Terms of Reference:
Plenary Session 2 Clusters and Transformation Strategy

The transformation agenda was a response to the need for economic diversification. Since its formulation, tourism has grown to become a dominant sector of the economy, currently representing over 20 percent of GDP and a major portion of services exports and foreign direct investment in Cape Verde. The fear now is that, despite the transformation agenda, Cape Verde will become a mono-economy, highly dependent on one sector (tourism).

A crucial issue for Cape Verde, therefore, is how to accelerate the transformation agenda's implementation to ensure economic diversification? Economic diversification is essential in reducing the high vulnerability faced by Cape Verde. The session will examine these critical issues: economic diversification and expansion of the economy's productive base.

Our goals and vision are clear. How to operationalize the vision and turn it into actions that allow us to build a globally competitive economy is the main challenge we face today. This session on Clusters and transformation strategy aims to identify clues to formulate a strategy for realizing the different Clusters that were identified as part of the transformation strategy and DECRP III. These clusters are: agribusiness, maritime economy, tourism, creative economy, ICT, Finance and aero-business; that is, areas in which Cape Verde has comparative advantages, to be turned into competitive advantages.

This plenary session aims to share other experiences, such as that of Luxembourg and other countries in Africa. After presentation of case studies, the session will assess what has been done so far, identify elements to develop an action plan, set priorities, identify the role of key stakeholders, particularly the domestic private sector, establish the institutional framework to lead national efforts, and build the consensus needed to formulate the national will for defining the clusters' strategic agenda.

Specifically, the session will focus on the following questions:

- How to identify the activity sectors of clusters where Cape Verde has a comparative advantage?
- What should be the governance structure for Clusters: how to establish processes to identify the leaders of Clusters? Who should be a member of the network of Clusters? How to identify performance indicators for Clusters? What monitoring and evaluation system should be adopted for Clusters? What governance system?
- How to optimize and plan the activities of Clusters? How to ensure that planned activities are consistent with the positioning of Clusters?
- How to ensure the competitiveness of Clusters? Who should ensure the maintenance of this competitiveness?

- What should be the decision-making system to determine which activities should be left to the public sector, private sector or PPP? What are the activities that represent opportunities for the private sector? How to evaluate the private sector's capacity?
- What should be the promotion strategy to attract foreign direct investment and create opportunities for the domestic private sector? What should be the policy for promoting Clusters?