

Article

Cape Verde: Islands of Vulnerability or Resilience? A Transition from a MIRAB Model into a TOURAB One?

Eduardo Moraes Sarmiento ^{1,*}  and Ana Lorga da Silva ^{2,3} 

¹ Department of Economics, Lisbon School of Economics and Management, ISEG_Lisbon University and CEsA/CSG/ISEG/ULisboa, 1200-781 Lisbon, Portugal

² Department of Transport and Logistics, Nautical School Infante D. Henrique, Paço de Arcos, 2770-058 Lisbon, Portugal; analorgasilva@enautica.pt

³ School of Economics and Management, Lusófona University, 1749-024 Lisbon, Portugal

* Correspondence: eduardosarmiento@iseg.ulisboa.pt

Abstract: Small island developing states (SIDSs) traditionally face a set of challenges like the weak and highly fragile economic configuration, environmental issues, and a traditional dependence on a few economic activities forcing them to open the economy to the exterior. Therefore, their development model, like in Cape Verde, depends on migration, remittances, dependence on aid, tourism, and state employment. The current research offers an insight into the nature of Cape Verde's economy as a SIDS economy and the degree to which the country has been relying on tourism receipts, external remittances from migrations, aid programs, and government services. Understanding Cape Verde's development model is important to clarify the challenges the country faces and its development needs to gather a long-term resilience and to understand if it is changing from a MIRAB (Migrations, Remittances, Aid, and Bureaucracy) model into another one.

Keywords: small island developing states; Cape Verde; tourism; MIRAB model; TOURAB model; SITE model



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1. Introduction

Nowadays we find all over the world what has been recognized as islandness or undiversified island countries and become known among the scientific community as SIDSs (small island developing states) [1–3].

These countries not only face the above vulnerabilities but have also historically been forced to rely their economic models on various complementary flows such as international aid, financial remittances sent from their emigrants, and finally in most cases tourism flows. Within this context, several countries have been diversifying their development strategies and development models as we will see later in the literature review section [1,4–6].

It is important to stress that the definition of a microstate has been a long discussion among scientists and politicians, and we may find some different approaches. The main and more consistent ones are generally associated with some unique qualitative features generally linked to the traditional small geographic size of its territory, demographic smallness or constraints, or even a composite of different approaches relying on different variables ranging from their traditional economic openness, distance from the main international economic markets, dependence on a few products to export, political stabilities (one often finds a high number of democracies amongst microstates due to their colonial past history), and social cohesion [1,4,7]. Several small states face the paradox of needing to take advantage of the international markets, but on the other side they face the costs of isolation and distance which may reduce their competitive benefits [7].

Research about SIDSs has not been developed enough in scientific materials, and most importantly it has not still been adapted to create a whole comprehensive understanding

about other SIDS countries all over the world. This situation may lead to different interpretations concerning their developing strategies to international institutions and consultants, and therefore it may cause multiple interpretations from different funders and consultants. This is not a desirable situation for these countries.

This paper focuses its attention on Cape Verde. Like many other SIDSs, this country has long been dependent on international aid, foreign direct investment, remittances, and tourism to broaden its economic basis and to improve its economic well-being [4,8]. Considering this, this research will analyze which flows have been growing and if Cape Verde can be characterized on the MIRAB or TOURAB (tourism, aid, and bureaucracy) states [1,9].

Thus, the current research tries to analyze Cape Verde's situation and its potential change in classification from a MIRAB (Migrations, Remittances, Aid, and Bureaucracy) model to a TOURAB (tourism, aid, and bureaucracy) or SITE (small island tourism economy) model reflecting the changing nature of the national economy and its taxonomy. This raises another key question concerning the knowledge of which have been the major economic development determinants in these last years.

Cape Verde has consistently relied upon migrations, aid, and bureaucracy, but in the last few years tourism has been gaining some predominance and has started to contribute more to its economic growth, to fight the poverty problem, as well as to achieve more consistent job opportunities adapted to all kinds of populations. In the case of Cape Verde, tourism is still a very recent and new activity, despite its results becoming very significant for the country.

As a microstate, Cape Verde may be understood as a SITE country since it meets some of the characteristics outlined by McElroy and Parry [7].

Cape Verde has already experienced some of the SITE's challenges such as tourism repatriation of profits, increased crime, and land degradation.

Current research is structured in the following manner. First, we present a brief summary of the main existing literature about the specific nature, dynamics, and vulnerabilities of SIDSs. Next, the methodology is explained. Third, this section examines the importance of the various variables of the MIRAB model in Cape Verde. Finally, the conclusion highlights the major opportunities and challenges of this country.

2. Literature Review

Several small island states like Cape Verde have long adopted a MIRAB (Migrations, Remittances, Aid, and Bureaucracy) model that allows them to be resilient in the use of their scarce resources (minerals, fisheries, agriculture, water, internal market dimension), showing a strong capacity to reinvent themselves according to their market opportunities [10]. The MIRAB model looks at the importance of remittances for the survival of SIDS. It also highlights the need for improved access to international financial services and investment in infrastructure. Finally, it recognizes the need for international support for SIDS in order to reduce their economic vulnerabilities [4,11].

Although Cape Verde has long suffered from these issues, it has been a democratic country since its independence and managed to overcome some historical droughts and hungers. Economically, although the country still faces some poverty issues, this is nowadays a stable country as we will explain in more detail in the next section. SIDSs have historically been seen as isolated and underdeveloped, suffering from specific economic vulnerabilities and opportunities compared to their mainland counterparts [9]. Taking these aspects under consideration, it is important to analyze long-term development goals [2].

In order to better understand the development challenges and opportunities which SIDSs face, it is important to reflect how development strategies in island states have been understood [2]. Small island developing states have many similarities like social, economic, and environmental challenges and vulnerabilities [9].

Some key aspects of island geographies have been presented by Baldacchino [12], Kelman [13], Grydehøj [14], and Lewis [15]: (i) being bordered or bounded with clearly

demarcated land-based spatial limits; (ii) being small in terms of land area, population, resources, and livelihood opportunities; (iii) distance, marginalization, isolation, or separation from other land areas, peoples, and communities; and (iv) littorality as a consequence of land–water interactions, coastal zones, and intersections of archipelagos. It brings additional opportunities using resources for fishing, tourism, and trade [16].

The MIRAB model looks at the importance of remittances for the survival of SIDSs. It also highlights the need for improved access to international financial services and investment in infrastructure. Finally, it recognizes the need for international support for SIDS in order to reduce their economic vulnerabilities [4,11,17].

The MIRAB model was firstly created to conceptualize the economies of SIDS that were dependent on international support and remittances from emigrated family members [4,11,17].

This “multiple migration process” [18] (p. 68) creates remittances that have long been used to support family members as a way to save for their future on the island and to invest. These remittances help to build a “life-long commitment” [19], while foreign aid supports bureaucracy; creates local employment in the public sector; and supports infrastructure development, education, health [16]. All these flows are important to raising both the quality of life and human capital of MIRAB states.

However, this model has several aspects that need to be taken care of. Historically, there were several SIDSs which depended on the service sector (travel and tourism), and this situation could be a problem since these companies are often dominated by multinational corporations (MNCs) that in most cases do not use these profits locally but instead redirect them away from the destination [8,20]. But this situation can also be worse, creating more vulnerability in these countries because most of them face a lack of qualified national skills, face a huge dependence on a single industry, or have investment flows that are strictly focused into infrastructure without local returns. This situation has been long demonstrated in those SIDSs that have opted to improve the island tourism industry as a way to overcome economic limitations as well as to overcome island vulnerability [21].

SIDSs tend to have low diversification in exported goods and in trade commodities or raw materials, being particularly susceptible to changes in demand and prices [2]. Another vector is the high outward migration that creates an important diasporic economy of SIDS [8,16]. The Migrations, Remittances, Aid, and Bureaucracy model (MIRAB) has been a focus for researchers [4,11,22,23].

Most SIDSs also face vulnerabilities or challenges as a consequence of poor road systems that result in limits to the transport network [24], international transport limitations [25], exposure to the effects of adverse climate events [26], climate effects in coastal infrastructure [27], and even a lack of economic diversification associated with the COVID-19 post-pandemic that may cause extreme poverty for almost 169 million people in these countries [28].

All the previous vulnerabilities along with their socio-economic limitations and geographical constraints may exacerbate the path of development within these SIDSs [29] even though they are often considered to be some of the most beautiful places in the world [28]. However, these economies also share an opportunity for innovation, providing a leverage on digital technologies and other assets such as data [28].

International literature has long focused on the impact of good governance on national economies, believing that if properly managed this can promote new development paths (e.g., [30–33]). Saha et al. [34] associated institutional development with mature democracy. Fosu [35] concluded that long-run growth is reduced via political instability, while Alesina and Perotti [36] concluded that fragile and weak institutions could impact on their economic growth mainly via their negative impact on investment.

Congdon Fors [37] stated that country size is negatively related to institutional quality. Regardless of all the above approaches, historical discussions about the development issues of SIDSs have stated that the core of the hardships of these countries is a consequence of these countries’ fragile economic potentials as a result of their limited and scarce resource base and restricted small populations [38].

Another problem is related to the outside control of several companies that reinforce the level of vulnerability and that may in some cases have conditioned their economic viability [39]. Alesina and Wacziarg [40] have stated that smaller countries generally not only have larger public sectors but also can be more prone to trade openness, which may increase their international undesired exposure since they become more susceptible to external shocks.

On his side, Bertram [16] has focused his attention on the historical conditions of the countries, in other words those countries which face a combination of a large government sector and a limited productive base as a consequence of their former post-colonial small-state situation. This situation will cause these countries to become dependent upon state employment and aid funding. Armstrong et al. [41] have concluded from their reflections that those countries that were most successful often had a diverse and/or valuable exportable resource base as well as a consolidated successful tourism industry and business/financial services.

All the prior findings confirm that exports, international flows, governance as well as physical and human capital, FDI, private investment, and policy environment are also important sources of growth and are extremely important factors for improving SIDS economic performance and growth [38].

Several models have appeared to analyze the economic issues of SIDSs. Another model that encompasses tourism, aid, and bureaucracy was proposed by Guthunz and von Krosigk (in Tisdell [42]) and Apostolopoulos and Gayle [43] (p. 10). These previous authors have focused their attention on the transformation process of these countries from MIRAB societies into TOURAB (tourism, aid, and bureaucracy) ones. Regardless of its importance, the TOURAB model has not been fully used worldwide. It proposes that those countries which have adopted this model are primarily dependent on tourism and aid distribution via the bureaucracy [42]. The TOURAB model is not yet as less established as the MIRAB or SITE models, and in some cases it is even stated that this model is the precursor of the SITE (small island tourism economy) model also used to describe many SIDSs whose economies experienced a significant growth of tourism flows and receipts.

Niue appears as a successful example of a transition from a MIRAB model to a TOURAB model as a consequence of their internal economic modifications [44].

SITEs are usually more affluent than MIRAB states [45], even though affiliated MIRAB states may use migration processes to support their tourism industry [8,45,46]. Although we can find SITE countries everywhere, the most important ones are located in the Caribbean islands, mainly Aruba, Bermuda, and the US Virgin Islands. It is interesting to notice that those who have already achieved significant economic impacts are often more dependent on a larger immigrant society mainly in urban areas as a result of the tourism labor demands [7].

However, McElroy and Parry [7] highlighted the challenge of an adequate infrastructure for some SITEs in order to fully take advantage of this activity. To achieve this, it is important to deal with the negative externalities of those economies dominated by tourism such as increasing levels of noise, air, and solid pollution; land, property, and product price inflation; cultural impacts affecting local traditions; and onshore (landscapes, beaches) and offshore (reefs, underwater life) environmental degradation [7].

3. Overview of Cape Verde

The Cape Verde islands were discovered by Portuguese seafarers in the 15th century, with Santiago being the first island to be settled and São Vicente the last one. Due to its climate conditions because of the location (Figure 1), this country has long suffered from the Sahelian aridity and extremely adverse climate imposing severe historical constraints both on food production and administrative management [19,47].

Historically, the most important economic activity of Cape Verde was providing an entrepôt for transcontinental slave trade. This situation was at the origin of the miscegenation process between white Europeans and black Africans, which was at the historical basis

of the formation of the Creole population [19]. Throughout its history, Cape Verde faced numerous droughts and famines and witnessed emigration as a way to avoid being poor. This has long created a globalized and diasporic nation.

As a consequence of this situation, the Cape Verdean population developed a flexible culture and a typical identity, located between various worlds and between various civilizations [7,48]. Cape Verde is a small archipelago of 10 islands located in the North Atlantic Ocean off the west coast of Africa. As stated earlier, due to its severe climate conditions, this country has long suffered from the Sahelian aridity and extremely unfavorable climate raising several political and administrative challenges over the years [19].

Cape Verde has long suffered from the adverse effects of climate adversity and climate change, as evidenced via the constant and long droughts, with the last one being the recent 4-year drought. Because of this, the Cape Verdean government has decided to fight against this problem and has been implementing several climate adaptation and mitigation measures in its 5-year development strategy (PEDS II) [49].



Figure 1. Cape Verde islands; Source: [50].

Cape Verde is a small country where only about 10 percent of the land is arable. Due to this situation, the country has been seriously dependent on food imports since almost over 80 percent of the consumption food must be imported. Cape Verde has long decided to develop the tourism industry and as a result its economy has become service-oriented. Tourism records over 65 percent of GDP [19].

The Cape Verdean population lives both in urban areas (30 percent) and the remaining 70 percent in rural areas. However, agriculture and fishing only represent about 10 percent of GDP. Light manufacturing (fish processing, shoes and garments, salt mining, and ship repair) represents around 20 percent of GDP. Although Cape Verde has faced several economic constraints over the years, the country has recently achieved some good economic and policy performance as a result of some implemented reforms pursued under the International Monetary Fund-sponsored PRGF (Poverty Reduction and Growth Facility) arrangement and the PSI (Policy Support Instrument) program [50].

It is also important to refer to one other particularity of Cape Verde. The sea associated with the condition of insularity has always been seen as a constitutive part of the identity of Cape Verdeans. As a matter of fact, this identity has been described and analyzed first and foremost via its islandness. Due to the huge natural resource limitations of Cape Verde, the population was historically forced to emigrate to search for better life opportunities. Nowadays, we can find over a million Cape Verdean emigrants all over the world, especially in New England in the United States (around 500,000 people). One can also find some important and large Cape Verdean communities in Portugal, the Netherlands, Italy, France,

and Senegal. For this reason, we can understand the importance of the diaspora in the culture and the economy of Cape Verde [50].

Cape Verde's experience shows that the effectiveness of aid, together with foreign investment; remittances from emigrants; and, more recently, tourism revenues together with good governance [51], have contributed to the strong capitalization and growth of the Cape Verdean economy.

Good governance can be understood in three ways: (i) good governance is identified with democratic quality, i.e., fundamental civil rights, legal certainty, and the protection of basic socio-economic rights; (ii) the second translates mainly into the adoption of good policies, i.e., fiscal balance, monetary restraint, trade liberalization and free flow of capital, investment incentives, etc.; and (iii) good governance is associated with strong institutions [52].

Cape Verde has experienced a strong, balanced, sustainable, and inclusive economic growth over the last twenty-five years, with the exception of the severe contraction in 2020 as a result of COVID-19. This period, which began in the 1990s with the transition to a parliamentary democracy and the deepening of the market economy, is the result of decisions taken two decades before independence began in 1975, with the creation of a basic consensus among the ruling elite, based on the promotion of a market economy and the creation of a cohesive and inclusive society and a strong commitment to the fight against poverty.

Cape Verde is known to have one of sub-Saharan Africa's most consolidated democratic systems with free elections and where political parties have been acting as institutions vying for power as opposed to mechanisms for the propagation of political patronage or self-serving elites. However, Cape Verde's history shows that the major challenges of the country are not political but economic. This situation is reflected in two different situations: (i) the Political Risk Index that measures the level of risk posed to governments, corporations, and investors, the scores of which are assigned from 0–10 (a score of 0 marks the highest political risk, while a score of 10 marks the lowest political risk) and where Cape Verde achieved a 6, and (ii) the Political Stability Index measuring a country's level of stability, standard of good governance, record of constitutional order, respect for human rights, and overall strength of democracy. The Political Stability Index is based on a given country's record of peaceful transitions of power and ability of a government to stay in office and carry out its policies vis a vis risk credible risks of government collapse. In other words, this index measures the dynamic between the quality of a country's government and the threats that can compromise and undermine stability. The final score was a 6, where a score of 0 marks the lowest level of political stability and an ultimate nadir, while a score of 10 marks the highest level of political stability possible [53].

The GDP of the Cape Verdean economy has been growing at a remarkable average annual rate of 6.9% in the period of 1991–2015, which represents a growth rate of 1.5%. Cape Verde was strongly hit by various external problems such as the adverse effects of COVID-19 pandemic and the impact of the war in Ukraine. Due to this, Cape Verde's GDP dropped by 14.8% in 2020. However, in 2022 the country's economy managed to rebound significantly with a 17.7 percent growth. This was possible due to the strong recovery of tourism activity. The 2023 budget is also expected to achieve an important implement that is aligned with the ECF-supported program. In addition, it is important to notice that the Bank of Cape Verde (BCV) has implemented a more tightened monetary policy setting to maintain or reduce the interest rate differential with the European Central Bank (ECB) [49].

As a consequence of all of these economic procedures, real GDP is expected to grow by 5.7 percent in 2023 and 6.2 percent in 2024. The most important sectors that have contributed to this situation are the following: agriculture, energy, the digital economy, and tourism.

However, as summarized earlier, the country is still too open to several negative external events such as Russia's invasion of Ukraine, the constant rising of global interest rates, impacts of climate change, and even the potential recession in Europe which accounts

for 80% of Cape Verdean imports. Inflation rate is estimated to remain high, at 7.8 percent in 2023 and 6.5 percent in 2024, as a consequence of the prices of imported food and energy. Due to more efficient tax collection, it is estimated that the fiscal deficit may drop from 4.5 percent of GDP in 2023 to 3.5 percent in 2024. Conversely, as a consequence of the recovery of tourism activity along with the international remittances, it is estimated that the current account deficit may fall down from 7 percent in 2023 to 5.4 percent of GDP in 2024. This situation may have a positive impact on the country since it is expected that international reserves may be at 5.5 months of import cover. Finally, as a consequence of this stable economic situation, the undesired poverty rate is expected [54].

The most remarkable thing about this situation is that its growth has always occurred in a context of serious scarcity of conventional natural resources (water, land, hydrocarbons, and other minerals). In this context, it is worth highlighting the efforts of successive governments to implement relatively advanced policies in areas such as the use of renewable energy sources and desalination of seawater to supply the local population and tourists. Naturally, there are also challenges linked to the proper treatment of wastewater and the recycling of urban waste, which makes up the vast majority of the country's solid waste.

In any case, we can point out that Cape Verde's inclusive economic growth has been driven by intense investment efforts to increase physical, human, environmental, social, and technological capital. This effort stems from the main sources of external funding, namely foreign direct investment; emigrants' remittances; development aid; and, more recently, tourism revenues [50].

This management of budget support has led to the creation of a framework for collaboration between the national government and experts from donor countries, which has improved the country's strategic planning, making it more effective and reliable.

This budget support has enabled the modernization of the tax system and budget management, making it more effective and accountable.

Finally, it should be noted that the targeting of the various aid flows has been crucial to sustaining the social inclusion and poverty alleviation policies that are fundamental to the legitimacy and social stability achieved by the country over the years [53].

4. Methodology

This section is intended to analyze, according to the presented models, how Remittances of Emigrants (REs), Foreign Direct Investment (FDIs), Public Development Aid (PDA), and tourism receipts (TRs) have the potential to contribute to gross domestic product (GDP) development in Cape Verde. These were the most important variables towards a development path in the traditional models and therefore we will use them for Cape Verde.

Variable data were collected from several sources, such as the World Bank (WB), the International Monetary Fund (IMF), and the National Institute of Statistics of Cape Verde (INE), and the variables were observed from 2000 to 2021; two of the variables FDI and PDA don't have observations in 2021, so when multivariate analysis is applied $N = 21$ due to a listwise method in spite of $N = 22$ as in univariate analysis to the other variable (Table A1).

This research is based on a quantitative approach based on time series statistics that were produced over time and is restricted to what can be observed and measured. Quantitatively, the research aims to determine the most important factors influencing GDP flows to Cape Verde and test formulated hypotheses based on prior theoretical and empirical studies.

From the above discussion and theories we can present the following hypothesis summarized in the Figure 2:

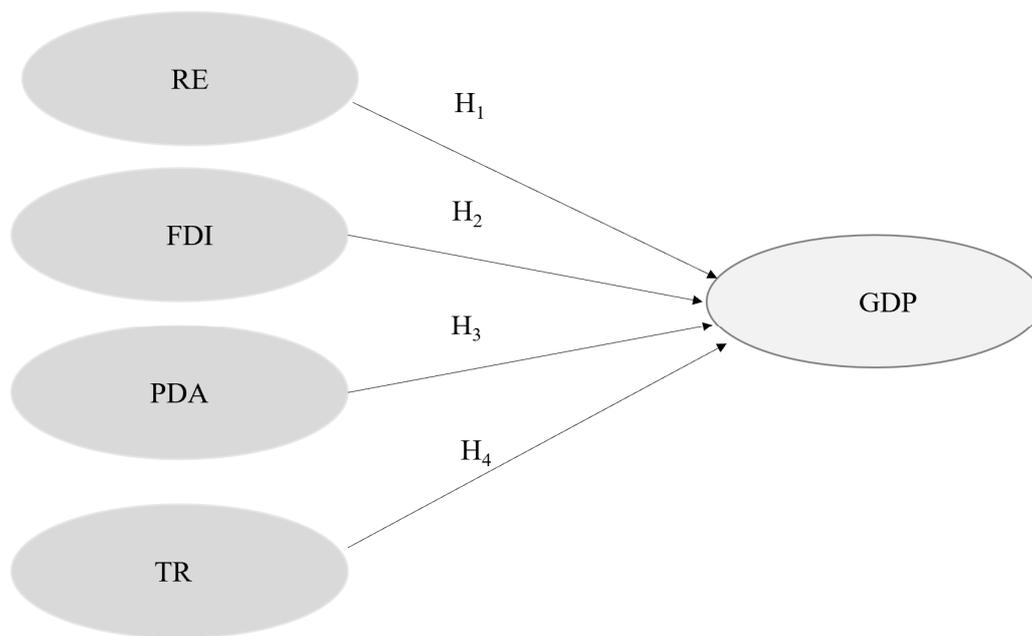


Figure 2. Hypothesis concerning the contributions to Cape Verde’s GDP. Source: The authors.

H1: Remittances (Res) have the potential to contribute to GDP growth.

H2: Foreign Direct Investment (FDI) has the potential to contribute to GDP growth.

H3: Public Development Aid (PDA) has the potential to contribute to GDP growth.

H4: Tourism Receipts (TRs) have the potential to contribute to GDP growth.

It can be observed in Figure 3 that the variables with a higher variation across the years are FDI and tourism receipts, but also Remittance of Emigrants and Public Development Aid have variation coefficient values of greater than 0.3 (30%) [17].

Descriptive Statistics and Graphical Analysis

Variable	Mean	Std. dev.	C.V.	Min	Max
GDP _t	1499.82	441.65	0.29	654.53	1982.02
RE _t	149.11	51.78	0.35	66.49	245.72
FDI _t	93.62	52.89	0.57	12.68	207.29
TR _t	257.24	143.88	0.56	41.60	483.47
PDA _t	167.76	63.81	0.38	78.06	326.98

Figure 3. Descriptive Statistics; t = 2000, . . ., 2021; N = 22; Source: The authors.

The correlations are not statistically significant between RE and FDI and between RE and PDA. The higher correlation is between GDP and RE; also, one can observe that decreasing order of correlation with GDP are respectively RE, TR, PDA, and FDI as it can be observed in Figure 4. In this model we have not found the presence of multicollinearity.

	GDP	RE	FDI	TR	PDA
GDP	1.00				
RE	0.87 ***	1.00			
FDI	0.46 **	0.13	1.0000		
TR	0.85 ***	0.61 *	0.55 ***	1.0000	
PDA	0.51 **	0.24	0.43 **	0.37 *	1.0000

Figure 4. Correlation matrix between the indicators in this study. N = 21; *** p value < 0.01, ** p value < 0.05, and * p value < 0.1. Source: The authors.

In Figure 5 it can be observed that the tourism revenue increased until 2019 and decreased in 2020 (the pandemic year); also, a decrease can be observed in FDI and GDP in the same year and a slight increase in GDP in 2021.

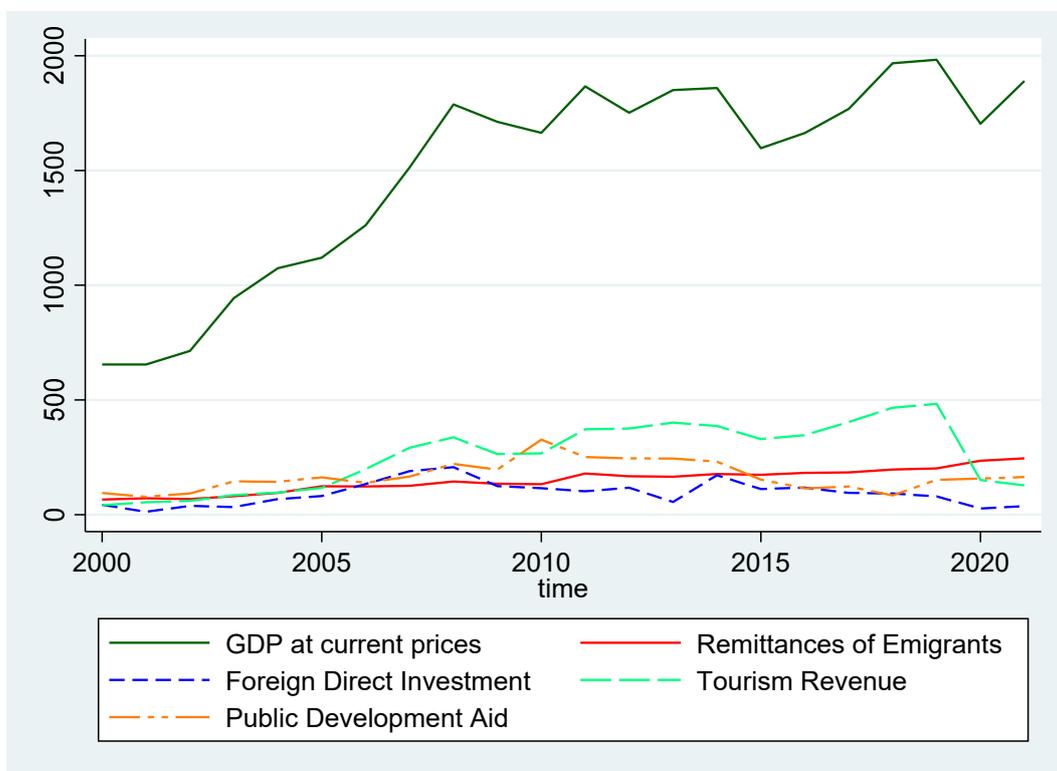


Figure 5. Evolution of the indicated indicators of Cape Verde from 2000 to 2021. Source: The authors.

To contribute to the analyses of those hypotheses, models of linear regression were estimated based on the Ordinary Least Squares (OLSs) method, (none of the Gauss–Markov assumptions were violated), according to Wooldridge [55].

The dependent variable according to the hypothesis is GDP, and the explanatory ones are RE, FDI, PDA, and TR according to Figure 2.

The estimated model is presented below.

It can be observed in Figure 6 that all the independent (explanatory) variables contributed positively to GDP, and the coefficients associated with the independent variables are significant.

GDP _t	Model Coefficients
RE _t	4.38***
FDI _t	0.77*
TR _t	1.33**
PDA _t	1.32***
Const	203.92
N	21
F	145.20305
R ²	0.9731

Figure 6. Regression model estimated by Ordinary Least Square (OLS). $t = 2000, \dots, 2021$; *** p -value < 0.01 , ** p -value < 0.01 , and * p -value < 0.1 . Source: The authors.

The four formulated hypothesis are validated, concluding that *ceteris paribus* Remittances have the potential to contribute positively to GDP development, Foreign Direct Investment has the potential to contribute positively to GDP development, Public Development Aid has the potential to contribute positively to GDP development, and also.

Tourism receipts have the potential to contribute positively to GDP development.

This opens new opportunities for government strategies in order to fully maximize the various limited opportunities that several SIDSs face on a daily basis.

5. Conclusions

Cape Verde, as in many other SIDSs countries, has suffered greatly during the pandemic. After some economic stagnation, in 2022, the country witnessed a strong economic growth, mainly due to the following sectors: tourism, transport, and commerce. These sectors provided a better economic performance, strongly contributed to boosting the country's GDP, and provided instruments to fight the long-term poverty reduction [49]. However, despite this good performance, Cape Verde still has to overcome various constraints on an economic basis, still needing to achieve a structural economic diversification as well as a better resilience to external shocks, particularly those aroused by the climate challenges.

Regardless of these aspects, the Cape Verde government managed to achieve important and consistent social and economic progress since its independence in 1975, despite its various geographical challenges (isolation from other countries, length dimension, being an archipelago, among others) and its scarce resources (water, land, minerals, etc.).

The 2023 Economic Update is a comprehensive overview of Cape Verde's economy in 2022. The report provides a clear understanding of the economic context and challenges faced by the country in the short term, facilitating the implementation of necessary reforms moving forward [3].

This report is an important guide for investors and other stakeholders, allowing them to make informed decisions about the country's economic development. The report also highlights the opportunities for economic growth in Cape Verde, providing insights into the country's potential for further growth [3].

This paper has drawn upon the Cape Verdean islander economic time series and has demonstrated that this SIDS is a resilient country which has been using all the available opportunities. This research has an important contribution to reinforcing the limited, small body of literature on the island of Cape Verde and has provided a snapshot and a case study over time. The 20 years of the time series used as the sample in this document have also allowed one to verify how islanders (inhabitants and specially emigrants) conserve an important long-term commitment to Cape Verde.

Cape Verde, like many small developing islands regardless of their geographic situation, has shared a common path because of its resilience capacity, flexibility, and chance-taking [3,10,11]. As previously seen in the text, over time, the Cape Verdean national

government has used multiple sources of income as a MIRAB model (Migrations, Remittances, Aid, and Bureaucracy), but the main question is whether this country may be on the edge of becoming a TOURAB economy due to the growing importance of tourism receipts and in some cases the loss of importance of other income sources.

So, we can stress the “dynamic flexibility” [3] p. 243 strategies that Cape Verde is adopting. This paper made several contributions to the literature. It allowed one to demonstrate that islandness is composed of shifts and ruptures, and the survival strategies demonstrate their resilience since they have the capacity to adapt and change to the new international challenges. We also concluded that tourism on small remote islands has been adopted by many societies with good economic and social impacts in many development strategies.

As previously seen, the critical element associated with aid and bureaucracy still remains a considerable variable of the Cape Verdean economy. Tourism is an important activity that has been reinforced in importance over the years, and it is projected to be a long-term consistent source of income to the country. However, at this moment, the tourism industry has itself been heavily supported via aid and bureaucracy, and therefore it still does not yet have the capacity to become a self-sustaining activity in the near future. Taking this situation into consideration, we can conclude that the TOURAB model may at this moment be the most adequate model to describe the Cape Verdean economy process of transition.

This research concluded that even though the MIRAB model may be considered an outdated model, the TOURAB model is not yet the best one to suit Cape Verde’s governmental desire to change its economic development model. As a matter of fact, the TOURAB model still relies on a strong aid and bureaucracy flows, and these still remain very representative of Cape Verde’s economic and even political strategies.

There are no doubts that the tourism industry has been growing in a consistent path over the last few years and is now becoming a serious contributor to provide a more sustainable and complementary economic diversification as desired by the government. If Cape Verde succeeds in keeping this regularity and economic trajectory, there will not be any doubts that tourism may become the most important economic activity in coming years. Thus, aid, bureaucracy, and tourism in Cape Verde must all be seen by the Cape Verdean government as important complementary valid instruments or strategies. From this perspective, we can conclude that the TOURAB model may at the present moment be more appropriate for understanding the Cape Verde SIDS situation since it incorporates this progressive new changing reality.

6. Managerial Implications

This research clearly shows the example of a small island with several historical limitations that have impacted the economic growth. As seen in the text, politicians and managers must be aware of some challenges and vulnerabilities that have arisen over time because if they are well managed they may become an opportunity to both diversify the economy and consequently contribute to reducing the unemployment rate and reducing poverty levels. If the government is successful in this, then the country can provide better long-term opportunities for investors, along with the creation of local companies and international ones.

It is important to accept that tourism may be a push activity that must be wisely used in order to maximize its local impacts.

As stated before, after all these years, the country must still fight against various vulnerabilities that the government still needs to overcome and implement in order to ensure sustainable and inclusive long-term economic growth. We can stress three priorities proposed by the World Bank [3]: (i) the importance of increasing firm-level productivity to generate more and better jobs, (ii) the need to reduce economic fragmentation via reduction transportation costs among islands, and (iii) the significance of building economic resilience to climate shocks.

There is no doubt that Cape Verde has been reducing the unemployment rate over time according to National Statistics and has been creating more safe jobs specially in the tourism area. This is quite important to Cape Verde, and the government has been promoting human qualifications using the traditional education program and the offer of new training programs. Tourism has also contributed to creating more pressure to reduce transportation prices between islands. The government also claims the need to create interfaces in airports, ports, and roads to stimulate tourism consumption and most importantly be able to return to local populations the benefits of tourism. However, so far both air transport as well as ships have expensive costs both for local populations as well as tourists. This is a problem that must be solved as soon as possible in order to raise tourism between islands, to improve business, and to benefit the population movements. Finally, since Cape Verde faces strong climate issues, it is extremely important that the Cape Verde government can strengthen its economic capacity to implement new strategies against desertification (water desalinization, wind towers, solar panels). These have been implemented but so far in a very small percentage of their capacity.

As for dams, it is imperative to improve management and maintenance mechanisms and to build new hydraulic works to retain water, but with appropriate techniques, rational costs, and economic efficiency, thus allowing the country to strengthen its agricultural capacity and adapt to the climate changes.

Under this, we must also stress the government's focus on the blue economy so that they can take advantage of their Atlantic centrality. Tourism may be a key factor to implementing the contribution of local agriculture and fisheries that may be of extreme importance to the local population.

The national government also aims to guarantee the balance of public accounts to reinforce its external credibility and confidence. This is of extreme importance to keep the important external flows and to capture international investment.

If local authorities are successful with the implementation of these issues, mainly via the use of various historical flows complemented in some cases via new ones collected from tourism and the national development strategies, national authorities may gradually diversify their economy bases, raise the levels of productivity of local companies, be better prepared for the permanent huge and hard impacts of climate shocks so that the country can achieve a long-term sustainable and inclusive economic and social growth, reduce the burden of national poverty levels in various islands, and consequently promote better prosperity levels for the whole country and benefit the citizens. Lessons and experiences from other small island countries like Cape Verde demonstrate that these issues play a significant role in many of them.

7. Study Limitations

This study faced one major limitation related to the length of the data base. Since the tourism industry in Cape Verde has only developed some importance in recent years, this situation obliged authors to cut the possible length of data into the past. It would be interesting to have a longer time series for all the descriptive variables of the model so that we could have analyzed different governments and tried to understand if the results would be somehow different.

Another important limitation is that authors have only managed to study Cape Verde as a whole country, with it being impossible to analyze with detail the various effects per island. It would be very interesting to have data to perform this analysis since each one of the nine inhabited islands has its own vulnerabilities and challenges.

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Appendix A

Table A1. Model data (million dollars).

Years	GDP (Gross Domestic Product)	RE (Remittances of Emigrants)	FDI (Foreign Direct Investment)	TR (Tourism Receipts)	PDA (Public Development Aid)
2000	654.6363752	66.49516099	43.44589012	41.60165406	94.65
2001	654.531678	71.84084515	12.68301916	54.08099773	78.06
2002	713.5593436	68.31240948	38.52450829	60.52005941	92.5
2003	944.0470181	81.07088593	33.50183449	85.46228128	145.33
2004	1073.669724	95.22579881	68.03593353	96.66375906	143.78
2005	1119.797579	124.1111591	81.57601304	116.7707321	162.87
2006	1261.287098	123.1438463	133.8265054	198.9786535	139.11
2007	1513.039555	126.0189195	189.9121919	291.4528572	166.05
2008	1787.967953	144.9513252	207.2972722	337.3560941	221.88
2009	1711.818008	135.3127155	124.9385423	264.5890961	196.77
2010	1663.913283	132.8757113	115.8104309	267.3859803	326.98
2011	1865.917419	179.2738763	102.0130372	372.3987267	251.37
2012	1751.54103	168.0261349	117.8916306	375.7146924	245.59
2013	1850.442089	165.3984702	55.70225449	401.1468968	245.16
2014	1858.991708	177.7224073	172.1713338	386.4592299	231.39
2015	1596.797749	173.662828	111.9136489	329.5490796	153.25
2016	1662.998956	182.436633	118.1099433	346.5326527	115.24
2017	1768.346455	184.4818579	95.05814187	403.9969802	123.01
2018	1967.004666	197.071608	92.45984711	465.8786543	84.28
2019	1982.027023	202.0636024	80.2609056	483.4652265	151.94
2020	1703.58732	235.0929839	27.04664404	151.5453584	157.43
2021	1890.191007	245.724831	...	127.7667355	...

Source: Authors.

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