



## **REPUBLIC OF CABO VERDE**

### **Multi-Annual Indicative Programme**

**2021-2027**

## 1. The overall lines of the EU international cooperation in the partner country

### 1.1. Basis for programming

This Multi-Annual Indicative Programme (MIP) is built-up on two solid foundations: (i) the national development strategies, recently «reviewed» in the context of the COVID-19 pandemic, and (ii) the evolving Special Partnership established between the EU and Cabo Verde (CV). The MIP reflects shared EU-CV interests and priorities, and takes into account lessons learned, key challenges and opportunities for EU engagement in the next 7 years. **It builds on the concept of an Inclusive Green Growth Compact between the EU and Cabo Verde founded on the existing Partnership.**

Strategically situated in the mid-Atlantic along main trade routes and evolving as a hub for transatlantic communications<sup>1</sup>, Cabo Verde is a reliable and stable democracy committed to the rule of law. The EU-CV Special Partnership and the cultural, political and social affinities with the EU brought Cabo Verde close to Europe in areas of common interest such as security, mobility, trade, Foreign Direct Investment (FDI) or civil rights (e.g. gender). Due to COVID-19 the country has plunged into its worst economic recession since its independence, putting its institutions, fiscal stability and social fabric under increasing pressure. The EU's support will be critical to help the country out of the recession and to foster an inclusive and green recovery<sup>2</sup>. EU-CV relations are strong, as evidenced during the last Ministerial Meeting held in Lisbon in June 2021, based on shared commitment to multilateralism, and the 2030 Agenda around the Sustainable Development Goals (SDGs).

The national development strategy of Cabo Verde, the Strategic Plan for Sustainable Development (*Plano Estratégico de Desenvolvimento Sustentável – PEDS 2017-2021*), is structured along several axes of the SDGs. Its overall objective is «sustainable development with full employment», by means of Cabo Verde's geo-strategic position and the development of a “*Mid-Atlantic Hub Economy*”. The PEDS comprises 35 programmes grouped into three crosscutting pillars: Economic Growth; Social development; and Sovereignty. To set priorities and establish more concrete goals, several long-term sector plans were elaborated – notably the Sustainable Tourism Plan (2018-2030) and the EU funded Electricity sector Master Plan 2018-2040 – and are being implemented.

However, as the dramatic impact of COVID-19 was not anticipated in the PEDS, the Government reacted quickly through the adoption of an 18-months national response and recovery plan (PNRR) in 2020. This document sets priorities for the resumption of business activity, the deployment of social safety nets and the acceleration of sustainable economic development at short and medium term. It also provides a «bridge» between the current PEDS (2017-2021) and the next one. The preparatory works for the new PEDS started in 2020, and a major milestone was achieved with the adoption by the National Assembly of “Cabo Verde 2030 Ambition” in December 2020. This «vision» will surely inform the PEDS II (2022-2027), expected to be concluded in late 2021.

Both the PEDS and the *2030 Ambition* match the five European Commission geo-strategic priorities, especially in sectors such as Energy Transition, Poverty Reduction, Education, Green Economy, Governance, Digitalisation, Inclusive Growth and Jobs, Maritime Security and Fight against illegal trafficking. Moreover, they are built on the values of democracy, human rights and the rule of law, which *de facto* are largely respected in the stable democracy of Cabo Verde and are the basis on which the EU-Cabo Verde Special Partnership was founded in 2007.

The Government stepped forward in 2019 as one of the pioneer countries committed to being part of the UN/WB/EU led initiative called "Integrated National Financial Frameworks" (INFF), which aims at better aligning the national development policies of the countries to Agenda 2030 and the SDGs,

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<sup>1</sup> The Ella Link fibre optic cable linking Latin America (Brazil) with Europe (Portugal) and passing through Cabo Verde was inaugurated in May 2021.

<sup>2</sup> In line with the EU Circular Economy Action Plan (CEAP) and Sendai Framework.

while allowing the country to develop a financing strategy. The EU has been actively engaged in this exercise since its beginning, despite its slow pace of progress due to the limitations imposed by COVID-19. In November, the UN and the Government of Cabo Verde released the results of the first phase of the COVID-19 Post Crisis Needs Assessment+ (PCNA+). This socio-economic impact assessment will be instrumental to inform the INFF process.

Cabo Verde has a strategic importance in international connectivity for the EU and for its Global Gateway approach. Cabo Verde is a crossroads for digital connectivity with Africa and with Latin America and as such, EU pays particular attention to its approach to policy and regulation for digital transformation and data economy. Policy cooperation and partnership on digitalisation will be instrumental to those objectives. Cabo Verde will continue to be a priority for EU in international connectivity strategies and as part of the Global Gateway.

One of the most salient issues in Cabo Verde's development policy is its commitment to promote a renewable energy transition with a national target of 50% of all energy consumption from renewable sources by 2030. Cabo Verde's ambition is realistic and, if successful, it will place it among the first countries in Africa to reach this goal. EU's support through EFSD+ and other instruments, packaged in the form of an EU-CV Green Deal, will be instrumental to reach this target.

One must note the significant challenge that the country will have, specifically in the medium-term, to finance its policies and the *2030 ambition*. The country already reached a high level of public debt (151% of GDP by early 2021), fiscal revenues are expected to diminish by around 40% in 2021, and FDI may decrease by 30%, not reaching pre-pandemic level before 2022. In that perspective, the Government needs to successfully mobilise funding from external partners and private investors, in an environment of global recession.

The crisis has shown the limits and fragility of Cabo Verde's economy, typical of a Small Islands Developing State (SIDS). As state finances are severely hit, and private sector investment is expected to contract, international partners have an important role to play in Cabo Verde through Budget Support and programmatic interventions. There is also a clear opportunity to put in practice the External Investment Plan.

Cabo Verde is currently the only African country benefitting from unilateral trade preferences under the EU's GSP+ system for sustainable development. The country has made significant progress over the last decade regarding its child labour policy and the development of a social protection system, despite its limited administrative capacity and limited fiscal space. The country could therefore in principle act as a positive role model for other African countries, which might consider to join GSP+ in the future.

Cabo Verde has been an active partner of PALOP-TL regional programme and has been able to capitalise on the complementarities this programme offers to the MIP. Cabo Verde is a member of the ECOWAS, an organisation that plays a strong role in regional integration.

Cabo Verde still stands out in the West Africa region as a beacon of hope for a more prosperous Africa. With EU's support, Cabo Verde could regain its growth path, showing that it is possible to build back better, through a green and inclusive economic model. It is in the EU and Cabo Verde interests to nurture the collaboration in the fight against irregular migration, drugs trafficking, illegal financial flows and maritime and regional insecurity that are major challenges for the country. The EU shall continue to play its natural role as a prominent and privileged partner to Cabo Verde in this endeavour.

When a national or trans-regional action includes the outermost regions of one or more Member States, the relevant Commission services shall discuss the implementing modalities and specific interventions for implementation, pursuant to the NDICI Regulation (Article 43), and to European territorial cooperation regulation (Article 55), which will be reflected as appropriate in the relevant Annual Action Plans/measures and within the Interreg programme(s).

The Government of the Canary Islands, acting as Managing Authority, is preparing the future INTERREG MAC programme 2021-2027 in which Madeira, Azores, Canary Islands, Cape Verde, Ivory Coast, The Gambia, Ghana, Mauritania, Sao Tome and Principe and Senegal are participating. The above-mentioned paragraph applies to this MIP programme, these EU regions, and these countries.

## **1.2. Status of joint programming**

The EU and the Member States (MS) share a joint vision concerning the future development of Cabo Verde towards a more sustainable and inclusive development pathway. The current crisis could be an opportunity to foster a transformative shift, with the Government in urgent need to find sources of finance for sustainable investments. The joint action of the EU and its MS has the potential to offer financing sources, which can be a powerful incentive for investments that are indeed sustainable as well as responding to a longer-term and inclusive vision.

Although there is no joint programming document as such, there has been a very good alignment on cooperation between the EU and the resident Member States' (France, Luxemburg, Portugal and Spain) programming.

This exercise has been quite successful in ensuring a common position as regards the country development vision. The current Team Europe Initiative (TEI) has been developed together with resident MS and is the building block of a future joint programming (the EU is already coordinating closely in programming). The TEI will be fully incorporated into this MIP (within Priority Area 2) and reflects many of the priorities of Member States. Building on the potential for success of the TEI, a fully-fledged joint programming exercise could be envisaged by 2024, taking the opportunity of the Mid-term Review.

In addition, policy dialogue with the Government and coordination with the Member States work through three different fora: i) ministerial meetings, including follow-up group meetings in the framework of the Partnership and the EU, ii) technical monitoring group in Brussels; and iii) local monitoring groups in Cabo Verde. A more inclusive group dialogue involving civil society (including youth association) and the Cabo Verde parliament may also be set up. The objective of the policy dialogue is to assess progress on the various pillars of the 2007 EU-Cabo Verde Special Partnership on political/economic issues of mutual concern.

Policy dialogue with some Member States also takes place through the Budget Support Group whose current members are the AfDB, the EU, France, Luxemburg, Portugal, Spain and the WB. The Budget Support Group (GAO in Portuguese) has two sessions per year, in which the international partners examine with the Government an extensive range of issues (e.g., Public Finance Management, macro-economic stability, institutional reforms, private sector development, economic sectors, security issues and social policies). The gatherings conclude with a joint Press Release and an Aide-Mémoire with the main recommendations formulated by the GAO.

## **1.3. Priority areas of the EU's cooperation with the partner country/region**

This 2021-2027 MIP ambition is to fuel a transformational shift towards an inclusive green growth economic model. Cabo Verde has been successful in pulling itself out of extreme poverty in the three decades running from independence to 2008, when it reached its current lower middle-income status. However, that growth model, based on all-inclusive tourism and imported fossil fuels alone, is unable to address all the country's development challenges. It has generated an extreme dependency on a captive tourism market, making the country highly vulnerable to external shocks, as the COVID-19 crisis has shown. The country needs to move towards a more diversified mix of tourism markets, generate its own sustainable energy and create value chains that connect the local economy to the profitable leisure industry. While progressively building on this new paradigm, it must continue to strengthen its institutions and the rule of law to ensure a vital and appealing sustainable investment climate, full transparency, enhance its normative convergence with EU standards and promote a higher degree of inclusiveness and equal opportunities for all.

In order to be effective and maximise impact, the MIP must be focused and an integrated approach is needed to address development, security and governance. Areas of collaboration must act as catalytic of change and avoid ineffective dispersion. To this end two priority areas of action are proposed:

### Priority Area 1 **Governance for Human Development and Equality**

In line with Ambition 2030, the EU can be instrumental in supporting two critical areas of Governance:

- supporting the Government's mitigation measures to respond to the crisis. This includes the reduction of the inequality gap, through social protection, education and the promotion of gender equality, while ensuring no one is left behind during the recovery phase.
- reinforcing the sustainability of Government policies by strengthening domestic resource mobilisation and PFM and by enhancing normative convergence with the EU.

The social situation in Cabo Verde has been characterized by a relatively high degree of social cohesion despite increasing income inequality. However, the current and expected socio-economic impact of the COVID-19 crises in the next 2 years may dramatically change this panorama. Cabo Verde has been able to develop performing social sectors (health and education) and, more recently, an incipient social protection scheme. These have been boosted during the COVID-19 crisis, but need to be more firmly anchored to act as more structural safety nets for the most vulnerable beyond the crisis. The recent increasing unemployment levels reaching an estimated 20% of the formal workforce, is an additional challenge that the Government is trying to address. However, extra unemployment benefits only reach 10% of the formally unemployed. There is a marked difference in poverty levels between urban and rural areas on the one hand and between islands on the other. Action must be taken to ensure that the 4% of the population with lowest income is kept over the international extreme poverty line by 2030 (e.g. through the strengthening of the existing national Inclusive Social Income-Rendimento Social Solidario -RSI scheme), while reducing by half the number of people living under the national poverty line (EUR 4.6/day which was 35% in 2015). In addition, poverty in the country affects mainly women, with 68% of the extreme poor families being women headed households. Formal steps taken towards improving gender equality (e.g. gender-based violence shelters) must be enforced and further developed so that they permeate all social spheres, including the administration, the private sector and civil society. Decisive action is needed to ensure reduced dropout in secondary education, notably for girls. This can be achieved by supporting new government policies aiming at an increased income for extreme poor families so that they can afford girls to complete secondary education and by financing pre-primary care services allowing adolescent mothers to attend school. The completion of secondary education for young girls is one of the most critical factors for the empowerment of women in Cabo Verde. The efficiency of Government in delivering these policies can be significantly improved by using digital technology. Opportunities to also increase teacher's capacities, especially in remote areas of less populated islands, through regional education programmes will be explored. The Erasmus+ programme will be promoted to support the objectives of the MIP in this regard.

Fiscal policies must be further strengthened to reduce tax evasion and explore additional sources of domestic resource mobilisation sustaining Government policies for an inclusive and green growth. As a result of COVID-19, a strategic long term approach to reduce its rocketing debt burden must be developed with a firm commitment from all sides of the political spectrum. The digital regulatory framework and support measures must be strengthened to unleash the potential for a more efficient services delivery in both the private and the public sector, both at central Government and municipal level.

Cabo Verde has a good record of sound public finance management and is committed to address remaining weaknesses through ambitious reforms. The legal basis of the PFM system needs to be further developed; a more in-depth analysis and monitoring of the cost benefit of Special Economic Zones

should be conducted<sup>3</sup>, the capacity of the Court of Auditors and internal audit strengthened; better predictability of external financial aid promoted; the rollout of PFM reforms to the municipal level further fostered.

The EU will explore the possibilities and available means to support the ongoing efforts for strengthening the judiciary and security forces. These areas will be initially covered by the Support Measures, through the launch of a diagnostic study that would take into account the challenges of digitalisation (including the effective implementation of a Judiciary Digital System), gender based violence, money laundering and illegal trafficking. Aspects that, despite Cabo Verde strategic position in mid-Atlantic, represent an obstacle to the development of local business and to foreign investments.

Once these studies are finalised, funding options will be explored, should additional resources become available after the mid-term review.

This priority area will contribute directly to SDGs 16, 1, 5, 10 and 4.

## Priority Area 2. **Green Economy for decent Jobs and inclusive growth**

Having reached its current lower middle-income status in 2008 Cabo Verde is currently confronted with many of the challenges associated to the middle income trap: the growing debt burden, its dependence on limited and volatile markets, decreasing productivity gains and loss of competitiveness. These challenges add up to the natural limitations of the SIDS economies: high transport and fuel cost, exposure to natural hazards and extreme dependence on external markets (tourism, energy). The COVID-19 crisis has struck the Cabo Verde economy with an unexpected intensity, confronting both authorities and private sector with the limitations of the current growth model.

While the building blocks of the Cabo Verde economy will not change overnight, the current situation offers an opportunity to promote a new paradigm based on an inclusive green growth vision. Cabo Verde has already taken significant steps in this direction but much more needs to be done. EU's support can be a financial, technical and political enabler to make this paradigm shift work.

To reduce its dependence on captive markets, the country must improve its green investment climate and attract international investors while creating more opportunities for the development of domestic businesses. The regulatory framework can be adjusted to incentivise sustainable and green investments, while facilitating access to credit by local business. The banking structure in Cabo Verde is stable, but focused on a limited number of clients -big depositors- which results in high vulnerability. Access to credit for individuals, micro and small enterprises is limited by high commercial interest rates. Central Government and municipalities are to improve their negotiation and supervisory skills for large foreign and local investments, namely in the tourism market, to ensure that these contribute in a fair manner to domestic revenues and to a more sustainable, inclusive and long-term green development.

Cabo Verde has committed to reach 50% of energy consumption from renewable sources by 2030. The process to reach this goal started in 2010. The country (with European Investment Bank support) has already reached 20% of renewable consumption in 2020, but the extremely limited financing sources are preventing the country to progress towards its goal. In addition, the high public debt level is a limiting factor to develop the sector and may prompt a growing presence of non-conventional funding sources.

The EU can be instrumental in leveraging funds to cover financial needs through the funding of renewable energy programmes foreseen in the country Electricity Master Plan, and help paving the way to attract green investments. This can be done through blending operations and guarantees and by strengthening the national capacities to manage and monitor this growing and promising source of

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<sup>3</sup> It should be verified that fundamental labour standards (and environmental standards) are fully applicable also in Special Economic Zones.

energy. EU's support through Technical Assistance and EFSD+ can effectively contribute to the country's goal of 50% renewables by 2030. This will trigger a transformational change in the national economy (and its balance of payments), reducing vulnerability to external shocks, increasing the energy strategic autonomy and reducing substantially energy cost for families and business. The drastic reduction that the cost of energy entails can also become a powerful incentive for FDI. Being the first country in Africa to reach this goal, it will showcase how EU's support can be transformative in advancing the Paris Agreement<sup>4</sup>.

Tourism constitutes the growth engine of the country. The current model, based on all-inclusive resorts managed by a few operators that import all goods from Europe needs to evolve and diversify. The EU will closely work with the private and public sector to diversify the tourism industry exploring the natural potential of the archipelago to offer a sustainable, profitable and job creating touristic development. The declaration of the two biosphere reserves in 2020 has sent a promising signal that other European (and African) tourism market niches can be explored, while better connecting the islands' economy to the existing resorts through the strengthening of domestic value chains. Blending and guarantees can be used to offer opportunities for business and medium to small-scale producers to invest in energy transition. The EU will work to improve SME's access to credit and reduce other barriers preventing a further expansion of the domestic industry. The Erasmus+ programme will also be promoted to support the objectives of the MIP.

More than 90% of Cabo Verde's territory are territorial waters (exclusive economic zone of 800,000 Km<sup>2</sup>) and there is a significant potential to develop the blue economy. EU's support will aim at a comprehensive approach to the efficient and sustainable management of marine resources including the conservation, commercial and touristic dimensions. Marine conservation areas are not only fundamental for the protection of biodiversity, but may act as well as important appeal factors for the green tourism industry, notably in remote areas of certain islands. The main commercial and fishing port of Mindelo could be supported to become a Blue Port. Although the fishing resources are not as abundant as in the coastline of Mauritania or Senegal, the country's fishing fleet is still insufficient to exploit its own stocks. There is room to invest further in its development, in partnership with the private sector with a potential to use blending and guarantees. Artisanal fishing, including the development of cold chains, electric mobility and maritime safety are also key areas of investment. The EU has recently approved a three year derogation to the rules of origin for Tuna, Mackerel and Frigate Tuna's export to the EU markets. Building on the national authorities' follow-up obligations for this derogation, the EU will assist the Ministry of Maritime Economy (and other key Mindelo based institutions such as the National Institute of Fisheries or the Sea Campus) with Technical Assistance to improve the capacity to manage and monitor marine resources and vessels, including in relation to the EU-CV Fisheries agreement and international conventions.

Particular attention will be given to promote life-long learning, 'green skills for green jobs' and 'youth entrepreneurship' for a fair green transition and to take into consideration capacity building need of entities of the 'social and solidarity economy'. Finally, Corporate Social Responsibility (CSR) will be promoted, as will preparations for the upcoming EU due diligence legislation..

This priority area will contribute directly to SDGs 7, 14, 12, 8, 6, 15.

#### **1.4. Justification and context**

In 2020 Cabo Verde entered into recession due to the economic impact of COVID-19. The collapse of tourism flows from Europe, which represent 25% of its GDP, has dramatically stalled economic activity and Government revenue. Although the health situation is not yet as worrying as in most European countries, the COVID-19 related restrictions and lockdowns also had a negative impact in the local

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<sup>4</sup> In its 2020 update for the NDC Cabo Verde proposed 14 contributions and more than 100 measures. Cabo Verde seeks to achieve a substantial mitigation benefit – in the order of 180,000 tCO<sub>2</sub>eq. to 242,000 tCO<sub>2</sub>eq annually by 2030.

economy. As a result GDP fell by 14,8%, public debt has peaked to 151%, and official unemployment has reached 20%.

To grasp the full dimension of the current crisis we must recall that Cabo Verde is known for its remarkable economic and social achievements, despite the almost absolute lack of natural resources, including water or arable land. Cabo Verde also faces many of the vulnerabilities of a SIDS, including those arising from climate change, challenges in international and inter/island connectivity, expensive energy, small and scattered administration and an economy very dependent on international fluctuations. The main source of wealth behind the country's success has been the tourism industry, its political stability and its relatively high levels of basic education. In 2008 Cabo Verde managed to become a lower middle income country (LMIC). This landmark achievement came however at the price of losing access to concessional development aid – a consequence of the LMIC status. This new limitation, coupled with the 2008 European financial crisis' impacted on tourism, hindered the high growth rates that had characterised the previous period, increasing public debt exponentially. Following an uneven decade, only in 2018 did the country manage to reach the same level of (current) GDP per capita as in 2008. The country managed however to progressively recover its growth path with tourism arrivals reaching a peak of 850 000 people in 2019 and annual growth surpassing the 5% benchmark on that same year. Also for the first time in a decade, in 2018 the country started to reduce its debt burden. The 2020 COVID-19 crisis came as a blow, just at the moment when the country was regaining a high growth momentum.

To mitigate the consequences of the pandemic, the national authorities have put in place a number of vigorous measures to alleviate the disastrous economic impact of the crisis in families and business. These, together with the reduction of State revenue, have resulted in an exponential increase of its debt burden. During the Budget Support Group meetings with the Ministry of Finance in December 2020 and June 2021 it was made clear that the debt is likely to continue increasing as the end of the crisis is nowhere near.

The current situation and its social impact poses a threat to the country's economic stability and performance. It is, however, also an opportunity for the country to respond to the structural challenges of its growth model and undertake significant reforms and investments that will help shift its development vision towards an inclusive green economy. In some specific areas, the country is already on the right track, but hampered by lack of finance and its high debt burden. In other areas, firm transformational initiatives are needed to develop and diversify sustainably key sectors of the country's economy and promote further convergence with EU norms and standards.

Cabo Verde is particularly vulnerable to external shocks. On one hand, the economy relies on tourism flows originating almost exclusively from Europe, monopolised by tour operator's all-inclusive packages and resorts. The resorts create local employment, but are largely isolated from the domestic economy as they import most goods directly from Europe. On the other hand, the country imports fossil fuels to produce expensive energy for its population and economy, making the country dependent on fossil fuel price fluctuations. Being an arid archipelago an increasing part of the water consumed by households and the scarce agriculture that exists comes from desalinized water, which, due to the high energy prices, is extremely costly. Sectors like fisheries and services (digital, banking, etc.) are incipient but still too marginal to contribute significantly to the country's GDP. The development of the domestic private sector is hampered by the expensive access to finance, stringent regulations of some sectors and limited scope for judiciary action on commercial matters. Connectivity between the 9 populated islands of the archipelago has improved but remains too expensive and unreliable to unleash the various island's potential. There is clearly an opportunity for EU companies to invest in domestic and international transport to and from Cabo Verde despite the unpredictability of this strategic sector in the country.

The EU-Cabo Verde relation has been framed by the 2007 EU-Cabo Verde Special Partnership, agreed under the umbrella of the Cotonou Agreement. This partnership is an ambitious political arrangement



based on shared values and a set of priorities aimed at contributing to socio-economic development of Cabo-Verde. Its main tools are the convergence with EU standards and norms, close cooperation on security, mobility, regional integration and knowledge society. Together with an ample Budget Support operation and the bilateral and regional programmes, the Special Partnership has been a fundamental pivot for the country's development in the last decade. The EU played a critical role in supporting the country's shift from the stagnation resulting from the 2008-2014 financial crisis' impact on tourism, to the higher growth rates and success in poverty reduction of the period 2016-2019. During the COVID-19 crisis in 2020, the EU has also been one of the most relevant and reliable country's partners, delivering, in record time, the largest Budget Support single annual payment to Cabo Verde so far and amending many of its various bilateral and regional operations to support the national mitigation measures (namely social transfers, guarantees for business and layoffs mitigation packages). Support was also provided through Civil Society Organisations/Local Authorities (CSO/LA) programmes and Regional Programmes.

Lessons learned from the previous 2014-2020 Multiannual Financial Framework, under the 11<sup>th</sup> European Development Fund (EDF), and the 2021-2027 National Indicative Programme of Cabo Verde can be summarised in two main conclusions:

Budget Support is an efficient cooperation tool in the context of Cabo Verde and the EU-CV Special Partnership. The 2021-2020 period allowed for an architecture of variable tranche indicators specifically linked to many of the critical areas of the special partnership, including Gender and labour policies. Budget Support allowed having a direct and close line of dialogue with the Vice Prime Minister who is also the Minister of Finance, resulting in access to vital information and leverage with line ministries, municipalities and international partners. In the future, policy dialogue should not be limited to the executive power but the full potential of dialogue with other key actors should be exploited.

To be able to channel direct grants to Government Institutions (Tribunal de Contas, Instituto Nacional de Estatística, etc.), which have sound policies but weak capacity to fulfil their mandates, Technical Assistance continues to be a key instrument to ensure that the country achieves its ambitious goals, especially in areas technically demanding such as innovative Renewable Energy programmes or the strengthening of the court of auditors mandate.

This MIP proposes to take the EU-CV Special partnership a step further and through EU support contribute to favour a shift in the country's growth model. Precisely because the way out of the crisis requires access to finance and investments, the EU is in a position to support the Government with budget support, blending, guarantees, grants and Technical Assistance, if it decisively bets on investing in a green and inclusive economic growth model. In line with EU priorities, this MIP will support Cabo Verde objective of achieving 50% renewable energy target by 2030, which would be a major achievement.

In order to favour this change this MIP proposes to support two Priority Areas. Firstly, to support the Country institutions to strengthen its response to the crisis and reduce inequalities while creating an enabling environment to pave the way for an inclusive green recovery during recovery. Secondly, to work around three key pillars of the national economy by facilitating access to finance in the form of blending and guarantees and funding grant programmes to build capacity, improve the regulatory framework and invest in sustainable and inclusive pilot initiatives. These three pillars are Renewable Energy, Sustainable Tourism/Water and Blue Economy. Together, they form the bulk of the main sectors contributing to GDP, where productivity gains can be most easily attained and/or where is the highest potential for sustainable and inclusive growth. These are also the sectors that generate formal employment and provide clear opportunities for the promotion of inclusive labour policies. Tourism and blue economy are closely linked to EU consumer and investor markets and offer a great potential for further EU investments in the renewable energy market. There is also an unleashed potential for the development of the domestic private sector in these areas, including value chains of local produce and

services to feed the tourism market. These three pillars are framed within EU trade and investment relations (Opportunities for EFSD+ financing through private sector in the renewable energy or tourism industries, European existing private sector interest in these sectors-EU is already the main investor-fisheries agreement, etc.). Both the inclusion policies under Priority 1 and key green economy sectors under Priority 2 are areas where the EU can have a deep transformational leverage.

Under these two priority areas, the EU will endeavour to diversify its government interlocutors. In the past 11<sup>th</sup> EDF the focus was on Budget Support.. This MIP will continue to work with the central Government through this modality, but will also expand to other ones, which would allow interacting with parliament, judiciary, municipalities, civil society, trade unions and the private sector. There is a rich civil society landscape in Cabo Verde, but local organisations are still weak and lack capacity and structure. CSO's and NGOs strengthening will be a priority.

### **1.5. Duration of the MIP and option for synchronisation**

The duration of the MIP will be 7 years. A first implementation phase will cover the period 2021 to 2024 and a second implementation phase will cover 2025-2027. A MIP mid-term review will be conducted in 2024.

The MIP is aligned with Cabo Verde's Strategic Plan for Sustainable Development (*Plano Estratégico de Desenvolvimento Sustentável – PEDS*) covering the period 2017/2021. The current Government has adopted as well in 2020 a 18-months national response and recovery plan (PNRR) to adapt to the economic recession caused by COVID-19, detailing mitigation plans in the areas of social transfers, measures to keep SME afloat / reduce lay-offs, health and education. Also in 2020, the Government launched a broad based consultation (parliament, civil society, private sector and development partners) that has led to the *2030 ambition* strategy. This overreaching vision for the country's development is inspired by the SDGs agenda and matches EU priorities. By early 2022 the Government will launch its PEDS II 2022-2026. The next elections after 2021 are likely to take place in mid-2026.

## **2. EU support per priority area and proposals of Team Europe Initiatives**

### **2.1. Priority area – Governance for Human Development and Equality**

This priority area will be key to further reinforce policy dialogue in state institutions, the economic recovery, the reduction of inequality and the acceleration of the normative and technical convergence with the EU.

#### **2.1.1. Specific objective related to Priority Area 1**

To enhance the reduction of inequalities and inclusive economic growth.

The main risk will be a continued recession pushing the country into a debt stress context were it is no longer able to fund its policies. Mitigation measures include the current negotiations around the restructuring of the debt and the support that the EU (but also Luxemburg, World Bank and African Development Bank) are mainstreaming now to support socio-economic response measures.

#### **2.1.2. Expected results per specific objective**

**Expected Result Area 1/Sectors (160) Social Protection and (110) Education. Inequalities are reduced through investments in social protection, education and gender equality policies- SDG 10, SDG 1, SDG 5 and SDG 4**

Under this result area ongoing social protection mechanisms based on country systems will be strengthened to respond to the crisis, lift the most vulnerable out of extreme poverty and ensure a

progressive reduction of national poverty. Support will be provided to ensure the enforcement of gender equality legislation and to further develop the gender regulatory framework, including parity and Gender Based Violence. Capacity will be built to empower women's organisations, including business, labour and rights based. Options to improve the means to access secondary school will be explored with a focus on reducing adolescent's girl's secondary school dropout, increasing women's empowerment and access to formal employment. Other measures in support of equal opportunities and equality policies, including gender, could be considered. Such support can be provided through different tools, among others budget support with targeted indicators and technical assistance.

**Expected Result Area 2/Sector (151) Economic and Digital Governance. Enhanced macroeconomic stability and domestic resource mobilisation policies conducive to inclusive green growth -SDG 16, SDG 10 and SDG 5**

Support will be provided to maintain macroeconomic stability and resilience to shocks, notably through improvements in domestic resource mobilisation, reducing tax evasion and improving debt management. Macroeconomic stability is essential to ensure the sustainability of crisis response policies, recovery and poverty reduction. The transparency and efficiency of the revenue systems will be further developed and the predictability and oversight of budget execution enhanced, improving Government accountability for fiscal and expenditure policies and implementation. Partnerships with the budget oversight and key policymaking institutions will continue, including the Court of Auditors, The National Statistical Institute (including gender sensitive data collection), the Tax Administration and the Parliamentary Accounts Committee. The Digital regulatory and capacities framework will be strengthened in close collaboration with EU partners and policy dialogue on digital transformation will be promoted including thematic such as: secure and trusted human centric connectivity and data economy inspired by EU human centric approach to digitalisation and experience in the digital single market; GDPR, Cybersecurity regulations, 5G toolbox, and other relevant policies and regulations.

**2.1.3. Indicators (including baseline and targets), per expected result**

**ERA1**

A1) Gini Index

Baseline: estimate in 2021 44

Target: 38.5 by 2027

Means of Verification: Ministry of Finance/ World Bank

A2) Extreme poverty rate

Baseline: 13.1% of total population in 2020

Target: 0% of total population by 2026 (Eradication)

Baseline 24.3% of Rural Population in 2020

Target: 0% of rural population by 2026 (Eradication)

Means of Verification: INE/SGD Voluntary Report/ Cadastro Unico

A3) National Poverty Index

Baseline: 31.3% of population in 2020

Target: decrease to 15% by 2027

Means of Verification: INE/SGD Voluntary Report/ Cadastro Unico

A4) Secondary school enrolment of adolescent girls

Baseline: 61% of secondary school enrolment for adolescent girls in 2020/2021 school year

Target: 85% of secondary school enrolment for adolescent girls by 2026/2027 school year

Means of verification: Ministry of Education reports/ INE

A5) Number of countries which have benefitted from EU support to strengthen their social protection system

Baseline: 0<sup>5</sup>

Target: 1 in 2020

Means of Verification: EU reporting

## **ERA2**

B1) DRM-Tax revenue as % of GDP

Baseline: 21.5% of GDP in 2019

Target: increase to 24.7 % in 2026

Means of Verification: Ministry of Finance Reports

B2) Debt to GDP ratio

Baseline: 151% Public Debt/GDP end of 2020

Target: 127% Public Debt/GDP end of 2024

Means of Verification: Ministry of Finance Reports

B3) % of national statistics that are disaggregated by gender

Target: 100% by the end of 2026

Means of Verification: INE/SDG Voluntary Report/ Cadastro Unico/ Ministries

### **2.1.4. Possible use of blending and guarantees for investment under EFSD+**

There are significant opportunities for innovative financing through EFSD+ (blending and guarantees) but these pertain to Priority Area 2.

## **2.2. Priority area 2 - Green Economy for decent jobs and inclusive growth**

This priority area will be instrumental to enhance a meaningful policy dialogue with the Government, private sector, civil society, municipal authorities and other stakeholders in support of an inclusive, green growth model and in conformity with the best environmental and labour international standards.

### **2.2.1. Specific objective related to Priority Area 2**

To enhance key drivers of the economy for an inclusive green growth.

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<sup>5</sup> This baseline is useful to inform EU Result Framework indicator 25, for the Multiannual Financial Framework (MFF) 2021-2027. The EU has already supported Cabo Verde in this area in the past MFF.

The main identified risk is the default of the private sector operators due to the economic crisis, coupled with a reduction of FDI. Current government mitigation efforts point to an increase in FDI through incentives. These could be the reduction of the cost of energy thanks to the shift to renewables or a change in the regulatory framework.

### **2.2.2. Expected results per specific objective**

#### **Expected Result Area 1/Sector (230) Renewable Energy. Increased consumption of electric energy from renewable sources -SDG 7**

Under the national electricity master plan (with a focus on the development of renewable energy and energy efficiency), and through blending and guarantees, access to finance will allow to boost private sector investments in renewable energy production, storage and energy efficiency. This may also include investments in digital management systems and electric mobility. Capacity will be enhanced in Ministries, buyers, distributors, private sector investors and banks. Partners could be, among others, the EIB, and other EDFIs, which have shown interest in Cabo Verde. Investments in water desalination and recycled water through renewable energy will be also supported. The increase of renewable energy will reduce the cost of energy for families in business with an important side effect on the reduction of poverty, access to water through more cost-effective desalination plants, the increase in employment and act as a pulling factor for foreign investment. Synergies will be fostered with the Great Green Wall initiative, through the enhancement of climate resilient infrastructures and access to renewable energy.

An enabling investment climate conducive to the development of a green economy through rationalization of fiscal incentives, and the improvement of relevant legal and regulatory framework (including labelling, independent renewable energy producers, micro-generation and digital markets) will be enhanced through budget support and technical assistance.

#### **Expected Result Area 2/Sector (322) Sustainable Tourism. Enhanced development of sustainable green tourism in Cabo Verde - SDG 6, SDG 8, SDG 12 and SDG 15.**

Support through blending and guarantees will be provided to the existing tourism industry to fund green investments in the areas of energy transition and environmental conservation. Domestic sustainable value chains will be enhanced and linked to the tourism industry to increase the share of consumption of local products. Municipalities and civil society capacities will be strengthened to have a major role in the economic governance of the tourism industry in the islands where it is prominent, including through tourism workers' (formal or informal) organisations and measures to mitigate the social impact of poor living conditions of temporary workers.

Innovative sustainable tourism initiatives will be supported. The potential of nature conservation areas' contribution to local development will be promoted, namely with support from civil society. Other intervention areas could include the recycling of solid waste, circular economy initiatives and access to renewable energy for the all-inclusive tourism resorts, among others. Capacities will also be enhanced at municipal level for renewable energy, digital services and circular economy with the objective of fostering, among others, technical and normative convergence with the EU. Access to credit for business will be improved, notably in the areas of renewable energy and tourism.

#### **Expected Result Area 3/Sector (310) Blue Economy. Enhanced development of the blue economy and protection of marine resources - SDG 14**

Under this results area the Marine Resources sector will be enhanced, among others, through interventions aiming at the increased technical capacities and digitalisation of the services of the Ministry of Maritime Economy, the Sea University (Campus do Mar), the Fisheries Institute and the Port Authority, among others. Partnerships with the international private sector linked to the fishing industry will be strengthened to develop alternative sustainable business models contributing to build local capacity. Technical capacity in the context of the EU-CV Fisheries Agreement and Derogations of the

Rule of Origin commitments will be enhanced, including through partnerships with EU marine institutes. Initiatives to improve the productivity, access to markets and safety of artisanal fisheries sector will be supported, including through electric mobility and renewable energy. Capacities for the protection of the marine environment will be substantially increased to ensure an improvement in the effective conservation of marine resources. The possibility of supporting the main port of Mindelo in becoming a Blue Port will be explored.

### **2.2.3. Indicators (including baseline and targets), per expected result**

#### **ERA 1**

A1) % of electric energy from renewable sources (blending and guarantees)

Baseline: 20% in 2020

Target: 50% in 2030

Means of Verification: Ministry of Industry, Trade and energy reports

A2) Average national cost of energy (KW/h)

Baseline: 0.197 EUR/kWh in 2021

Target: 20% drop in 2027 (PPP)

Means of Verification: Ministry of Industry, Trade and energy reports

#### **ERA 2**

B1) The tourism sector environmental sustainability World Economic Forum score

Baseline: 3.6 in 2019

Target: 4 by 2027

Means of Verification: World Economic Forum - Travel & Tourism Competitiveness Index

B2) number of sustainable tourist investments

Baseline: on the basis of survey to collect 2021 data (a score/index will be developed by Technical Assistance)

Target: 25% increase in 2027 (based on renewable energy use, solid waste management and contribution to environmental protection criteria)

Means of Verification: Ministry of Tourism and Transport

B3) number of hotels adopting sustainable practices (such as production/consumption of renewable energy and recycling of solid waste)

Baseline: on the basis of survey to collect 2021 data (a score/index will be developed by Technical Assistance)

Target: 20%

Means of Verification: Ministry of Tourism and Transport

#### **ERA 3**

C1) CV sustainable fisheries exports to the EU

Baseline: Euro 0.7M in 2021

Target: 5% annual increase by 2027

Means of Verification: Ministry of Maritime Economy/ Project reporting/ monitoring

C2) domestic consumption CV sustainable fisheries

Baseline: 25kg/capita in 2021

Target: 10% annual increase by 2027

Means of Verification: Ministry of Maritime Economy/ Project reporting/ monitoring

C3) Marine protected areas under protection with EU support (km<sup>2</sup>)

Baseline: 30 km<sup>2</sup> in 2021

Target: increase by 30% by 2027

Means of Verification: Ministry of Agriculture and Environment

#### **2.2.4. Possible use of blending and guarantees for investment under EFSD+**

The investment on renewable energy will be implemented mainly through technical assistance, blending and guarantees mechanisms. Focus will be placed both on private sector investments (due to the country high-level public debt) and sovereign financial instruments. The latter only when considered sufficiently concessional to safeguard Cabo Verde debt risk profile under the DSF framework. The priority areas covered by these instruments will be the independent production of energy, energy storage facilities, support to energy transition, energy efficiency and electric mobility, among others.

The blending operations would finance the development of crucial Renewable Energy infrastructure, such as the Pump Storage Facility (in Santiago island-where 50% of the country's population resides) that could be financed through a blending operation. Battery storage facilities will be funded as well in other islands, which are fundamental to exploit Renewable Energy produced out of peak-time and hence increase in more 10-15% the Renewable Energy share in the country consumption.

The guarantee operations would cover private operations in Renewable Energy area, such as the purchase of energy from new independent producers, as well as access to credit in the context of MSMEs energy transition and electric mobility programmes.

Sustainable Tourism and Blue Economy are also areas to be supported through innovative financing. A guarantee has been shortlisted by COFIDES to support a specific tourist operator in Cabo Verde and such operations could be further supported within the MIP framework. There are currently ongoing discussions for the promotion of alternative sustainable fisheries business models (namely through aquaculture) that could also be supported through guarantees and/or blending.

Several IFDIs have confirmed their interest in Cabo Verde (so far EIB, AFD-PROPARCO, COFIDES and SOFID). The EU will continue to liaise with other pillar-assessed institutions to propose initiatives and invite them to assess the specific conditions on the ground to explore approaches to participate in such operations.

Subject to its confirmation through the implementation phase, it is expected that an indicative amount of EUR 3 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations in Cabo Verde under priority area 2.

### **2.3. Proposals of country Team Europe Initiatives**

The TEI “To Green Cabo Verde” builds on the long and significant presence over decades of the EU and its Member States in the archipelago. The current TEI has been developed together with resident Member States (France, Luxembourg, Portugal, and Spain) and the European Development Bank (EIB). Collaboration could be extended as well to other Member States that, although not currently present in Cabo Verde, might be interested in working on the initiative through the EIP or other instruments.

The TEI will stimulate a gradual transformation of the economy towards a sustainable and green model, providing an opportunity to boost inclusive growth within the Cabo Verde archipelago. The theme of sustainability, climate resilient growth and ecology - with a focus on the blue economy - is already an important part of the «Cabo Verde Ambition 2030 ».

Building on the Maio Island first phase pilot, the focus of the TEI will be on four key «green» pillars with a transformative effect in the overall archipelago economy:

- (i) **Green tourism, green jobs.** With tourism accounting for 25% of GDP, existing mass tourism structures need to shift towards a model that integrates «green» certification programs, local value chains and circular economy activities to maximise its local impact. Moreover, there is a clear potential of still unexploited resources in the different non-touristic islands to develop alternative tourism models, and for better connecting the tourism sector to the local economy.
- (i) **Sustainable energies:** Being an archipelago with scarce natural resources, the country critically needs to ensure a sustainable, autonomous and reliable access to energy sources at a moderate cost to sustain economic growth. Alternative renewable sources of energy remain basically underexploited due to limited financing opportunities. The country’s ambition, highlighted in the National Development Strategy and further specified in the EU funded Electricity sector Master Plan 2018-2040, is to increase access to renewable energy (50% renewable by 2030).
- (ii) **Sustainable access to water and sanitation:** water management is key to the development of sustainable agriculture and reduction of public health’s risks, especially in the context of the COVID19 pandemic.
- (iii) **Blue economy.** The revitalization of the fisheries and agriculture sectors, in a sustainable manner, – Cabo Verde has 800,000 km<sup>2</sup> of territorial waters, fisheries being the main export product - to respond to the demands of the vital tourism industry and domestic markets is a national priority. An increased use of new technologies and digitalisation are also at the basis of this progressive transformation of the country’s economy.

Regarding Maio, the EU has recently signed a Financing Agreement for EUR 17 million (under EDF 2014–2020 funds) for the sustainable rehabilitation of the port through blending with the AfDB and strengthening of the municipal services including a solid waste management plant and conservation of the biosphere reserve (announced in October 2020). This project is a pilot to spearhead the strategic vision proposed in the MIP. EU Member States are also currently investing in Maio, with Luxemburg financing the first solar desalination plant in the country, Portugal implementing soon the EU funded solid waste management facility and Spain promoting tourism, water and sanitation and fisheries.

A first round of consultations on the TEI areas and sectors started in early 2020 continued throughout the last quarter and early 2021. Discussions have also been also held during the first quarter of 2021 (and are ongoing) with EDFIs on the potential for guarantees and blending operations in Cabo Verde.

The TEI integrates an active participation of civil society and local municipal authorities. This participation will consist not only of local consultations but will imply as well the active engagement of municipal authorities and civil society as implementing partners of programmes (as in the case of the ongoing blending operation in the island of Maio and its complementary measures). This approach will lead to a solid balance among institutions, private sector and civil society.

The EU overall estimated contribution to the TEI “To Green Cabo Verde” is EUR 9 million.



The EU's indicative contribution to this TEI (EUR 9 million) is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

### **3. Support measures**

#### **3.1. Measures in favour of civil society**

Civil Society Organisations (CSOs) are increasingly becoming an important pillar of the country's governance. There is an increasing awareness of the country's youth that well organised CSOs focusing on particular thematic areas of expertise and/or with a geographical focus are effective in bringing improvements into the wellbeing of citizens, supporting the most vulnerable and ensuring the conservation of natural resources. They could offer as well effective platforms for public dialogue within communities and with the authorities. However, this movement towards self-organised action is still incipient. Many of the existing CSOs, even some of the ones with longer-term experience, do not have the basic capacity to manage projects with financial assurances or to organise advocacy campaigns. Dialogue with institutions is still weak and most depend on international finance sources for their survival. These challenges are well reflected in the CSOs Mapping finalised and published by the EU in Cabo Verde in October 2020.

Beyond the mainstreaming of support to INGO/CSOs through the various focal sectors described above, this MIP will strengthen CSOs capacity. This could be done through a dedicated team of experts that will provide services to the CSOs including: capacity building for project management, trainings for the organisation of effective advocacy campaigns, organise seminars to increase public debate, support CSOs networks and produce socio-economic research papers in areas of relevance to the country (Children's rights, gender, youth, gender-based violence, equality, employment, environmental conservation, among others). The dialogue between the EU and CSO will be governed by the 2021-2027 Roadmap on EU engagement with civil society under preparation. *The Roadmap will integrate the gender perspective and ensure the full participation of women and girls' organisations. Youth representations will also be involved.*

#### **3.2. Cooperation facility**

A technical cooperation facility will be critical for the success of this 2021-2027 MIP. The 2014-2020 experience has shown that in order to be effective in our policy dialogue technical expertise is needed in areas of EU and Cabo Verde interest. The dimensions of this common interest are multiple and often quite technical as reflected in the socio-economic development, security and governance pillars of the EU-CV partnership. Technical assistance is also an essential instrument to ensure the acceleration of the normative and technical convergence with the EU. Long, medium and short-term expertise will be mobilised to support the MIP focal sectors, build strong partnerships with national agencies, ministries, the private sector and CSOs, respond to needs when they arise and increase EU capacity to coordinate, advocate, communicate and enhance public diplomacy. Technical Assistance will also be instrumental in ensuring a dynamic and successful performance of the TEI and progress towards joint programming. Finally, it will be essential that expert assistance can be mobilised for programming and formulation, particularly in technical areas such as renewable energy, innovative finance (e.g. guarantees) or blue economy.

To this end, this MIP proposes to strengthen technical cooperation through two possible main modalities: Technical Assistance through service contracts, and, depending on the available funding originating from thematic support, Twinning. These will be funded both through the technical cooperation funds and through funding allocated for each focal sector (e.g. twinning could be an effective

tool to build capacities and create long term partnerships between EU and CV budget oversight institutions under PA1, ER1). The modalities will be assessed case by case.

Institutional collaboration and partnerships with peer countries such as other SIDS African archipelagos and PALOP countries will also be enhanced through technical cooperation.

#### 4. Financial overview

Although the duration of this MIP is seven years, the indicative allocations for Cabo Verde and for each of the priority areas and support measures laid down in the table below are provided for the 2021-2024 period only. The indicative allocations for 2025-2027, as well as the possible modification of other substantial elements of this MIP, will be subject to a decision by the EU. This decision should be preceded by a review of the implementation of this MIP, which should include a dialogue with the authorities and other stakeholders of Cabo Verde.

#### Global Indicative Amounts (for the first phase of the MIP 2021-2024)

Priority Areas/ spending targets	Amount (EUR M)	% of total
<b>1- Governance for Human Development and Equality</b>	<b>12</b>	<b>50%</b>
Expected contribution to spending target human development	12	50%
Expected contribution to spending target education	3	12%
Expected contribution to spending target climate change	1.8	8%
<b>2 - Green Economy decent jobs and inclusive growth</b>	<b>9</b>	<b>38%</b>
Expected contribution to spending target climate change	7.65	32%
<b>Support Measures in favour of CSO and TCF</b>	<b>3</b>	<b>12%</b>
Expected contribution to spending target climate change	0.9	4%
<b>TOTAL indicative amount for the initial period*</b>	<b>24</b>	<b>100%</b>

\* Subject to its confirmation through the implementation phase, it is expected that out of the total of EUR 24 million, an indicative amount of EUR 3 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations.

#### Attachments

1. Intervention framework
2. Donor matrix showing the current indicative allocations per sector

**Attachment 1.**  
**Intervention framework**

<b>Priority area 1: Governance for Human Development and Equality</b>			
<b>Specific objective: To enhance the reduction of inequalities and inclusive economic growth.</b>			
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets</b>	<b>Means of Verification</b>
A) Inequalities are reduced through investments in social protection education and gender equality policies (DAC 160 Social Protection – 110 Education)	A1) Gini Index	Baseline: 44 (estimate in 2021) Target: 38.5 by 2027	Ministry of Finance Reports/ World Bank INE/SDG Voluntary Report /Cadastro Unico
	A2) Extreme poverty	Baseline: 13.1% of total population in 2020 Target: 0% of total population by 2026 (Eradication) Baseline 24.3% of Rural Population in 2020 Target: 0% of rural population by 2026 (Eradication)	
	A3) National Poverty Index	Baseline: 31.3% of population in 2020 Target: decrease to 15% by 2027	INE/SDG Voluntary Report /Cadastro Unico
	A4) Secondary school enrolment of adolescent girls	Baseline: 61% of secondary school enrolment for adolescent girls in 2020/2021 school year Target: 85% of secondary school enrolment for adolescent girls by 2026/2027 school year	Ministry of Education reports/INE
	A5) Number of countries which have benefitted from EU support to strengthen	Baseline <sup>6</sup> : 0 in 2021 Target: 1 in 2027	EU reporting

<sup>6</sup> This baseline is useful to inform EU Result Framework indicator 25, for the Multiannual Financial Framework (MFF) 2021-2027. The EU has already supported Cabo Verde in this area in the past MFF.

	their social protection system		
B) Enhanced macroeconomic stability and domestic resource mobilisation policies conducive to inclusive green growth (DAC 151 – Economic Governance)	B1) DRM-Tax revenue as % of GDP  B2) Debt to GDP ratio  B3) % of national statistics are disaggregated by gender	Baseline: 21.5% of GDP in 2019 Target: increase to 24.7% in 2026  Baseline: 151% Public Debt/GDP end of 2020 Target: 127% Public Debt/GDP end of 2024  Target: 100% end of 2026	Ministry of Finance Reports  Ministry of Finance Reports  INE/SDG Voluntary Report /Cadastro Unico/Ministries
<b>Priority area 2: Green economy for decent jobs and inclusive growth</b>			
<b>Specific objective: To enhance key drivers of the economy for an inclusive green growth</b>			
<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets</b>	<b>Means of verification</b>
A) Increased consumption of electric energy from renewable sources (DAC 230: Renewable Energy)	A1) % of electric energy from renewable sources  A2) average national cost of energy (KW/h)	Baseline: 20% in 2020 Target: 50% in 2030  Baseline: 0.197 EUR/kWh in 2021 Target: 20% drop (PPP) in 2027	Ministry of Industry, Trade and Energy reports  Ministry of Industry, Trade and Energy reports
B) Enhanced development of sustainable green tourism in Cabo Verde (DAC 322: Sustainable Tourism)	B1) The tourism sector environmental sustainability World Economic Forum score  B2) number of sustainable tourist investments	Baseline: 3.6 in 2019 Target: 4 by 2027  Baseline: on the basis of survey to collect 2021 data (a score/index will be developed by Technical Assistance)	World Economic Forum - Travel & Tourism Competitiveness Index  Ministry of Tourism and Transport

	B3) number of hotels adopting sustainable practices (such as production of renewable energy and recycling of solid waste).	<p>Target: 25% increase in 2027 (based on renewable energy use, solid waste management and contribution to environmental protection criteria).</p> <p>Baseline: on the basis of survey to collect 2021 data (a score/index will be developed by Technical Assistance) Target: 20% increase in 2027</p>	Ministry of Tourism and Transport
C) Enhanced contribution of the blue economy to the national GDP and protection of marine resources (DAC 310: Blue Economy)	<p>C1) CV sustainable fisheries exports to the EU</p> <p>C2) domestic consumption CV sustainable fisheries</p> <p>C3) Marine areas under protection with EU support (km<sup>2</sup>)</p>	<p>Baseline: 0.7M in 2021 Target: 5% annual increase in 2027</p> <p>Baseline: 25kg/capita in 2021 Target: 10% annual increase in 2027</p> <p>Baseline: 30km<sup>2</sup> in 2021 Target: increase by 30% by 2027</p>	<p>Ministry of Maritime Economy - Project reporting/monitoring</p> <p>Ministry of Maritime Economy - Project reporting/monitoring</p> <p>Ministry of Agriculture and Environment</p>

## Attachment 2.

Donor matrix showing the current indicative allocations per sector

Year	Sector	Type	Amount EUR million	Comments
<b>African Development Bank</b>				
2019	Transport	Project credit	<b>17.4</b>	Extension and modernization of Port of Maio and Palmeira with EU co- funding
2023	Transport	Project credit	<b>TBD</b>	Multimodal / regional Corridor project Praia-Dakar-Abidjan
2019	Multi sector Budget Support	Budget support credit	<b>30.4</b>	PSC-LED Phase II
2020	Health - COVID-19 mitigation	Budget support credit	<b>30</b>	COVID-19 Response Facility
2021-22	Public administration - Governance	Budget support credit	<b>35.7</b>	Results-Based Financing (RBF) program phase I (17.85) and II (17.85)
2021	Agriculture and Fisheries	Project credit	<b>23.8</b>	Value Chains linked to Tourism Sector
2021	Financial Sector	Project credit	<b>8.33</b>	Line of Credit for a Local Commercial Bank (Lusophone Compact program)
2022	Energy	Project credit	<b>11.9</b>	Electricity Efficiency Supply Project

**World Bank**

2016-21	Tourism	Project credit	<b>USD 5m</b>	Competitiveness for tourism development
2018-23	Financial Sector	Project credit	<b>USD 25m</b>	Access to Finance
2018-23	Public Financial Management	Project credit	<b>USD 20m</b>	State owned entities related fiscal management project - governance related investment operation
2020-21	General budget support	Budget support credit	<b>USD 25m</b>	Development Policy Financing
2018-23	Education	Project credit	<b>USD 10m</b>	Education and skills development
2020-23	Health COVID-19 mitigation	Budget support credit	<b>USD 10m</b>	COVID-19 emergency response
2020	Health - COVID-19	Grant	<b>USD 0.94m</b>	
2018-22	Social Protection	Project credit	<b>USD 20m</b>	Social inclusion project
2013-21	Transport	Project credit	<b>USD 46m</b>	Transport sector reform
2020-25	Digitalisation	Project credit	<b>USD 20m</b>	Digital Cabo Verde project
2019-22	Disaster risk management	Budget support credit	<b>USD 10m</b>	Strengthen institutional & legal framework in context of disasters and climate change

<b>Luxembourg</b>				
2016-20	Employment and employability	Sector budget support	<b>28</b>	Composed of 10 m sector budget support , 18 m project grants. Implementation continues in 2021
2016-20	Water and sanitation	Project grant	<b>13.6</b>	LuxDev
2016-20	Renewable energy	Project grant	<b>5.5</b>	LuxDev
2016-20	Decentralisation	Project grant	<b>7.1</b>	UNDP - platforms for local development - objectives 2030 - decentralisation fund
2016-20	Governance	Project grant	<b>3.2</b>	LuxDev Support for Census 2020 - INE.
2021-25	Employment and employability	Sector Budget support + grants	<b>31</b>	10 m as sector budget support projects in formulation
2021-25	Health	Sector budget support	<b>5</b>	
2021-25	Energy transition	grant	<b>12</b>	In formulation phase
2021-25	Climate action	grant	<b>10</b>	
2021-25	Local Development	grant	<b>6</b>	
2021-25	Water and sanitation	grant	<b>12</b>	
2021-25	Technical Assistance and diversification facility	grant	<b>2</b>	



<b>France - AFD</b>				
2021	Education	grant	<b>60 000</b>	<b>Annual grant 2021</b>
2021	French and linguistic diversity	grant	<b>50 000</b>	
2021	Cultural cooperation	grant	<b>40 000</b>	
2021	SDG support	grant	<b>5 000</b>	
<b>Portugal</b>				
2020	General budget support	Budget support grant	<b>0.5</b>	
2021	General budget support	Budget support grant	<b>0.5</b>	
<b>Spain</b>				
2021	General budget support	Budget support grant	<b>0.1</b>	ES to re-join Budget support Group. Future contributions will depend on budgetary possibilities
<b>Belgium</b>				
2020	Health	Project Credit	<b>9.5</b>	Credit for medical diagnostic equipment
<b>Hungria</b>				
2020	Water and sanitation	Project credit	<b>35</b>	Credit for waste water reutilisation in the agricultural sector