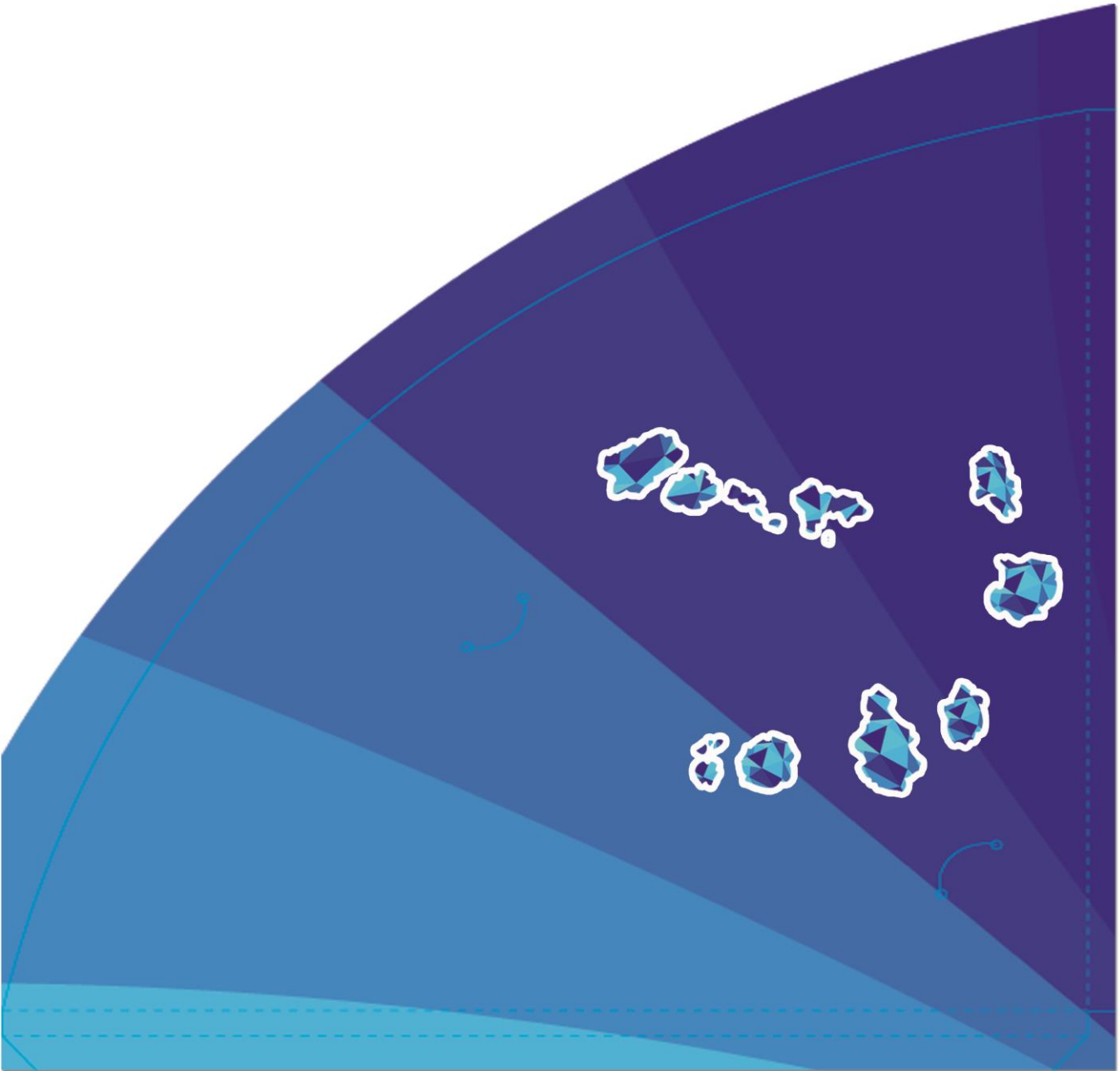


# General Information About Cape Verde



## CAPE VERDE

Located 455 km off the west coast of Africa, Cape Verde is strategically positioned in the Atlantic Ocean, connecting the continents of Africa, Europe and America.

Formed by ten islands and eight islets, the archipelago is divided geographically into two groups:

- **Barlavento (northern region)** is formed by the islands of Santo Antão, São Vicente, São Nicolau, Santa Luzia, Sal and Boavista and by the islets Branco and Raso;
- **Sotavento (southern region)**, formed by the islands of Santiago (where the capital of the Country is located), Maio, Fogo and Brava and by the islets Seco or Rombo Cima, Grande, Sapado, Luís Carneiro and Rei.

The island of **Santa Luzia** is uninhabited, as are the islets, and is visited only by fishermen.

### GENERAL INFORMATION ABOUT THE COUNTRY

**Surface:** 4,033 Km<sup>2</sup>

**Population:** 504,000 inhabitants

**Capital:** Praia – Santiago Island

**Languages:** Creole (Recognised national language) and Portuguese (official language)

**Currency:** Cape Verdean Escudo (ECV) (1 € = 110,265 ECV - Fixed rate)

**GDP:** 1.603 billion \$US (2015)

**GDP per Capita:** \$US 3,280 (2015)

**Political Regime:** Democratic Republic with multiparty system and semi-presidential regime

**Climate:** Tropical dry, with two seasons: wet season (from August to October) and dry season (from November to July). Average annual temperature 20-25°C

**Religion:** Mostly Catholic, with other religions coexisting peacefully.



## REASONS TO INVEST IN CAPE VERDE

### I. GEOSTRATEGIC LOCATION

Located in a strategic zone between Europe (3-4 hours by plane), the West African Coast (1-2 hours) and North America (7-8 hours), Cape Verde is a potential platform for trade between Europe, the Americas and Africa. That is why trade relations are facilitated by privileged access to regional and international markets.

In addition to its location, Cape Verde is a member of institutions that facilitate regional and international integration and benefits from preferential agreements that give added value to investments made in the country:

- The country benefits from preferential access to European markets through the EU/ACP (European Union/ Africa, Caribbean and Pacific) Convention - Cotonou Agreement, with the right to export to European Union countries without quotas and with reduced or nil customs duties
- A member of ECOWAS - Economic Community of West African States, whose main instrument is the Trade Liberalisation Plan, facilitating the free movement of transport, goods and persons within ECOWAS, including the elimination of all tariff and non-tariff barriers to foreign trade and giving access to a market of more than 300 million consumers
- The country benefits from the African Growth and Opportunity Act (AGOA), a law that allows duty-free exports to the United States market of products originating in the countries of Africa.

### II. ECONOMIC, POLITICAL AND SOCIAL STABILITY

#### ➤ Economic Stability

Economic Growth

Year	%
2016	3.8
2017	4.0
2018	4.1

According to the Heritage Foundation in 2016, Cape Verde was ranked in 17th position in terms of Economic Freedom at the African regional level and in 116th position worldwide.

#### ➤ Political Stability

According to the Economist Intelligence Unit-EIU, Cape Verde ranks among the most stable countries in Africa, highlighting as important factors the political stability confirmed by the holding of free and democratic elections. Parliamentary elections were held in 2016, followed by municipal elections and presidential elections.

Cape Verde has never suffered from a coup d'état, a record in West Africa only matched by Senegal.

According to Freedom House's 2016 ranking, Cape Verde is a free country in terms of both political rights and civil liberties, having obtained the classification of 1.0 (more free) and an overall score of 90 (on a scale of 0 to 100) .

In terms of good governance, Cape Verde is ranked as the 3rd best in Africa, according to the 2015 Mo Ibrahim Foundation.

#### ➤ **Social Stability**

Cape Verde ranks 122 out of 187 countries in the UNDP Human Development Index (HDI) in 2015. The average life expectancy is estimated at 71 years and is the highest in all of sub-Saharan Africa.

The results in terms of education place Cape Verde at the top of sub-Saharan African countries. The adult literacy rate is estimated at 87%, although there are still disparities between men and women.

### **III. MODERN INFRASTRUCTURE**

#### **1- Airports**

The country has:

- 4 International Airports (on the islands of Santiago, S. Vicente, Sal and Boavista)
- 3 Aerodromes (on the islands of S. Nicolau, Fogo and Maio)

In addition to national air connections, there are direct international connections to:

- Europe (Portugal, Spain, France, Netherlands, United Kingdom and Germany)
- Africa (Senegal, Guinea-Bissau and Morocco)
- North America (Rhode Island)
- South America (Brazil)

#### **2- Ports**

Cape Verde has 9 ports, of which 2 are deep water (Port of Praia, on the island of Santiago and Porto Grande, on the island of São Vicente):

- Porto Grande (Mindelo - São Vicente Island)
- Praia Port (Praia - Santiago Island)

- Palmeira Port (Palmeira - Sal Island)
- Sal Rei Port (Sal Rei - Boavista Island)
- Porto Novo (Porto Novo - Santo Antão Island)
- Vale Cavaleiros Port (S. Filipe – Fogo Island)
- Tarrafal Port (Tarrafal - São Nicolau Island)
- Inglês port (Porto Inglês - Maio Island)
- Porto Furna (Furna - Brava Island)

Marine connections with:

- Europe
- Africa
- North America
- South America
- Asia

### **3- Telecommunications**

Following investments made in recent years, the state of telecommunications infrastructure in Cape Verde facilitates the development of new information and communication technologies and the production of content aimed at modernising state administration, the business sector and the economy overall:

#### ➤ **Infrastructure**

- Inter-Island Submarine Cable System
- Terrestrial Fibre Optic Network
- Satellite Communications
- International Communications via Submarine Cable (Cape Verde is served by an international submarine fibre optic cable called “Atlantis 2” that connects to the South American, African and European continents)

#### ➤ **Special partnerships with Microsoft and HUAWEI Technologies**

#### ➤ **Regulated and supervised legal framework**

### **4- Road networks**

In 2013 the country had 1,046,439 km of paved roads, distributed across all municipalities. There are also access roads to all locations.

#### IV. TAX REGIME

- The Corporate Income Tax Rate (IRPC) is 25% (twenty five percent) per year, for taxable persons included in the organised accounting system.
- The rate is 4% (four per cent) on turnover for taxable persons covered by the simplified scheme for micro and small enterprises.
- VAT - Value Added Tax is 15%

*Comparative Chart of Corporate Income Tax in some countries*

Country	Corporate Income Tax Rate, %
Cape Verde	25
Senegal	30
Portugal	25
Spain	30

#### V. INVESTMENT INCENTIVES AND GUARANTEES

##### ➤ Investment incentives

As a way of encouraging private investment, the Government created the tax benefits law (Law no. 26/VIII /2013 of 21 January and the changes introduced by Law 102/VIII/2016 of 6 January and Law no. 5/IX /2016, State Budget Law for 2017) through which investments may qualify for exemptions or reductions in customs duties, tax credits and tax deductions.

##### ➤ Legal guarantees for investments

The Cape Verde Investment Law guarantees security and legal protection for investments and provides various arbitration alternatives for the settlement of disputes between the state of Cape Verde and foreign investors, namely:

- Framework Law of National Arbitration;
- Rules of the Washington Convention of 15 March 1965
- Rules set out in the Supplementary Mechanism Regulation, approved on 27 September 1978 by the Board of Directors of the International Centre for Settlement of Investment Disputes
- Arbitration Rules of the International Chamber of Commerce, based in Paris

**Cape Verde is a member of:**

- The International Centre for Settlement of Investment Disputes (ICSID)
- The Multilateral Investment Guarantee Agency (MIGA), which is a member of the World Bank Group and whose purpose is to promote foreign direct investment in developing countries by providing guarantees (insurance against political risks) to investors and funding agents
- The WTO - World Trade Organisation

Cape Verde has signed several bilateral agreements with third countries, including:

- The Convention between the Republic of Cape Verde and the Portuguese Republic to Avoid Double Taxation in Matters of Income Tax and to Prevent Tax Evasion;
- The Agreement on Investment Promotion and Protection between the Portuguese Republic and the Republic of Cape Verde;
- The Convention between the Republic of Cape Verde and the Republic of Guinea-Bissau to Avoid Double Taxation and Prevent Income Tax Evasion;
- The Convention between the Republic of Cape Verde and the Government of the Macao Special Administrative Region to Avoid Double Taxation and Prevent Income Tax Evasion

**VI. ACCESS TO A YOUNG AND QUALIFIED WORK FORCE**

In 2014, Cape Verde had a general literacy rate of 86.5% (population 15 years old and above) and 77.8% for the youth population (15-24 years old). In terms of education, 8.8% attended higher education, 1.0% attended middle school and 40.3% attended secondary education.

These indicators demonstrate the high rates of literacy among the population of Cape Verde and the existence of a large young labour force, available for professional training as a function of market demand.

# **BUSINESS OPPORTUNITIES IN PRIORITY SECTORS**

## **I. TOURISM**

### **Business opportunities in the following sectors:**

- Resorts, hotels and tourist villages
- Convention centres (Business tourism)
- Bed and Breakfasts
- Recreation and leisure spaces
- Tourist real estate
- Health tourism
- Rural tourism (accommodation, trekking, mountain biking, etc.)
- Tours, sightseeing tours
- Car Rental
- Tourism-related Water sports

## **II. INFORMATION AND COMMUNICATION TECHNOLOGIES**

### **Business opportunities in the following sectors:**

- Software development
- Home Automation (Surveillance Systems)
- Marketing of computer and communication equipment
- Technical and computer services (repair, maintenance, etc.)
- Training in the field of ICT
- E-commerce

## **III. MARITIM ECONOMY**

### **Business opportunities in the following sectors:**

- Industrial and semi-industrial fishing
- Shipbuilding, repair and maintenance
- Inter-island and international maritime transport
- Repair and maintenance of containers
- Marina construction



#### **IV. AGRICULTURE AND LIVESTOCK SECTOR**

##### **Business opportunities in the agricultural sector:**

- Improvement and increase of production of vegetables (tomato, carrot, cucumber and onion), tubers (cassava and potato) and fruit (banana, mango and papaya)
- Hydroponic, greenhouse, and drip irrigation cultivation
- Transfer of knowledge and technologies of production and transformation

##### **Business opportunities in the livestock sector:**

- Improvement of bovine, caprine and porcine breeds with the introduction of imported breeds with higher productivity for milk and meat supply
- Poultry for meat and egg supply
- Production of animal feed

#### **V. LIGHT INDUSTRY**

##### **Business opportunities in the food processing industry:**

- Wine production
- Liquor production
- Cheese production
- Processing and preserving of fish
- Meat processing
- Baking and confectionery
- Confectionery
- Manufacture of pasta

#### **VI. OTHER INDUSTRIES**

##### **Opportunities in other light industries:**

- Carpentry and Joinery
- Textile industry
- Footwear industry
- Metal industry
- Production of packaging for other industries
- Salt Production