


INTEGRATED SDG INSIGHTS

CABO VERDE

This initiative supports the articulation of national commitments to SDG transformation, towards accelerated SDG action in the second half of the 2030 Agenda.

HOW TO READ THIS REPORT

Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).

It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).

Combined, these insights are mapped against SDG interlinkages to define policy choices the accelerate SDG progress, tailored to national context (**SDG Interlinkages**).

These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

SDG MOMENT: CABO VERDE

While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

Cabo Verde's economy is in coping mode in 2023, but it is expected to transition into acceleration mode by 2024-2025.[1] This pace of growth is characterized by being 70% higher, on average, than the world growth rate, aligning with the country's growth trajectory forecast before the pandemic.

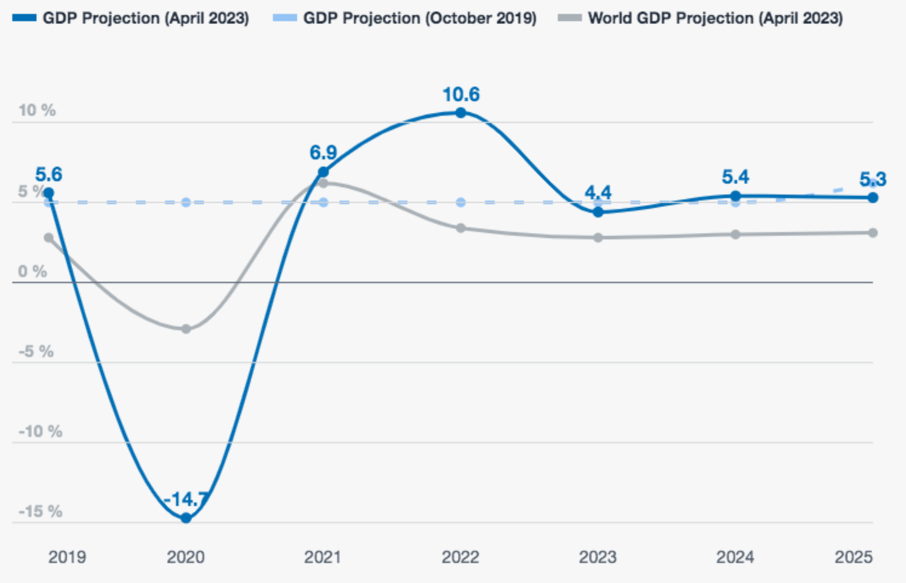
This pace of growth would exert a moderate positive impact on reducing poverty, though there are still challenges to accelerate poverty reduction from its relatively high prevailing levels when using more stringent thresholds. The country's commitment to achieving the SDGs should therefore focus on eradicating extreme poverty.

On the other hand, economic expansion would be less dependent on carbon emissions as the country's fossil emissions intensity of GDP is projected to decrease at an annual rate of 3.4%.[2]

[1] The economic cycle is determined by adjusting the country's current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2%, the economy is considered in mitigation; it is coping if the adjusted rates range between 2%-4%, and it is in acceleration if they are above 4%.
[2] CO2 emissions intensity of GDP is computed as tonnes of CO2 per $1,000 (2017 PPP).

GDP

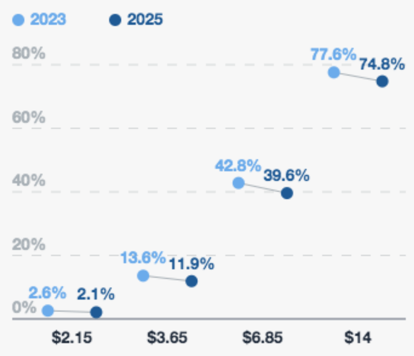
Growth Pathways



Source: IMF World Economic Outlook (WEO) (April 2023 and October 2019).

PEOPLE

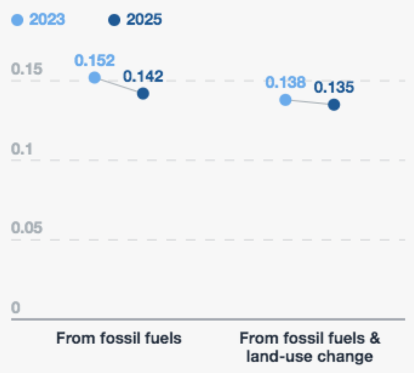
Poverty: Percentage of the population under each threshold (PPP$ a day)



Source: Projections based on binned distributions ($0.10-bins, 2017 PPP) reconstructed from the World Bank's Poverty and Inequality Platform through the pip: Stata Module.

PLANET

Carbon Intensity: CO2 emissions intensity of GDP (tCO2 per PPP $1,000)



Source: Projections based on GDP data from the IMF WEO Database (April 2023), and on CO2 emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).

SDG TRENDS

Understanding how Cabo Verde performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows UN Stats standards and methodology, and is aligned with country profiles.

Trends in detail:
https://data.undp.org/sdg-push-diagnostic/CPV/sdg-trends

SDG PRIORITIES

Cabo Verde's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.

Key documents for analysis:

1. Strategic Plan for Sustainable development 2023-2027
2. Voluntary National Review 2021
3. United Nations Sustainable Development Cooperation Framework 2023-2027
4. Development Finance Assessment & Integrated National Financing Framework Road Map (2022)

Priorities in detail:
https://data.undp.org/sdg-push-diagnostic/CPV/current-priorities

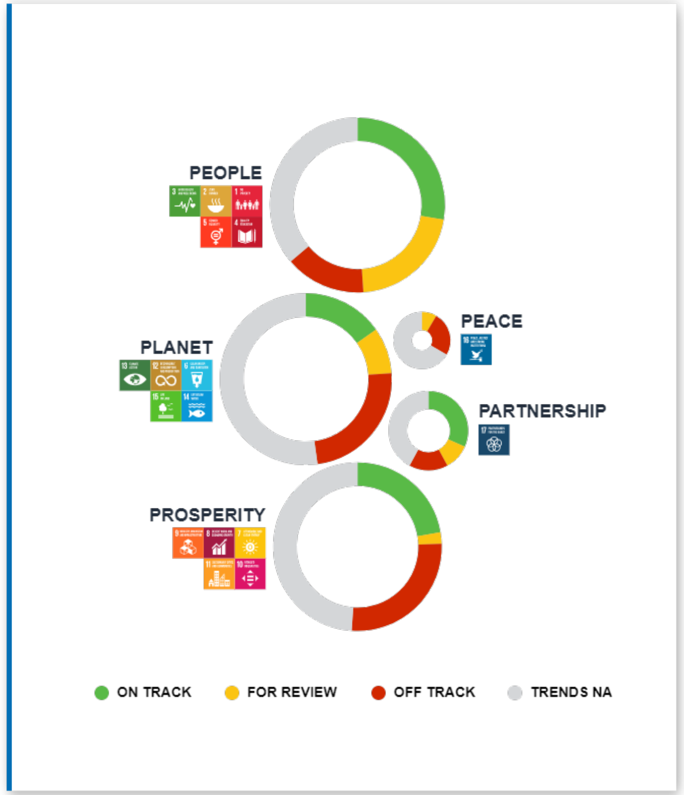
SDG INTERLINKAGES

SDG interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help Cabo Verde to achieve the 2030 Agenda for Sustainable Development and to navigate trade-offs.

Based on a global framework for interlinkages, Cabo Verde’s SDG progress is colour-coded at the target level.

Building from national trends and priorities, the following integrated SDG pathways reflect policy choices with the most potential to accelerate the SDGs for Cabo Verde:

- Target 8.2: Diversify, innovate and upgrade for economic productivity
- Target 11.2: Affordable and sustainable transport systems
- Target 16.6: Develop effective, accountable and transparent institutions



ACCELERATION PATHWAYS

SYNERGIES

TRADE-OFFS

SDG INTERLINKAGES

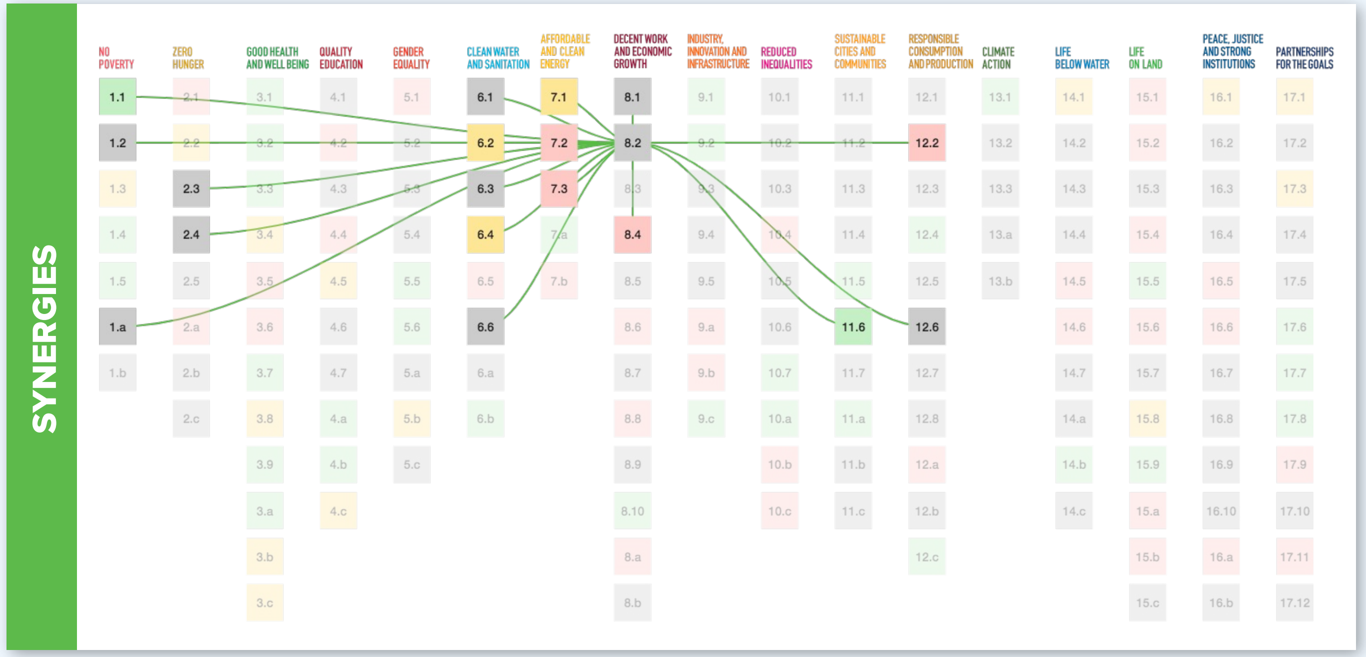
8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

Cabo Verde's tourism sector, which has been a driver of economic growth and job creation, experienced exceptional growth over the past two decades, reaching an estimated 25% of GDP by 2019. The COVID-19 pandemic, however, led to a decline in arrivals by 75% in 2020, affecting tourism and ancillary sectors resulting in an economic decline of 14.8% in 2020.

The pandemic reinforced the imperative of diversifying the economy as an essential measure of resilience to external shocks. Cabo Verde Ambition 2030 sets the commitment for the diversification of the economy by integrating the country into new global value chains. The Cabo Verdean authorities are prioritizing the Blue Economy, the green transition and renewable energy, digitalization and innovation, sustainable tourism and culture, and human capital, including health and education. Cabo Verde is also seeking to establish an international financial centre with a focus on sustainable finance.

Acknowledging the increasing importance of services in supporting countries' diversification efforts, it would be beneficial for Cabo Verde to develop new "deep trade agreements" (with respect to the African Continental Free Trade Area and the Economic Community of West African States), including in the broad category of services and digital services (e.g. eservices, ecommerce). Such trade policies involving services could lead to higher labour, overall positive productivity multiplier effects on 7 SDGs (SDGs 1,2 ,6, 7, 8, 11 and 12) and 18 associated targets, and to one trade-off on water treatment (SDG target 6.3). When undertaking these investments, it is vital to incorporate safeguards to address the trade-offs.

ON TRACK FOR REVIEW OFF TRACK TRENDS NA



Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/CPV/sdg-trends

SDG INTERLINKAGES

11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Cabo Verde is served a good network of national and municipal roads and rental car parks in good condition, meaning that most of the population has safe and easy access to transport. Most cities are small and, as such, internal mobility does not depend on the availability of public transport, which, in any case, is of high quality, reliable, safe and comfortable in the two largest cities, namely Praia and Mindelo. Interurban transport is served by minibuses and, to a lesser extent, by mixed type vehicles, especially to areas not served by proper or paved roads.

However, no Cabo Verdean city has mobility systems adapted for people with disabilities, and architectural barriers seriously limit accessibility. As a Small Island Developing State, the country also needs to develop its maritime and air transport systems to strengthen its links and connectivity to the rest of the World as this will be key to unlocking its economic diversification challenge.

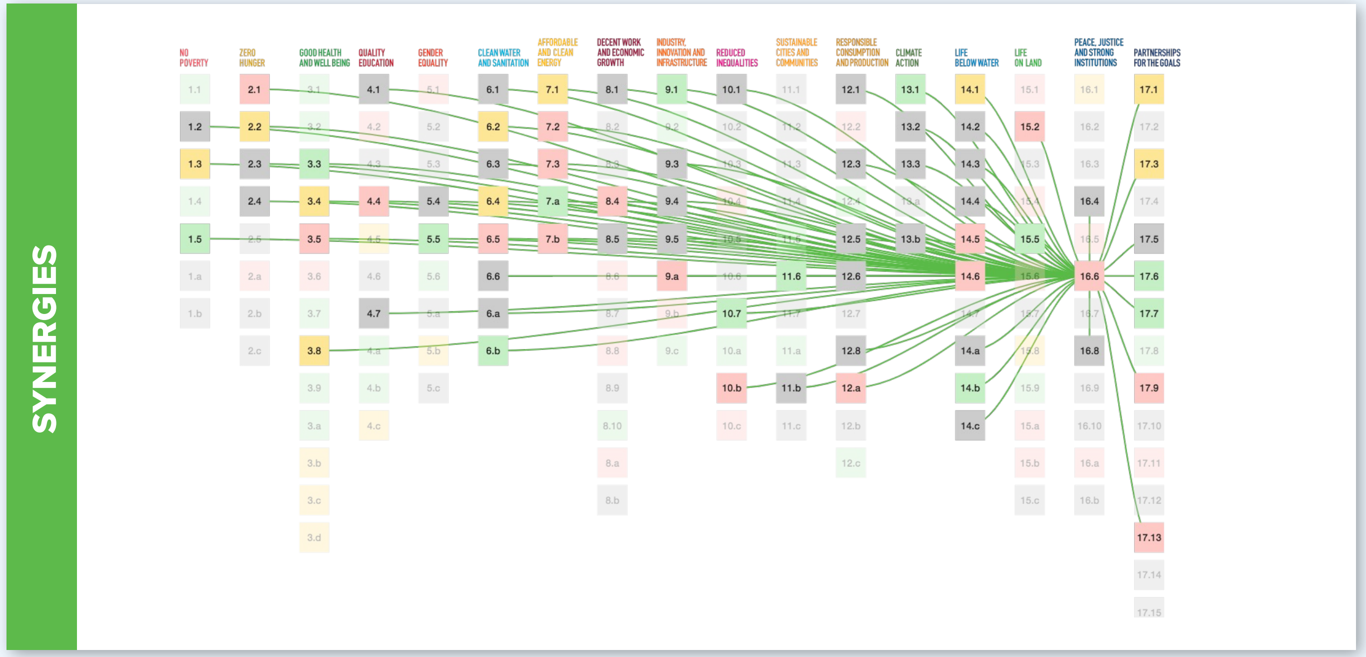
Investing in effective low-cost public transportation makes cities more inclusive, safe and sustainable. Effective and low-cost public transportation reduces urban poverty and inequalities and enhances inclusive growth through access to jobs, health care, education services and other public goods when adequately supported by environmental safeguards on SDG Targets 2.3, 7.2 and 14.2.

Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/CPV/sdg-trends

SDG INTERLINKAGES

16.6: Develop effective, accountable and transparent institutions at all levels

ON TRACK FOR REVIEW OFF TRACK TRENDS NA



In Cabo Verde, approximately 70.6% of the population expresses satisfaction with the public services they receive. By focusing on SDG 16 (Peace, justice and strong institutions), specifically on Target 16.6, and improving its governance systems, Cabo Verde will reap a "governance dividend."

Improving governance and fighting corruption remain critical ingredients in boosting inclusive growth and development in Cabo Verde. Sound institutions that guarantee integrity in the management of public affairs are critical on the path toward higher and more inclusive growth. This increase will have a positive multiplier effect on the progress made on other SDGs.

Institutional strength and accountability is instrumental in how effectively countries recover, build more resilient post-pandemic economies and achieve the SDGs.

Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/CPV/sdg-trends

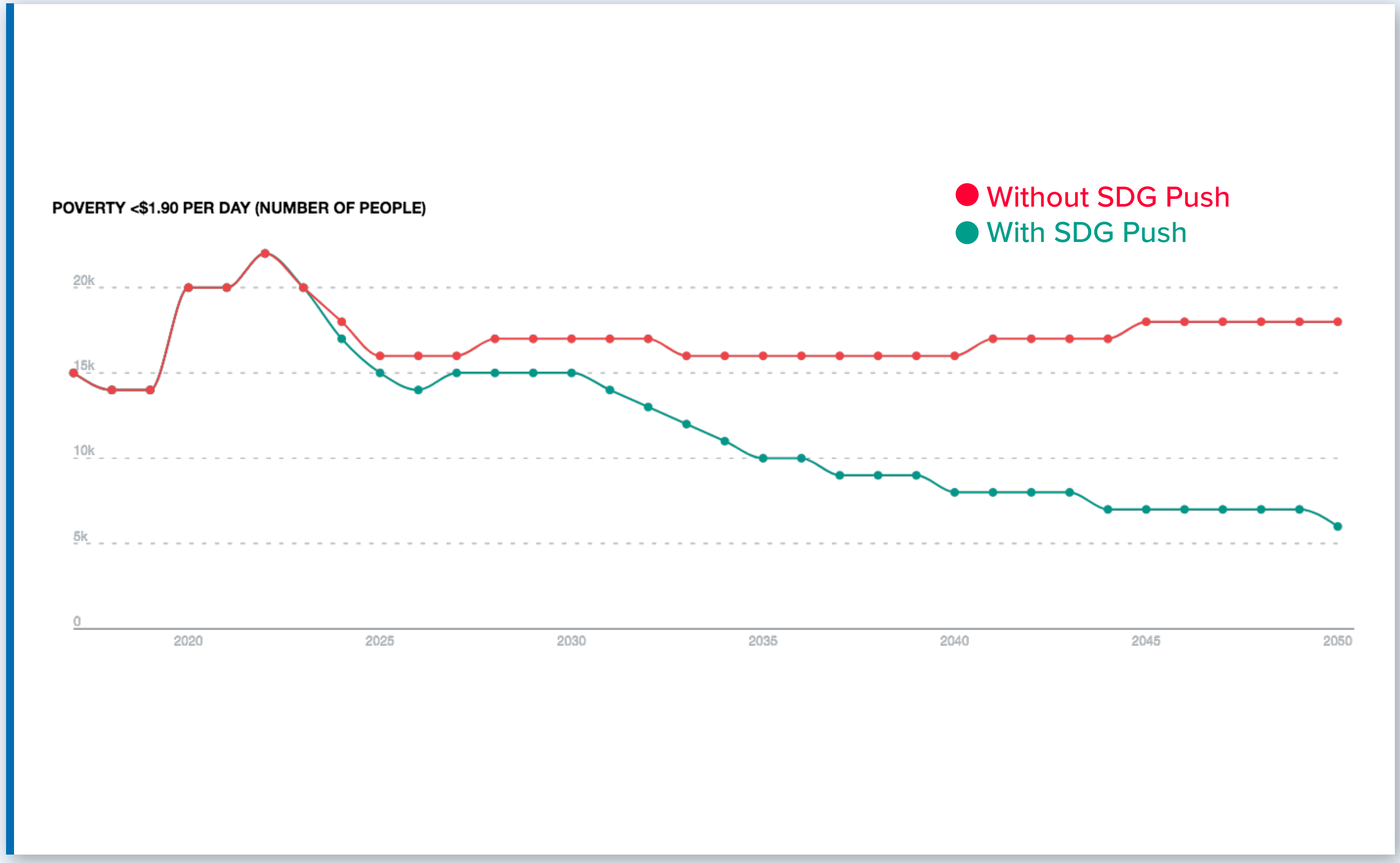
FUTURES SCENARIOS

Achieving the SDGs is possible.

The ‘SDG Push’ is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, the Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators.

Incorporating ‘SDG Push’ accelerators into development interventions in Cabo Verde can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	17,000	18,000
With the SDG Push	15,000	6,000



Explore SDG Futures Scenarios at:
https://data.undp.org/sdg-push-diagnostic/CPV/future-scenarios

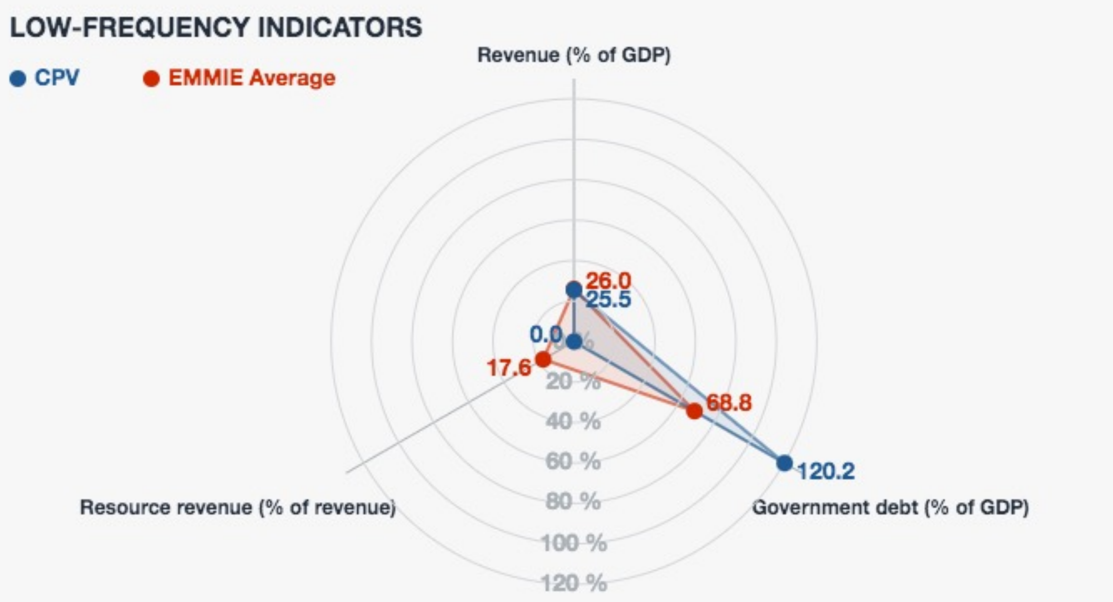
FINANCE & STIMULUS

Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

The radar diagram shows low frequency data points linked to government revenue and debt as a proportion of GDP and the natural resource share of total revenue. The financial indicator graphs show external debt servicing relative to revenue and the country's latest Debt Sustainability Assessment (DSA) risk rating. Cabo Verde's gross government debt is projected at 120.2% of GDP in 2023, which is 1.75 times the emerging market and middle-income economies (EMMIE) group of 68.8%. The country is projected to collect 25.5% of GDP in revenue this year, thus close to the EMMIE average of 26%.

Cabo Verde's external debt servicing this year is projected to be as high as 22.9% of revenue, which is nearly double the EMMIE group's 12.3%. Due to adequate reserves, a fixed exchange rate and predominantly fixed interest rates for its external debt, the latest World Bank and IMF DSA from June 2022 rated the country as at 'moderate risk of debt distress'.

Cabo Verde is using an Integrated National Financing Framework (INFF) to address key fiscal and financial constraints, and to build a more sustainable financial architecture at the national level. Key priority actions have been identified in the areas of domestic revenue mobilization and tax administration (*improving tax revenue forecast capacity; eliminating or streamlining inefficient tax incentives; taxation of high carbon goods and services*); and public debt (*reduction of internal public debt that far exceeded the limits imposed by law; debt-to-nature swap negotiation with Portugal to finance the Environment and Climate Fund; efforts in transitioning from public sovereign debt to alternative financing for SDGs-aligned municipal, business and people development; and nationally determined contributions through the Blu-X platform, where US$35 million has been raised through three social bonds, one sustainable bond and one blue bond).*



Notes: External debt covers public and publicly guaranteed debt. The EMMIE average of resource revenue (% of revenue) includes the 60 countries that reported data for that indicator.

Sources: UNU-WIDER GRD (resource revenue, data from 2019), IMF WEO April 2023 (debt and revenue, forecasts for 2023), IDS (external debt, data from 2023), IMF/World Bank (DSA Rating as of 31 May 2023).

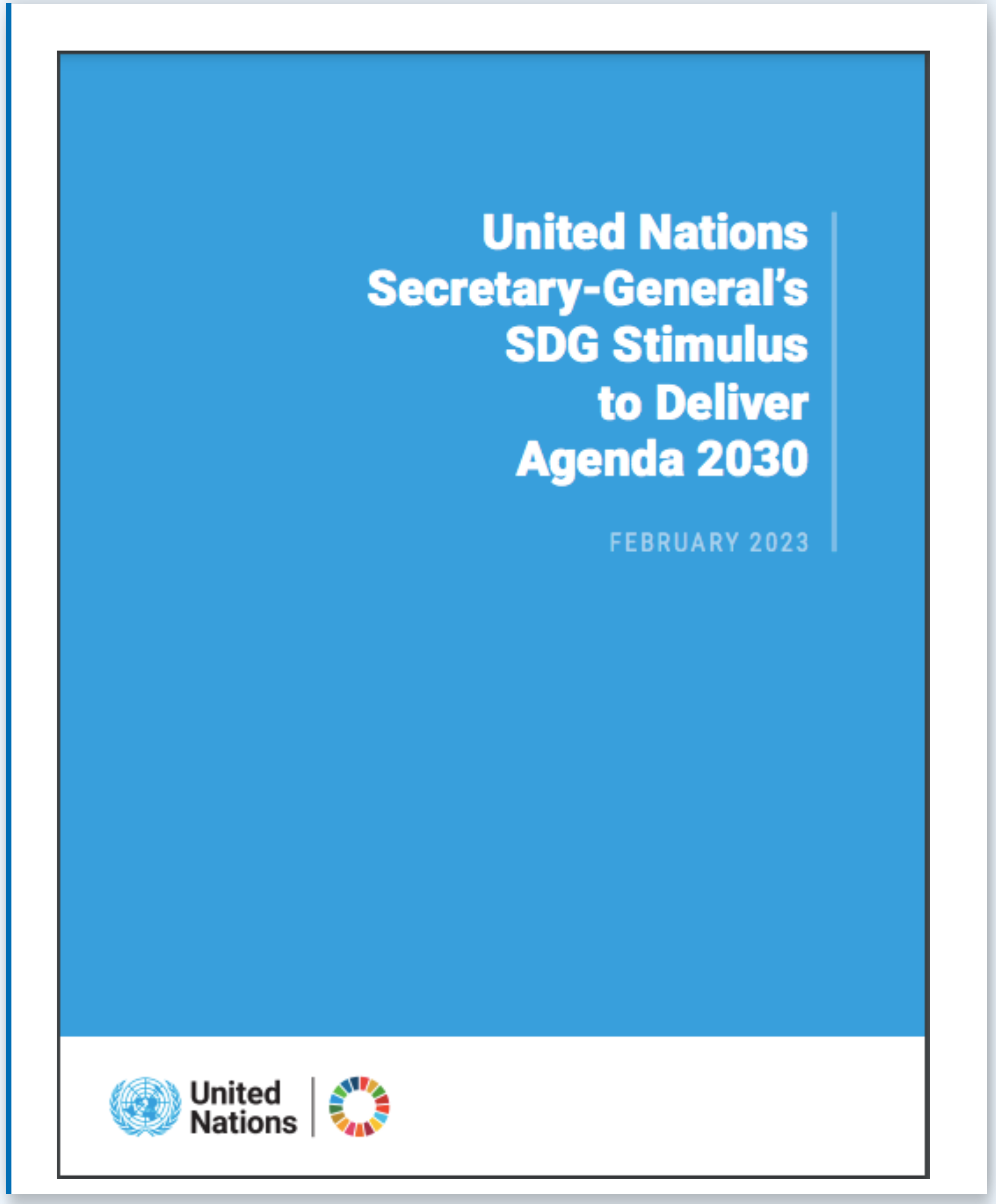
SDG STIMULUS

The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Given the projected fiscal and financial constraints faced by Cabo Verde, possible funding options for the investments derived from the identified interlinkages are mechanisms identified in SDG Stimulus as relevant:

- Tax and revenue reform
- Debt for SDGs
- Climate finance
- Blended and public-private finance
- SDG-aligned business environment and investment
- Accessing financial markets and insurance
- Remittances, philanthropy and faith-based financing



METHODOLOGY

Click here to view the Methodological Note for the Integrated SDG Insights

SDG MOMENT

Methodology
Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

Data Sources
Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO_2 emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).

TRENDS & PRIORITIES

Methodology
SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed
using machine learning to reveal the most prominent SDGs referenced in national policy documents.

Data Source
Trends utilizes official UN statistics to assess SDG progress, supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.

INTERLINKAGES

Methodology
Global target-level interlinkages are drawn from the KnowSDGs Platform by European Commission. SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

Data Source
The exercise globally considered a total of 454 documents published from 2015 to August 2022. (Miola et al., 2019 updated in 2021-2022)

FINANCE & STIMULUS

Methodology
Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

Data Source
Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).