



## Terms of Reference

### Workshop 2.1: The Growth Model

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Over the last decade and before the global economic crisis that started in 2008, Cape Verde was among the fastest growing economies in the world. The result is that Cape Verde became a lower middle-income country, having graduated from the United Nations list of Least Developed Countries in 2008. Between 1995 and 2007, for example, Cape Verde ranked among the top high growth economies in Africa; it ranked sixth in the top 17 growth performers in Sub-Saharan Africa. Despite the crisis however Cape Verde continues to experience modest economic growth. The characteristics of its growth make Cape Verde's performance noteworthy. Its strong performance has been well rounded. Its strong growth has resulted in improved living standards for the population, putting the country on track to meet or surpass all the targets of the Millennium Development Goals (MGDs).

But the future of Cape Verde is highly uncertain and the current anemic growth is not sufficient given the goals of becoming a developed country by 2030. Cape Verde is confronted with an array of emerging challenges, some of which are the results of its own successes while others have emerged as a result of the global economic realities. Although poverty has reduced, there are still many people that are poor. The unemployment rate has increased in recent years. At the same time, the success of tourism has made Cape Verde almost a monoculture economy, highly dependent on the vagaries of one sector. On the merchandize export front, fisheries is overwhelmingly dominant. The country's ability to diversify and quickly grow its economy without access to concessionary financing, declining aid, an underperforming educational system, and major financing gaps is not assured. The critical challenge now is how to accelerate the implementation of the transformation agenda, build a more resilient economy that is high growth, self-sustaining and inclusive?

The way forward is generally agreed will depend on addressing the education challenge, especially in terms of relevance and quality. It will also depend on shifting to an economy based on knowledge, productivity, efficiency, and most importantly on innovation. These are crucial to ensuring a competitive and high growth economy. The aim of the session, given these realities, is to examine and seek new ideas on "what model of growth for the future in Cape Verde?" More specifically, the session will address the following questions:

1. What are the challenges for Cabo Verde to construct a new development model based on knowledge, productivity, efficiency and innovation?
2. What are the challenges for Cabo Verde to diversify its economy?