Rate (Employed Population %) | 35.3%   | 38.8%   | 41.5%   | 44.6%   |
| Total Beneficiaries                   | 1060    | 1152    | 1948    | 1902    |
| Coverage Rate (Population %)          | 18.6%   | 20.4%   | 36.0%   | 33.7%   |
| <b>Total Cabo Verde</b>               |         |         |         |         |
| Active Insured                        | 76,785  | 83,441  | 103,189 | 104,851 |
| Coverage Rate (Employed Population %) | 39.5%   | 39.8%   | 55.3%   | 52.5%   |
| Total Beneficiaries (1)               | 195,166 | 209,612 | 249,986 | 255,776 |
| Coverage Rate (Population %)          | 37.2%   | 39.5%   | 44.9%   | 52.1%   |

Source: INPS

Table No. 14. Production of Electricity by Source

| Island      | Thermal (kWh) | Wind (kWh) | Solar (kWh) | Distributed generation (kWh) | Solar / photovoltaic (kWh) | Total (kWh) | Penetration rate (%) |
|-------------|---------------|------------|-------------|------------------------------|----------------------------|-------------|----------------------|
| Santo Antão | 15528064      | 1153510    | 238996      | 670307                       | 909303                     | 17590877    | 11.7                 |
| São Vicente | 58461281      | 19049863   |             | 459835                       | 459835                     | 77970979    | 25.0                 |
| São Nicolau | 7305404       |            | 34546       | 118567                       | 153113                     | 7458517     | 2.1                  |
| Sal         | 40721214      | 13781940   | 1807866     | 529814                       | 2337680                    | 56840834    | 28.4                 |
| Boa Vista   | 17939070      | 4942430    |             | 76760                        | 76760                      | 22958260    | 21.9                 |
| Maio        | 4010667       |            |             | 177962                       | 177962                     | 4188629     | 4.2                  |
| Santiago    | 208520621     | 29946686   | 5979966     | 3156368                      | 9136334                    | 247603641   | 15.8                 |
| Fogo        | 14684453      |            |             | 638785                       | 638785                     | 15323238    | 4.2                  |
| Brava       | 2967320       |            |             | 28598                        | 28598                      | 2995918     | 1.0                  |

Source: MICE Energy Portal

Table No. 15. Evolution of Energy Sector Indicators 2017-2021

| Year | Renewable Energy Penetration rate (%) | Energy Intensity (Tep / millions of CVE) | Electricity Access Rate (%) | Rate of Access to Fuel and Clean Technologies (%) |
|------|---------------------------------------|------------------------------------------|-----------------------------|---------------------------------------------------|
| 2017 | 16.9                                  | 1.41                                     | 90.1                        | 74.3                                              |
| 2018 | 20.9                                  | 1.36                                     | 90.3                        | 75.6                                              |
| 2019 | 19.2                                  | 1.34                                     | 92.2                        | 78.9                                              |
| 2020 | 18.3                                  | 1.43                                     | 91.9                        | 80.1                                              |
| 2021 | 19.6                                  | 1.48                                     | 91.5                        | 80.9                                              |

Source: MICE Energy Portal

Table No. 17. Evolution of Guests and Overnight Stays from 2015 to 2021

| Indicator       | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021    |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| Guests          | 569,387   | 644,429   | 716,775   | 765,696   | 819,308   | 207,125   | 169,068 |
| Overnight Stays | 3,710,000 | 4,092,551 | 4,597,477 | 4,935,891 | 5,117,403 | 1,150,641 | 839,476 |

Source: INE

Table No. 18. Annual Variation (%) of Guests and Overnight Stays from 2015 to 2021

| Indicator       | 2015 | 2016 | 2017 | 2018 | 2019 | 2020  | 2021  |
|-----------------|------|------|------|------|------|-------|-------|
| Guests          | 5.5  | 13.2 | 11.2 | 6.8  | 7.0  | -74.7 | -18.4 |
| Overnight Stays | 8.6  | 10.3 | 12.3 | 7.4  | 3.7  | -77.5 | -27.0 |

Source: INE

Table No. 20 Guest and Overnight Stay Entries by Island in 2021

| Indicator              | Hotels  | Pensions | Guest houses | Hotels- Apartments | Holiday Villages | Residences | Total   | %   |
|------------------------|---------|----------|--------------|--------------------|------------------|------------|---------|-----|
| Entries                | 150,305 | 7556     | 1235         | 3370               | 978              | 5624       | 169,068 | 100 |
| %                      | 88.9    | 4.5      | 0.7          | 2.0                | 0.6              | 3.3        | 100     |     |
| Overnight Stays        | 790,386 | 20057    | 2045         | 9172               | 2590             | 15,226     | 839,476 | 100 |
| %                      | 94.2    | 2.4      | 0.2          | 1.1                | 0.3              | 1.8        | 100     |     |
| Bed occupancy rate (%) | 29.0    | 8.0      | 8            | 14                 | 25               | 11         | 27      |     |
| Average stay (days)    | 5.0     | 2.5      | 1.6          | 2.6                | 2.3              | 2.6        | 4.7     |     |

Source: INE

Table No. 20 Guest and Overnight Stay Entries by Island in 2021

| Indicator       | Santo Antão | São Vicente | São Nicolau | Sal     | Boa Vista | Maio | Santiago | Fogo   | Brava | Total   | %     |
|-----------------|-------------|-------------|-------------|---------|-----------|------|----------|--------|-------|---------|-------|
| Entries         | 9677        | 11,003      | 676         | 76,243  | 23,129    | 693  | 42,610   | 4 248  | 789   | 169,068 | 100.0 |
| %               | 5.7         | 6.5         | 0.4         | 45.1    | 13.7      | 0.4  | 25.2     | 2.5    | 0.5   | 100.0   |       |
| Overnight stays | 18,873      | 30,202      | 3182        | 514,895 | 175,039   | 2055 | 80,742   | 12,136 | 2352  | 839,476 | 100   |
| %               | 2.2         | 3.6         | 0.4         | 61.3    | 20.9      | 0.2  | 9.6      | 1.4    | 0.3   | 100     |       |

Source: INE

Table No. 21 Aircraft, Passenger, Cargo and Mail Activity in Domestic Airports. 2015-2021

| Designation         | 2015      | 2016      | 2017      | 2018      | 2019      | 2020    | 2021    |
|---------------------|-----------|-----------|-----------|-----------|-----------|---------|---------|
| Passengers (number) | 2,035,352 | 2,258,355 | 2,649,231 | 1,957,747 | 2,771,931 | 775,998 | 830,240 |
| Aircraft (number)   | 27,682    | 30,209    | 36,212    | 28,702    | 35,202    | 13,162  | 14,284  |
| Cargo (t)           | 2,845,323 | 2,777,761 | 2,127,108 | 3,061,504 | 1,390,234 | 703,668 | 694,742 |
| Mail (t)            | 320,798   | 317,516   | 391,341   | 283,019   | 456,612   | 221,366 | 308,616 |

Source: AAC

Table No. 22. Ship, Passenger, Merchandise, and Container Activity through National Ports 2015-2021

| Designation         | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Ships (number)      | 6514      | 7532      | 7,306     | 7,941     | 7863      | 6,438     | 6799      |
| Passengers (number) | 834,599   | 903,277   | 873,866   | 981,868   | 1,071,259 | 758,743   | 1,088,626 |
| Merchandise (Ton)   | 1,963,098 | 2,075,040 | 2,334,335 | 2,595,936 | 2,667,253 | 2,173,068 | 2,355,884 |
| Containers (Ton)    | 483,977   | 547,512   | 708,905   | 811,164   | 914,884   | 635,604   | 596,440   |
| Containers (TEU)    | 53,727    | 63,114    | 75,571    | 85,641    | 93,716    | 78,722    | 82,386    |

Source: ENAPOR

Table No. 23. Evolution of Primary Macroeconomic Indicators 2015-2021

| Indicator                                       | Units                     | 2015  | 2016  | 2017  | 2018P | 2019P | 2020P | 2021P |
|-------------------------------------------------|---------------------------|-------|-------|-------|-------|-------|-------|-------|
| <b>National Accounts, Prices and Employment</b> |                           |       |       |       |       |       |       |       |
| Gross Domestic Product                          | variation rate %          | 0.9   | 4.7   | 3.7   | 4.5   | 5.7   | -14.8 | 7.0   |
| Annual Average Inflation                        | variation rate %          | 0.1   | -1.4  | 0.8   | 1.3   | 1.1   | 0.6   | 1.0   |
| Unemployment Rate                               | in % of active population | 12.4  | 15.0  | 12.2  | 12.2  | 11.3  | 14.5  | 8.3   |
| <b>Monetary and Financial Sector</b>            |                           |       |       |       |       |       |       |       |
| Money Supply                                    | variation rate %          | 5.9   | 8.4   | 6.6   | 1.7   | 8.1   | 4.1   | 3.1   |
| System Net Foreign Assets                       | variation rate %          | 13.4  | 18.6  | 2.3   | -6.5  | 24.8  | -9.9  | 5.2   |
| Net Domestic Credit                             | variation rate %          | 2.2   | 3.7   | 6.3   | 2.9   | -2.1  | 6.7   | 4.8   |
| Economic Credit                                 | in % of GDP               | 55.7  | 55.4  | 56.0  | 54.2  | 53.9  | 66.9  | 65.1  |
| <b>Exchange Rates</b>                           |                           |       |       |       |       |       |       |       |
| Nominal Effective Exchange Rate Index           | Average values            | 102.4 | 102.7 | 103.0 | 103.5 | 102.9 | 103.2 | 101.2 |
| Real Effective Exchange Rate Index              | Average values            | 131.8 | 129.7 | 128.7 | 128.6 | 127.4 | 128.0 | 96.5  |
| USD/CVE Exchange rate                           | Average values            | 99.4  | 99.7  | 97.9  | 93.4  | 98.5  | 96.7  | 93.2  |
| <b>Foreign Sector</b>                           |                           |       |       |       |       |       |       |       |
| Current Account                                 | in % of GDP               | -3.1  | -3.4  | -7.0  | -4.6  | 0.3   | -15.1 | -12.0 |
| Foreign Direct Investment in Cabo Verde         | in % of GDP               | 6.9   | 6.5   | 5.0   | 4.9   | 4.6   | 2.5   | 4.6   |
| Reserves/Imports                                | months                    | 6.7   | 7.2   | 6.0   | 5.6   | 6.9   | 7.9   | 7.5   |
| <b>Public Finance</b>                           |                           |       |       |       |       |       |       |       |
| Overall Balance                                 | in % of GDP               | -4.2  | -2.8  | -2.7  | -2.4  | -2.2  | -9.1  | -7.4  |
| Primary balance                                 | in % of GDP               | -1.8  | -0.4  | -0.3  | 0.0   | 0.1   | -6.4  | -5.2  |
| Public Debt Stock                               | in % of GDP               | 115.0 | 116.9 | 113.1 | 111.9 | 113.2 | 142.0 | 142.7 |

Source: DNP-MFFE, INE and BCV

Table No. 24. Change in Nominal GDP by Line of Business (in millions of CVE). 2015 to 2021

| Line of business                  | 2015          | 2016          | 2017          | 2018 <sup>E</sup> | 2019 <sup>E</sup> | 2020 <sup>E</sup> | 2021 <sup>E</sup> |
|-----------------------------------|---------------|---------------|---------------|-------------------|-------------------|-------------------|-------------------|
| Agriculture                       | 11995         | 12066         | 10502         | 8147              | 7826              | 6937              | 6779              |
| Fishing                           | 1872          | 1190          | 1163          | 1575              | 1217              | 1084              | 1180              |
| Extraction industries             | 566           | 592           | 521           | 548               | 608               | 615               | 629               |
| Manufacturing industries          | 10389         | 9835          | 10616         | 12390             | 12957             | 12116             | 15536             |
| Power and water                   | 5234          | 4484          | 4314          | 4948              | 5172              | 4881              | 5358              |
| Construction                      | 12569         | 13489         | 16039         | 17530             | 19534             | 20461             | 23843             |
| Commerce                          | 16179         | 16678         | 18622         | 19973             | 20625             | 15660             | 16482             |
| Transportation                    | 14999         | 15437         | 16641         | 17623             | 19645             | 12984             | 15115             |
| Housing and remodeling            | 7260          | 8901          | 11476         | 12399             | 14124             | 4319              | 3287              |
| Telecommunications and mail       | 6013          | 6168          | 5798          | 5313              | 5133              | 4847              | 4819              |
| Financial services                | 6138          | 6439          | 7283          | 7817              | 8553              | 8548              | 9158              |
| Real estate and other services    | 16210         | 19067         | 15312         | 16052             | 16429             | 13976             | 14758             |
| Services to companies             | 4057          | 4471          | 4299          | 4218              | 4182              | 3403              | 3227              |
| Public administration             | 25188         | 25273         | 26569         | 28479             | 31136             | 33332             | 36607             |
| Gross Value Added                 | 138667        | 144090        | 149154        | 157010            | 167142            | 143164            | 156779            |
| Tax on products net for subsidies | 20032         | 21692         | 23944         | 26688             | 28060             | 21747             | 23708             |
| <b>Gross Domestic Product</b>     | <b>158699</b> | <b>165782</b> | <b>173097</b> | <b>183698</b>     | <b>195202</b>     | <b>164911</b>     | <b>180486</b>     |

Source: INE

Table No. 25. Actual Change in GDP by Line of Economic Activity. 2015 to 2021 (in millions of CVE). 2015-2021

| Line of work                      | 2015          | 2016          | 2017          | 2018 <sup>E</sup> | 2019 <sup>E</sup> | 2020 <sup>E</sup> | 2021 <sup>E</sup> |
|-----------------------------------|---------------|---------------|---------------|-------------------|-------------------|-------------------|-------------------|
| Agriculture                       | 12132         | 12247         | 10589         | 8127              | 7717              | 7157              | 7443              |
| Fishing                           | 1477          | 885           | 898           | 1172              | 903               | 899               | 1003              |
| Extraction Industries             | 324           | 334           | 289           | 294               | 319               | 322               | 342               |
| Manufacturing Industries          | 8348          | 7727          | 8292          | 9488              | 9811              | 9075              | 10834             |
| Power and Water                   | 3933          | 4593          | 4784          | 5210              | 5542              | 5219              | 5658              |
| Construction                      | 10638         | 11268         | 13406         | 13933             | 15413             | 15849             | 17211             |
| Commerce                          | 13758         | 14348         | 15686         | 17018             | 17811             | 14054             | 14640             |
| Transportation                    | 12449         | 13019         | 13995         | 13681             | 15052             | 10104             | 10799             |
| Housing and Remodeling            | 5142          | 5487          | 6481          | 6775              | 7355              | 2153              | 1574              |
| Telecommunications and Mail       | 8400          | 8438          | 7921          | 7401              | 7250              | 7002              | 7109              |
| Financial Services                | 5671          | 5865          | 6581          | 7155              | 7804              | 7935              | 8537              |
| Real estate and other Services    | 14182         | 17221         | 14023         | 14802             | 15342             | 13408             | 14090             |
| Services to Companies             | 3909          | 4280          | 4276          | 4189              | 4107              | 3132              | 2890              |
| Public Administration             | 22638         | 22249         | 23274         | 25267             | 27539             | 30001             | 33065             |
| Gross Value Added                 | 122934        | 128014        | 131762        | 136572            | 144710            | 125202            | 133862            |
| Tax on Products Net for Subsidies | 17412         | 18923         | 20596         | 22660             | 23556             | 18246             | 19557             |
| <b>Gross Domestic Product</b>     | <b>140297</b> | <b>146899</b> | <b>152337</b> | <b>159240</b>     | <b>168265</b>     | <b>143390</b>     | <b>153359</b>     |

Source: INE

Table No. 26. Remittances by Emigrants by Destination District (in millions of CVE) 2015-2021

| District                   | 2015 | 2016P | 2017P  | 2018P | 2019P | 2020P  | 2021P  |
|----------------------------|------|-------|--------|-------|-------|--------|--------|
| <b>Santo Antão</b>         | 1035 | 1235  | 1366   | 1352  | 1236  | 1215   | 1468   |
| Ribeira Grande             | 605  | 636   | 712    | 731   | 668   | 610    | 756    |
| Porto Novo                 | 430  | 509   | 554    | 521   | 476   | 496    | 575    |
| Paúl                       | 0    | 90    | 99     | 101   | 93    | 109    | 137    |
| <b>São Vicente</b>         | 3354 | 3112  | 3220   | 3232  | 3141  | 3082   | 3523   |
| <b>São Nicolau</b>         | 1173 | 838   | 891    | 825   | 666   | 589    | 776    |
| Ribeira Brava              | 0    | 599   | 654    | 659   | 496   | 372    | 480    |
| Tarrafal de São Nicolau    | 0    | 238   | 236    | 166   | 170   | 217    | 296    |
| <b>Sal</b>                 | 733  | 693   | 542    | 531   | 578   | 764    | 914    |
| <b>Boa Vista</b>           | 445  | 530   | 415    | 390   | 366   | 444    | 455    |
| <b>Maio</b>                | 394  | 359   | 373    | 316   | 274   | 294    | 309    |
| <b>Santiago</b>            | 8876 | 9765  | 10,004 | 9844  | 9367  | 10,488 | 13,652 |
| Praia                      | 4620 | 4958  | 4700   | 4584  | 4277  | 4,527  | 5848   |
| São Domingos               | 0    | 209   | 189    | 316   | 326   | 645    | 1185   |
| Calheta São Miguel         | 0    | 530   | 573    | 663   | 600   | 623    | 915    |
| Santa Catarina             | 2277 | 2274  | 2374   | 2188  | 2065  | 2307   | 2798   |
| Sta Cruz                   | 478  | 509   | 583    | 575   | 611   | 800    | 917    |
| Tarrafal                   | 1502 | 1266  | 1 546  | 1476  | 1465  | 1535   | 1908   |
| São Lourenço dos Orgãos    |      | 6     | 10     | 10    | 7     | 14     | 28     |
| São Salvador do Mundo      |      | 3     | 5      | 10    | 4     | 12     | 16     |
| Ribeira Grande de Santiago |      | 9     | 23     | 22    | 12    | 26     | 37     |
| <b>Fogo</b>                | 961  | 1458  | 1498   | 1597  | 1856  | 2519   | 3183   |
| Mosteiros                  | 0    | 532   | 567    | 593   | 644   | 799    | 985    |
| São Filipe                 | 0    | 900   | 886    | 960   | 1156  | 1606   | 2004   |
| Santa Catarina do Fogo     |      | 27    | 45     | 43    | 57    | 115    | 194    |
| <b>Brava</b>               | 290  | 318   | 290    | 411   | 462   | 571    | 685    |

Source: BCV

P = Provisional Data

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