



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Cape Verde

Reporting Period: 1 January - 31 December 2021

JP title: Sustainable, Integrated and Inclusive Finance Framework for Cabo Verde

PUNOs: ILO, UNODC

Government partner: Ministry of Finance

Target SDGs: SDGs 17, 1, 5, 8, 10, 11, 14, 16

Gender Marker: 2

Approved budget: USD 995,000

Co-funding: USD 150,000

Total Disbursement by 2021: USD 497,500

Total estimated expenditures: USD 273,831 (est. Delivery rate: 55%)

Total estimated commitments (including expenditures): USD 433,392 (est. Committed rate: 87.1%)

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Executive Summary

In 2021, substantial progress has been made in terms of the DFA (Block 1) process, which saw the conclusion of the financing dialogues and analytical phases as well as the production of a complete draft shared with the Ministry of Finance.

Further key achievements occurred under Block 2 Financing Strategy, including the development of a digital marketplace for SDG entrepreneurship and investment with a focus on women and youth as well as the development of a sustainable finance platform at the Cabo Verde Stock Exchange. Private sector engagement has focused on the blue economy with a workshop convening the chambers of commerce, women's and youth trade associations, and other key actors on Fogo island.

A report on informal employment produced by Labour Market Observatory with a contribution from the National Institute of Statistics informing on deficits in decent work, and impact of Covid-19 on labour market. Moreover, capacity of key producers of labour market information was built in SDG labour market indicators.

The assessment report of money laundering and corruption risk and vulnerabilities in Cabo Verde, was finalized in March 2021, and the Portuguese Version was submitted to the new Government through the Minister of Justice, in June 2021. It was also shared with the Commission's Executive of the Inter-Ministerial Committee on AML/CFT headed by Minister of Finance.

Compilation of Cabo Verde's criminal legislation (Penal Code, Penal Procedure Code and all the other criminal laws). The aim of this compilation is to provide Magistrates, Criminal Police working in investigation and other entities that deal with criminal law with an important working tool, which incorporates all criminal legislation in force in Cabo Verde, with gains at the level of security in terms of easy access to updated legislation and the consequent increase of efficiency in the execution of their activities.

Annual Progress

Overall JP self-assessment of 2021 progress:

Not-satisfactory (majority of expected results not yet achieved; over 3 months delay in implementation)

Comments on self-assessment: Satisfactory progress has been made in areas under direct PUNO control. In 2021, all contracts under direct implementation modality were successfully completed and the corresponding funds disbursed.

Unfortunately, key financial commitments made under the national execution modality, including a signed LOA with the Ministry of Finance in the amount of 100,000 USD, remained unused despite repeated assurances that the funds would be implemented in 2021. This situation has delayed the use of funds foreseen for the government's role in INFF implementation, which is causing increasing delays in JP execution.

There is also delay in the implementation of some activities because of a turnover of a key staff of the project and some challenges to access to raw data of labour market. Fortunately, recent collaboration between Labour Market Observatory (OMT) and National Institute of Statistics (INE) facilitates access to some disaggregated data on labour market indicators.

Overall progress and key developments to date (3 key JP milestones)

While the financial delivery rate of the JP remains somewhat behind schedule, significant progress on INFF implementation has been achieved over the past year that have substantially contributed to a renewed of some governmental entities commitment to and engagement with the INFF process with a robust foundation for the implementation of some elements of the JP. But despite efforts and engagement at the highest levels of representation at the country level, there has been only limited progress and proactive engagement from the lead government entity, the Ministry of Finance's Directorate of National Planning (MF/DNP) concerning implementation activities under their leadership contained within this JP.

Block 1: Assessment: Two sets of financing dialogues have now taken place in Cabo Verde, with the coordination of the Ministry of Finance (MoF) that informed the empirical analysis and data collection for the Development Finance Assessment and also have significantly contributed to more awareness of the potential of the INFF process in terms of contributing to the country's development objectives (i.e. Ambition 2030) among government counterparts and, crucially, non-UN development partners. The DFA is on track for completion by the end of August 2021.

The assessment report of money laundering and corruption risk and vulnerabilities in Cabo Verde was finalized in March January 2021 aiming at evaluating the implementation of the Action Plan and associated recommendations of recent assessments pertaining to Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) and Anti-Corruption (AC) regimes in Cabo Verde (NRA 2017 and its action 2018-2019, Mutual Evaluation Report (MER 2019) and UN Convention against Corruption and its Implementation Review Mechanism (UNCAC IRM 2017 &2018) designed to mitigate vulnerabilities regarding AML/CFT and AC in Cabo Verde. As a result of this assessment supported by UNODC, important recommendations were made to address the identified residual gaps in and effectiveness of the AML/CFT and AC's legal, institutional, and operational frameworks of Cabo Verde to comply with international standards and best practices.

Block 2: A key pillar of the INFF financing strategy, building on insights garnered from the FDs/DFA process, is investment in the blue economy (including mobilization of additional 700,000 USD via UNDP TRAC-2). This is being facilitated by the UNDP/Bolsa de Valores sustainable finance platform for the blue economy, within which a first blue sustainable bond issuance is expected by the end of 2021 in the form of a sovereign bond of 3.5 million USD. The Government has committed to integrating the Financing Strategy within the PEDS II strategic planning exercise, due to commence in August 2021. consistent with the commitment to align with the PEDS, which also serves the INFF’s strategic objectives.

As part of the reinforcement of the magistrates’ capacities and others judiciary operators in resolution of cases of organized crime including corruption and money laundering, the Public Ministry with UNODC’s technical cooperation has initiated a process of compiling all of Cape Verde’s penal legislation. The first Volume of Penal Law was finalized in November 2021 and the compilation process of two more volumes (II & III) is underway. The compilations will be used by the Magistrates in the instruction of cases and in trials, and by the law enforcement officers when carrying out criminal investigations. Also, 75 professionals from the Judicial Police, Nacional Police and Public Prosecutors, Judicial Magistrate, Bar Association and technicians of the Ministry of Justice have benefited from an online Training on revised penal and procedure penal codes in Cabo Verde. The training was facilitated by the Task Force who carried out the technical revision of the Penal Code, and international experts.

Block 3 : The JP team succeeded to establish a national working group on decent work indic

Changes made to JP:

Main Challenges: Ministry of Finance lack of commitment: it can be due to capacity limitations, government priorities in a more challenging macroeconomic / fiscal context than expected, a lack of commitment / interest in the INFF process, or a combination of the above. When it comes to capacity, several efforts have been made to offer resources for the establishment of a technical coordination team at the MF/DNP to resolve bottlenecks and to provide consultants for issue-specific activities.

While UNDP/JO is striving to deliver these funds in accordance with the JP document, we observe that progress is primarily taking place in the context of INFF-related activities where the MF/DNP does not play a leading role (e.g. private sector engagement). Unfortunately, an extensive reprogramming of the activities and budgets under the JP to reflect these realities appears to be inevitable if the funds are to be disbursed within the proscribed timeframe under government leadership

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Advancing (50-99%)	Completed (100%)	Emerging (1-49%)	Emerging (1-49%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: NA

Assessment & Diagnostics: Two sets of financing dialogues have now taken place in Cabo Verde, with the coordination of the Ministry of Finance (MoF) first in February/March and the second in July, that have not only informed the empirical analysis and data collection for the Development Finance Assessment but that have significantly contributed to more awareness of the potential of the INFF process in terms of contributing to the country’s development objectives (i.e. Ambition 2030) among government counterparts and, crucially, non-UN development partners. The DFA process was completed in December 2021 with the production of a completed draft submitted to the DNP, with publication expected in Q1 2022. The assessment of money laundering and corruption risk and vulnerabilities in Cabo Verde was carried out in January 2021 aiming at evaluating the implementation of the Action

Plan and associated recommendations of recent assessments pertaining to Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) and Anti-Corruption (AC) regimes in Cabo Verde (NRA 2017 and its action 2018-2019, Mutual Evaluation Report (MER 2019) and UN Convention against Corruption and its Implementation Review Mechanism (UNCAC IRM 2017 & 2018) designed to mitigate vulnerabilities regarding AML/CFT and AC in Cabo Verde. As a result of this assessment supported by UNODC, important recommendations were made to address the identified residual gaps in and effectiveness of the AML/CFT and AC's legal, institutional, and operational frameworks of Cabo Verde to comply with international standards and best practices. A fiscal space analysis is being used to show different possibilities to extend social protection coverage. This diagnostic tool will contribute to the financing strategy in the area of SDG 1.3.

Financing Strategy: A key pillar of the INFF financing strategy, building on insights garnered from the FDs/DFA process, is investment in the blue economy (including mobilization of additional 700,000 USD via UNDP TRAC-2). This is being facilitated by the UNDP/Bolsa de Valores sustainable finance platform for the blue economy, within which a first blue sustainable bond issuance is expected by the end of 2021 in the form of a sovereign bond of 3.5 million USD. The Government has committed to integrating the Financing Strategy within the PEDS II strategic planning exercise.

As part of the reinforcement of the magistrates' capacities and others judiciary operators in resolution of cases of organized crime including corruption and money laundering, The Public Ministry with UNODC's technical cooperation has completed the first phase (Volume I) of a process of compiling all of Cabo Verde's penal legislation. The compilations will be used by the Police and Magistrates in the investigations, instruction of cases, trials and by other entities dealing with criminal law. Training of magistrates, criminal police and other relevant criminal justice actors on the main topics amended in the penal code and penal procedure (published in the first quarter of 2021), including the crime of corruption and Crime of embezzlement.

An agreement was reached during a meeting between the DNP, the HJO and the RCO in April that the expenditures for the Financing Strategy would be aligned with the development of the new national development strategy (PEDS II) following the implementation of the new government in May 2021. The PEDS process was then announced to commence in July, before being pushed back several times, before ultimately being announced for January 2022. At the end of the year 2021 no written document has been shared by the MF/DNP with UNDP/JO concerning the PEDS process, despite assurances that this would be shared during Q4 2021. In absence of such documentation, UNDP/JO was not in a position to implement the Financing Strategy in a manner consistent with the commitment to align with the PEDS, which also serves the INFF's strategic objectives, as the latter is yet to be defined.

Monitoring & Review: A statistical bulletin on monitoring informal employment is being produced providing the state of informality and monitors the labour market trends with a focus on informal jobs and informal sector. It is planned to update this tool annually.

Following discussions with the MF/DNP in April after the first Financing Dialogues in March, UNDP/JO proposed a 100,000 USD LOA for M&E activities in early May. After several reminders, the DNP finally signed this LOA in July but has not moved forward with implementation and failed to offer a workplan to enable an advance of the funds, in spite of offers to assist in the development of the workplan through the hiring of an international consultant to assist in these efforts, which was rejected. Following the latest meeting on 3 Nov with the Head of Joint Office (HJO) a.i. seeking to resolve these constraints and bottlenecks, DNP then requested funds for activities that were already included in the LOA signed in July and had already been agreed to in April and were awaiting a workplan. Following discussions with the Secretary of State for Entrepreneurial Development on the margins of the African Economic Conference in December 2021, a portion of these funds will be executed directly by UNDP in order to support the Ministry of Finance in labeling two bond issuances as social bonds

Governance & Coordination: Concerning INFF Block 4, in April between DNP, HJO and RCO, an agreement was reached concerning the coordination mechanism for the INFF that would build on the government's Ambition 2030 coordination structure. Following further refinement with RCO engagement, the draft ToRs for this mechanism was included in the draft INFF Roadmap contained in the latest DFA. A joint consultative review process should take place in Q1 2022.

An agreement among DNP, HJO and RCO was reached concerning the coordination mechanism for the INFF that would build on the government's Ambition 2030 coordination structure. Following further refinement with RCO engagement, the draft ToRs for this mechanism was included in the draft INFF Roadmap contained in the latest

DFA. However, no further actions from the MF/DNP has been made and an attempt to for organizing participatory review and consultation process for approval and launch of the INFF Roadmap was postponed on the grounds of a full agenda with other activities.

Despite continued efforts to reschedule, no new dates have been proposed or agreed.

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

Due to COVID-19 imposing shifting gears on governmental priorities, the JP concentrated on assisting to define country's priorities in the new COVID-19 context to mitigate impacts of the crisis, supporting the government developing a National Response and Recovery Plan (NRRP) through the Response and Recovery Coordination Platform, installed by the National Government and the UN, with an active role for JP PUNOs, integrating key national ministries, civil society organizations, representatives of the private sector and international partners. Accordingly, the entire INFF timeline has been pushed back by approximately six months initially, with a further six month delay anticipated.

How did the JP apply the Gender Marker

A key INFF initiative for private sector engagement (Fundo Lavanta) offers loans exclusively to youth and women-led businesses, with a focus on young female entrepreneurs. Furthermore, two workshops on Women in AfCFTA were supported by the JP.

UNODC encourages the appointment of female candidates for all JP training, and mentoring activities. In line with UNDAF, UN Info, and UN participating agencies' s Guidance Note on GM, there have been efforts to monitor gender issues at the level of JP outcomes and outputs. Also, the JP purposes is to learn about the impact of its activities on the needs of men and women.

SDG labour market indicators produced under this JP are disaggregated by sex.

Estimated % of overall disbursed funds spend on gender: 10%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

In all the activities carried out, under Block I and II, during the reporting period, the approach has been inclusive based on program budgeting; gender-sensitive, finance-related data, and human-rights indicators and their articulation with SDGs, to leave no one behind (LNOB). With the support of the JP, decent work indicators are available, including SDG labour markets indicators.

How did the JP work to build ownership and buy-in of key stakeholders

The DFA dialogues reflected the participatory and inclusive approach of the JP. Taking place over two two-week periods (4 weeks total), the DFA dialogues convened government, private sector, civil society, and international stakeholders within key sectors and across cross-cutting issues, including a plenary session held at the National Assembly (parliament). In addition, financing dialogues were held with the private sector on blue economy (on Fogo island) and on women and youth entrepreneurship within the context of the Lavanta Fund (on Saint Vincent island). This approach not only reflects inclusiveness by taking a broad-based thematic perspective but also from a geographic perspective across the ocean archipelago.

The JP implementation has given priority to support existing institutions, assessments and structures. Sustainability will also be ensured through ownership by national authorities for all aspects of the JP intervention. The

ownership on the national level has been particularly be ensured through participation, and the strengthening the partnership between the public and private sectors and the participation of civil society through the establishment of local and national management committees.

National capacities are built in data production and monitoring in order to have national ownership and buy-in.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

The entire DFA exercise was tailored to the 5 SDG Accelerators identified as part of a UN MAPS mission that took place in 2019 using the RIA methodology. This resulted in an SDG roadmap with accelerators including the blue & green economies, human capital, digitalization, and sustainable tourism. Taken together these affect the panoply of SDGs, with key emphases on SDGs 1, 8 & 14.

The Public Ministry with UNODC technical support has promoted an online training on amendments to the Penal Code and the Code of Criminal Procedure and the publication of an updated collection of criminal legislation. Both activities aimed to strengthen the capacity of magistrates and criminal investigators in the fight against criminality, providing them with an easy to consult work tool that gathers the current laws on criminal law and criminal procedure in Cabo Verde. In this sense, these activities have contributed to the achievement of SDG 16, promoting peace, justice and strong institutions

The output 1.3 refers to a strengthened capacity building platform for human and institutional capacities of key actors from public and private sectors with a view to ensuring the quality of program and results-based planning and budgeting processes within the National Planning System. To this end, capacity building of the National Institute of Statistics (INECV) and Labour Market Observatory were built in SDG labour market indicators, considering the context of COVID-19.

JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)

The output 2.1 refers to a strengthened National Planning System and National Investment System into an intersectoral, multilevel governance (decision/policy making) and monitoring system for PEDS, Ambition 2030, and SDGs.

During the reporting period, decent work indicators were updated as a basis for a statistical bulletin to monitor SDG labour market indicators. This will contribute to create a result-based, gender-sensitive M&E framework.

Progress against JP-specific outcomes

The money laundering and corruption risk and vulnerabilities assessment in Cabo Verde has been conducted in the framework of the output 1.1, and in line with Integrated National Financing Framework (INFF). The reinforcement of the magistrates' technical capacities and others judiciary operators in resolution of cases of organized crime including corruption and money laundering through training sessions and the availability of the criminal law enforcement tool represent a contribution to the implementation of the output 2.3

Progress against JP-specific outputs

The money laundering and corruption risk and vulnerabilities assessment in Cabo Verde has been conducted in the framework of the output 1.1, and in line with Integrated National Financing Framework (INFF). The reinforcement of the magistrates' technical capacities and others judiciary operators in resolution of cases of organized crime including corruption and money laundering through training sessions and the availability of the criminal law enforcement tool represent a contribution to the implementation of the output 2.3

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

The JP itself represents an example of coordination and synergy to respond to the priorities of the country in terms of support to Financing for Development. In this sense, a coordination platform has been in place since 2020 to ensure the necessary dialogue between the UN participating agencies, thus avoiding the overlapping of efforts and reinforcing the coherence of the programme with the country's priorities in terms of achieving the SDGs.

The assessment of money laundering and corruption risk and vulnerabilities in Cabo Verde conducted by UNODC in 2021 allowed the convergence of the main recommendations to the Government in these areas in a single document, which included the review of the level of compliance with important working instruments: the action plan of the Money-laundering and Terrorism Financing National Risk Assessment (2018-2019); the implementation of the recommendations received within the framework of the Intergovernmental Action Group against Money Laundering in West Africa Mutual Evaluation Report 2019 and the United Nations Convention against Corruption and its Implementation Review Mechanism in 2017 and 2018.

In this perspective, the duplication of future efforts in this field has been reduced, since, with the Government in possession of the evaluation results, the country will take care of the implementation of the recommendations, with a view to harmonizing its legal and institutional framework with the best international practices and instruments in force.

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

Most of the JP activities have involved governmental and non-governmental partners, including the private sector and development partners:

- o The Ministry of Finance is leading the National Planning System, which the INFF comes to reinforce, in line with the new Budget Law
- o The Ministry of Foreign Affairs and Communities is responsible for the monitoring of SDG implementation.
- o The Ministry of Justice and Labour is responsible for the reinforcement of transparency and combat to corruption and illicit transactions, as well as asset recovery, for setting human rights indicators
- o Cabo Verde's Stock Exchange is part of the governmental task team developing the JP with UN support, it is leading the UN-supported international (public and private) resources mobilization process.
- o A strategic partnership was established with the National Institute of Statistics on producing and monitoring the SDG labour indicators with a focus on informal economy and extension of social protection coverage through potential fiscal spaces.
- o The National Commission for Human Rights supports the INECV in the design of human-rights-based indicators to track the impact of finance on the furthest left behind.
- o The Parliament, local authorities, civil society organizations and the private sector representants are also involve
- o IFIs: WB is engaged in the INFF

The DFA dialogues epitomizes the collaborative and diverse approach of the JP. Taking place over two two-week periods (4 weeks total), the DFA dialogues convened government, private sector, civil society, and international stakeholders within key sectors and across cross-cutting issues, including a plenary session held at the National Assembly (parliament). In addition, financing dialogues were held with the private sector on blue economy (on Fogo island) and on women and youth entrepreneurship within the context of the Lavanta Fund (on Saint Vincent island). This approach emphasizes collaboration across sectors and islands.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	Yes	Yes	Yes	Yes

Comments on additional financing secured: Most of the JP activities have involved governmental and non-governmental partners, including the private sector and development partners:

- o The Ministry of Finance is leading

the National Planning System, which the INFF comes to reinforce, in line with the new Budget Law o The Ministry of Foreign Affairs and Communities is responsible for the monitoring of SDG implementation. o The Ministry of Justice and Labour is responsible for the reinforcement of transparency and combat to corruption and illicit transactions, as well as asset recovery, for setting human rights indicators o Cabo Verde’s Stock Exchange is part of the governmental task team developing the JP with UN support, it is leading the UN-supported international (public and private) resources mobilization process. o A strategic partnership was established with the National Institute of Statistics on producing and monitoring the SDG labour indicators with a focus on informal economy and extension of social protection coverage through potential fiscal spaces. o The National Commission for Human Rights supports the INECV in the design of human-rights-based indicators to track the impact of finance on the furthest left behind. o The Parliament, local authorities, civil society organizations and the private sector representants are also involve o IFIs: WB is engaged in the INFF

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JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
Organized in 2020	No	Yes in 2021

Number of strategic documents produced by the JP: 3

Number of strategic documents contributed by the JP: 0

Number of communication materials produced: 19

2022 Plans & Way Forward

JP priority activities & expected results for 2022

UNDP Activities for 2022 will depend on consultations with the Ministry of Finance but are expected to focus on : Output 1.2: A Financing strategy is developed in an integrated, participatory manner to effectively manage finance for results Output 2.2: The legal and policy framework is improved, and match-making platforms are installed, to attract sustainable, inclusive private investment Key UNODC Activities: Strengthening the capacities of key actors in intelligence gathering and analysis of economic and financial crimes, as well as in investigation techniques Capacity building for financial and non-financial institutions in financial investigation, prosecutorial, in asset forfeiture and recovery, and prevention of illicit financial transactions Capacity building for actors of the Anti Money laundering Law to report suspicious transactions, and with national authorities to prevent, address and recover stolen assets, and work with development partners to reduce illicit flows.

Key ILO activities Identification of measures for public spending to target more effectively excluded populations and workers in the informal economy, among them women and youth from the poorest islands and municipalities Integration in the system of information disaggregated by island and municipality, and of information on the international partners’ projects and financial contributions Capacity building and training for SMES, SOEs, MNCs and Business Associations to cultivate a culture of integrity, anti-corruption and accountability

3 major transformative results that will be achieved by the end of the JP

Identification of the current status and prospects of the public spending and financing flows opportunities, integrating the Private Sector through: + Development of a platform to leverage capital markets for sustainable development. + Development of a digital marketplace for SDG entrepreneurship and financing. + Developing a platform to leverage diaspora investment and FDI.

Development of financing strategy in an integrated and participatory manner to effectively manage finance for results with national institutional capacities are strengthened for the coordination of aid and the mobilization of financial resources and international partnerships for the implementation of the National Sustainable Development Plan (PEDS) and the SDGs in Cabo Verde.

A capacity building strategy to reinforce transparency of the business environment and financial inclusion of the populations from the poorest islands, especially women, with national capacities at central and local level are strengthened: + to prevent and combat organized crime and illicit trafficking, including drug trafficking, trafficking in persons and smuggling of migrants, prevention of terrorism, cybercrime, accordance with the principles of human rights and international treaties and conventions + to develop and use market labour statistics.

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Emerging (1-49%)	Advancing (50-99%)	N/A