

SIDS National Focal Points Meeting, August 4th
Intervention from Cabo Verde's Resident Coordinator

COVID-19 response: national and regional initiatives

I. AIS SIDS COVID-19 Context:

SIDS face an unprecedented challenge with the impact and perspectives for recovery of COVID-19 crisis, that came to overlap and deepen pre-existing vulnerabilities especially as it relates to external shocks.

SIDS structural constraints are known to all - high per-capita cost of services, energy and water shortages, territorial dispersion, limited connectivity and relative isolation, small domestic markets and fiscal basis, weak industrial fabric, limited financing landscape; as well as vulnerabilities to climate change, natural disasters and external economic shocks.

According to UNDESA, SIDS GDP may shrink by 4,7% this year. In both Africa and the SIDS, this impact can be exacerbated by the limited fiscal space available to mitigate it. **Among the**

7 countries most highly dependent on tourism in Africa, SIDS AIS represents 5, and a 91.003 Tc Me (a 6A1

Finally, remittances, **accounting for around 10% of the GDP in Comoros, Guinea Bissau or Cabo Verde, for instance, are expected to drop by 23,1% in Africa**, according to the last World Bank Global prospect.

Cabo Verde was among the 46 countries that have adopted socio-economic measures since the beginning of the crisis on health, social protection, employment and food security, to protect jobs, businesses and household income. The macroeconomic stimulus package includes **temporary tax exemptions** (VAT moratorium and corporate / corporate taxes), **payments of all State debts and prioritization of VAT withholding**, creation of **4 credit and guarantee lines** to ensure liquidity for large companies and MSMEs to bridge the gap). Further, **employment retention measures** were immediately taken as well as a set of measures for **scaling up social protection**, including the establishment of a solidarity Income, food assistance and expanding the cadre of local social teams to ensure home care services for elderly people who live in isolation, as well as ill persons and people with disabilities. An **Educational Recovery Plan** was formulated and different measures were established to ensure the continuity of the academic year

Under government leadership, shortly after the crisis' outbreak, the UN established a **Response and Recovery Coordination Platform**. Within this platform, and as in other countries here represented, a **Socio-Economic Impact Assessment** was developed against the UN Framework for Socio Economic Recovery together with the EU, WB and AfDB, and with participation of different donors (EU, Luxembourg, Portugal and Spain).

While the preliminary assessment has been concluded the UN committed to do a longer term Post Crisis Needs Assessment to be able to include multidimensional data and provide constant update of the impact of the crisis across the countries nine islands to inform decision making in the coming months and underpin the country Ambition 2030.

At the same time, the UNS is strengthening capacities of the **National Planning and Monitoring System to enhance quantity and quality of data collection and analysis**. UNECA has started to support the process.

Like many partners, the UN in Cabo Verde reprogrammed all eligible funds of its One UN Joint Annual Work Plan in order to be able to quickly disburse approximately USD 8 million

1. **Tailored capacity building to enable SIDS to develop focused strategies for COVID-19 response and recovery and SDG financing**, including through the Integrated National Financing Framework and better data collection and analysis
2. **Joint advocacy for debt relief or restructuring and mobilizing of innovative finance**
3. Finding innovative solutions to **mitigate market size constraints to private investment and creating an enabling environment for economic diversification** based on our strengths as SIDS in this region
4. Support with a global/regional **disaster risk reduction/resilience facility**, including through the production of indicators and regional lessons on access to climate finance
5. Contributing to the **construction and joint advocacy of the Multidimensional Vulnerability Index**, for the International Financial Institutions and the donors and global funds to review their criteria for donations and concessional financing