



# Joint Programme 2022 Annual Progress Report

## SDG Financing Portfolio - Component 1

### Cover page

**UNCT/MCO:** Cape Verde

**Reporting Period:** 1 January - 31 December 2022

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

**Stakeholder partner:** Private sector;Parliamentarians;Civil Society Organizations;Sub-national Governments;National Government;

**Thematic SDG Areas:** Decent jobs & universal social protection;

**PUNOs:** ILO, UNODC

**Top- up received as part of DEM:** No

**Total estimated expenditures:** US\$ \$ 603,837.0

**Total estimated commitments (including expenditures):** US\$ \$ 827,172.0

**Gender Marker:** Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm)

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### Executive Summary

The new national strategic plan for sustainable development (PEDS II) 2022-26 was built with relevant technical support from the Joint Programme (JP). The JP also supported the creation of the monitoring and evaluation (M&E) operationalization's legal framework. Thematic discussions and specific studies were developed.

As part of the intended demonstration effect of the INFF approach, UNDP implemented a sustainable finance platform (Blu-X) that has raised over 26 million USD in capital markets as well as the operationalization of a digital marketplace (Negocia) for SDG entrepreneurship and investment the disbursement of guarantee funds (Fundo Lavanta) for youth and women-led SMEs.

The Development Finance Assessment (DFA) and INFF roadmap have been published, outlining clear recommendations and action points for policy and institutional reforms across three building blocks: Financing Strategy, Monitoring and Evaluation, and Coordination Mechanism.

The development of the National Strategy to Combat Money Laundering and Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction was built and validated with support from the JP through UNODC, complying with international standards and best practices. The implementation of the planned strategy and measures will indirectly contribute to improving the country's business environment, making it more attractive to potential investors and tourism.

As part of the reinforcement of the magistrates' capacities and other judiciary operators in resolution of cases of organized crime including financial crime, corruption and money laundering, the partnership established between UNODC and the Public Prosecutor's Office regarding the compilation of three volumes of criminal legislation in force in the country was successfully concluded. This compilation followed the amendments to the Penal Code and to the Penal Procedure Code and has filled a long-felt need to compile all the criminal legislation and related laws existing in Capeverdean legal system, with the purpose of facilitating the work of the law enforcement agents.

Recommendation identifying fiscal space to keep and enlarge social protection in Cabo Verde were developed through a study conducted by ILO and presented to relevant national authorities. The study assesses the current situation of social protection in Cabo Verde, where almost half of the population are not covered by any social protection system, and estimates the gap for achieving the goal of universal extension of social protection while identifying alternative scenarios for achieving SDG 1.3

National Institute of Statistics staff capacities were also strengthened on labour market information with respect to recent international standards for labour statistics.

## **Annual Progress**

### **Overall JP self-assessment of 2022 progress:**

Satisfactory (majority of expected annual results achieved; 1 to 3 months delay in implementation)

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

The new national strategic plan for sustainable development (PEDS II) 2022-26 was built with relevant technical support from the Joint Programme (JP). Draft law for enforcement of M&E system in public administration elaborated to be approved by the Council of Minister;

The economic profile of each Island elaborated, in partnership with UNDP/UNHabitat for PEDS II , and 28 PEDS programmes elaborated with the respective logical frameworks and indicators, SDG based, with the list of products, elaborated human rights and gender approach oriented, after deep analysis of gender and human rights impact of programs; sectorial strategic plans of education, health and Diaspora integration elaborated, in line with the PEDS options; The Diaspora Strategy presented to the Diaspora communities as part of PEDS II

In Q3 and Q4 2022, the Bolsa de Valores de Cabo Verde (Cabo Verde Stock Exchange) and UNDP, through their Blu-X sustainable finance platform, identified an appropriate sustainable financing for microentrepreneurs in the blue economy through the issuance of a Blue Bond. The blue bond was made possible by the enactment of a Blue Bond Regulation by the Cabo Verde capital markets regulator – AGMVM – in November 2022 that was based on technical and scientific work commissioned by the Blu-X project . Following the publication of the regulation, the Blu-X project partnered with the International Investment Bank of Cabo Verde to issue a blue bond to raise proceeds for microentrepreneurs with certified blue economy projects through small-scale loans. The adherence to Cabo Verde's blue economy taxonomy and blue bond principles is assured through a third-party external review process completed by EY.

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of the Proliferation of Weapons of Mass Destruction was built and validated with support from the JP through UNODC, complying with international standards and best practices. The implementation of the planned strategy and measures will indirectly contribute to improving the country's business environment, making it more attractive to potential investors and tourism.

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National Institute of Statistics staff capacities were also strengthened on labour market information with respect to recent international standards for labour statistics. Editing and publication of a national profile on decent work that synthesizes existing legal and statistical indicators to monitor and evaluate the impact of public interventions in the labour market, highlighting problems and challenges related to the promotion of decent work. In addition, the collection of statistical data on the progress of the SDGs related to labour market indicators was carried out (publication in progress).

#### **Main Challenges, adjustments and lessons:**

Cabo Verde has been in a situation of social and economic emergency due to the pandemic of COVID-19 and its economic impacts, the challenges brought about by the war in Ukraine and the climate crises, in particular the prolonged drought, with a probable impact on delaying the country's development.

An important constraint has been the low dynamic of the national partners in the implementation the program due to limited institutional capacity, namely the availability of human resources.

Regarding economic and financial crime, two additional institutional challenges have arisen in 2022 from the replacement of the heads of the Judicial Police and the Financial Intelligence Unit that took months.

Another constraint is related to access to and timely availability of statistical data and information, as well as the slow response of national institutions, whose positioning is essential for the necessary developments. The use of alternative sources and networks has helped to resolve these situations.

#### **SDG Acceleration**

The National Strategy to Combat Money Laundering and Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction was developed to be the main forum for Cape Verdean institutional articulation for the planning, discussion, formulation and implementation of strategies, public policies and initiatives to combat money laundering, the financing of terrorism and the proliferation of weapons of mass destruction. In that sense, it will contribute to the achievement of SDG targets 16,4 (By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and all forms of organized crime) and 16,6 (Develop effective,

accountable and transparent institutions at all levels).

The study on fiscal space for social protection in Cabo Verde provides alternative scenarios and recommendations for financing the universal social protection deficit. This represents an important step towards achieving SDG 1.3. The evaluation of the special regime for micro and small enterprises - REMPE (ongoing) will certainly lead to the reform of REMPE, the main public policy measure for formalisation. Together with other actions, this is expected to accelerate the transition from the informal to the formal economy (SDG 8.3).

PEDS II elaboration is the operationalization of the strategic vision “ambition 2030”, build with the technical support of the UN, based on the MAPS mission and on the SDG acceleration. 17.9 Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the Sustainable Development Goals, including through North-South, South-South and triangular cooperation; 17.14 Enhance policy coherence for sustainable development.

## Updates on SDG financing framework

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

### Descriptions on progress by INFF building blocks

**Inception Phase:** INFF Roadmap developed and adopted by the government

**Assessment & Diagnostics:** The DFA and INFF roadmap have been published, outlining clear recommendations and action points for policy and institutional reforms across three building blocks: Financing Strategy, Monitoring and Evaluation, and Coordination Mechanism. For each of these three building blocks, key pillars have been outlined in the DFA based on the thorough DFA methodology and assessment exercise. The Development Finance Assessment informed the empirical analysis and data collection and 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 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. A fiscal space study was done conducting an analysis on the fiscal space for social protection assessing the current situation of social protection, estimating the gap to achieve the goal of universal extension of social protection. In addition, this study identifies alternative scenarios within the fiscal space that can be implemented in the medium and/or long term to achieve SDG 1.3. is being used to show different possibilities to extend social protection coverage. This diagnostic tool will contribute to the national financing strategy.

**Financing Strategy:** The conclusion of the Financing Strategy will be done during Q1 of 2023. It is informed by strategic strategies and studies done with the JP support as: • The National Strategy to Combat Money Laundering and Terrorist Financing and the Proliferation of Weapons of Mass Destruction. • The Development Finance Assessment informed the empirical analysis and data collection and 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. • A fiscal space study conducting an analysis on the fiscal space for social protection assessing the current situation of social protection, estimating the gap to achieve the goal of universal extension of social protection.

**Monitoring & Review:** The new national strategic plan for sustainable development (PEDS II) 2022-26 built with relevant technical support from the Joint Programme (JP) includes a Monitoring and Evaluation instruments and approach. The JP also supported the creation of the monitoring and evaluation (M&E) operationalization's legal framework. 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.

**Governance & Coordination:** An agreement with the National Planning Bureau was reached concerning the coordination mechanism for the INFF that would build on the government's Ambition 2030 coordination structure, with the draft ToRs for this mechanism included in the INFF Roadmap. However, no further actions from the MF/DNP has been made. The implementation of the PEDS II in Q1 2023 will raise the Governance and Coordination issue, facilitating the development of a proposal.

## Annual Reporting on Results

### JP contributions to the Joint SDG Fund's global cost of living crisis

#### Next steps, scaling and sustainability [400 words]

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.

Approval of the PEDS II and presented to the international partners in a High-Level Conference.

Conclusion of the country Financing Strategy and the governance mechanism will be set up.

The Government of Cabo Verde has set itself the objective of extending coverage of medical assistance, medicines and complementary examinations to elderly and disabled persons who are not covered by the contributory scheme (INPS) or the non-contributory scheme (CNPS) and who are in a situation of poverty and extreme poverty. With this objective in mind, the project has begun an actuarial study of the Mutual Fund so that elderly and disabled people who do not receive a social pension can have access to the benefits granted by this Fund.

REMPE is the main public policy specifically aimed at the transition to the formal economy. REMPE is also important as a measure to combat economic exclusion and vulnerability. It is also a tool to promote competitiveness, productivity, MSE development and the achievement of SDG 8. In this process, the project initiated an assessment of the implementation of REMPE from an economic and social perspective aimed at the transition from the informal economy to the formal economy, as well as the formulation of recommendations for improvements so that it can accelerate the achievement of the SDGs by 2030, including compliance with fiscal and social obligations, improving access to social protection, and enhancing higher income opportunities.

The update of the diagnostic of the labour market information system is underway. This diagnosis study will contribute to a better understanding of the current state of labour market information in the country. The objective is to carry out a complete and critical diagnosis of the production and use of labour market information (type of data, type of disaggregation, years for which data are available, periodicity, publication medium, etc.) and its dissemination (technical bodies, potential producers, social partners, development partners).

## Priority Cross-cutting Issues

### Cross-cutting results/issues

Policy instruments developed with the support of the JP, as the National Strategy for sustainable development (PEDS II) or the study on the fiscal space for social protection in the country, are being used for decision-making on poverty eradication, extending social protection coverage to the population, gender equality, human rights, SDG achievement, LNOB and formalizing women's small businesses in the informal sector.

Integration of gender indicators and targets in all 28 PEDS II programs log frames aiming at social and economic empowerment of girls and women particularly.

Recommendations for Integration of human rights targets and indicators in substantive programs, in accordance with Human Rights Conventions ratified by Cabo Verde.

PEDS II aligned with SDGs targets and indicators and PEDS II policies assuring the policies of “no one is to be left behind”.

Progress towards the SDGs in terms of the Decent Work Country Agenda are indicators available to better guide policies in the country.

### How did the JP apply the Gender Marker

The JP is Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm). Evidence, data collection and analysis (e.g. gender assessments of programmes; policy briefs, costing for scale-up of social services); Policy dialogues, advocacy (e.g. direct inputs to national policies, strategies, laws, including women's and girls' rights groups in coordination mechanisms);

### Focus on LNOB cross cutting principles

Human Rights	Persons with disabilities	Youth	Environmental and social standards
Yes	No	No	No

## Strategic Partnerships, Documents and Communications

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

Partnership with the Stock Exchange (Bolsa de Valores) of Cabo Verde implementing a sustainable finance platform (Blu-X) that has raised over 26 million USD in capital markets. Also with NGOs to operationalize a digital marketplace (Negocia) for SDG entrepreneurship and investment the disbursement of guarantee funds (Fundo Lavanta) for youth and women-led SMEs.

In terms of results, there has been a close relationship with the State sectors, namely the Ministry of Finance, the State Secretariat for Enterprise Development, the Ministry of the Family, Inclusion and Social Development, the National Statistics Institute (INEC), the Labour Market Observatory, the National Institute for Social Protection (INPS), the National Centre for Social Pensions (CNPS), the Institute for the Promotion of Enterprise (ProEmpresa) and the municipalities. In relations with the private sector, we can mention the collaboration with the Chambers of Commerce, the Chamber of Tourism and the trade union centres representing the workers. These entities have actively participated in the studies, providing technical guidance, and positioning on the issues that concern them, as well as supplying information, including statistical data. They also co-organised the capacity building events and the dissemination of the results.

With the Ministry of Justice, Public Ministry and the Interministerial Commission for Coordination of Policies on Prevention and Combating Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction developing the National Strategy to Combat Money Laundering and Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction

**Donor and Strategic events attended by JP in 2022**

JP steering committee/ programme board meeting	Strategic partners/ donors event	Closing meeting/ event
Yes	Yes	No

**JP contribution to SDG Financing**

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in management programmes/schemes	Improved effectiveness of (value for money; i.e. social impact of \$1 spent)	Drafted policies/regulatory frameworks or developed tools to incentivize sector investment on the SDGs	Structured financial instruments (public, private or blended) to leverage additional funding	new instruments or private additional funding
No	Yes	Yes	Yes	Yes	Yes	Yes

**Main capacity building activities supported by the JP that allowed people to expand their knowledge on SDG Financing and INFFs**

NA