



CABO VERDE
INVESTMENT CLIMATE STATEMENT
2015

Table of Contents

Executive Summary

1. Openness To, and Restrictions Upon, Foreign Investment

- 1.1. Attitude Toward FDI*
- 1.2. Other Investment Policy Reviews*
- 1.3. Laws/Regulations of FDI*
- 1.4. Industrial Strategy*
- 1.5. Limits on Foreign Control*
- 1.6. Privatization Program*
- 1.7. Screening of FDI*
- 1.8. Competition Law*
- 1.9. Investment Trends*
 - 1.9.1. Tables 1 and if applicable, Table 1B*

2. Conversion and Transfer Policies

- 2.1. Foreign Exchange*
 - 2.1.1. Remittance Policies*

3. Expropriation and Compensation

4. Dispute Settlement

- 4.1. Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts*
- 4.2. Bankruptcy*
- 4.3. Investment Disputes*
- 4.4. International Arbitration*
 - 4.4.1. ICSID Convention and New York Convention*
- 4.5. Duration of Dispute Resolution*

5. Performance Requirements and Investment Incentives

- 5.1. WTO/TRIMS*
- 5.2. Investment Incentives*
 - 5.2.1. Research and Development*
- 5.3. Performance Requirements*
- 5.4. Data Storage*

6. Right to Private Ownership and Establishment

7. Protection of Property Rights

7.1. Real Property

7.2. Intellectual Property Rights

8. Transparency of the Regulatory System

9. Efficient Capital Markets and Portfolio Investment

9.1. Money and Banking System, Hostile Takeovers

10. Competition from State-Owned Enterprises

10.1. OECD Guidelines on Corporate Governance of SOEs

10.2. Sovereign Wealth Funds

11. Corporate Social Responsibility

11.1. OECD Guidelines for Multinational Enterprises

12. Political Violence

13. Corruption

13.1. UN Anticorruption Convention, OECD Convention on Combatting Bribery

14. Bilateral Investment Agreements

14.1. Bilateral Taxation Treaties

15. OPIC and Other Investment Insurance Programs

16. Labor

17. Foreign Trade Zones/Free Ports/Trade Facilitation

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

19. Contact Point at Post for Public Inquiries

Executive Summary

The Republic of Cabo Verde is an archipelago located in the north Atlantic Ocean 300 miles west of Senegal, off Africa's west coast. This small African nation has a population of approximately 500,000 people spread over nine inhabited islands with limited natural resources. The country's climate is extremely arid, and prolonged drought frequently affects its economy. Cabo Verde's geography, low proportion of arable land, scant rainfall, and lack of natural resources, territory discontinuity and small population make it a high-cost economy lacking economies of scale. The economy is service-oriented, with tourism, transport, commerce, and public services accounting for more than 60 percent of GDP. Cabo Verde enjoys political stability with a multi-party parliamentary democracy and has a history of parliamentary democracy and economic freedom that is unusual in the region. Elections have been free and fair, and the government has generally respected the human rights of its citizens. In 2008, four years after the United Nations recommendations, Cabo Verde graduated from a Least Developed Country to a Lower Middle Income Country. In May of the same year, five months after the World Trade Organization (WTO) approved the GOCV application, Cabo Verde's National Assembly unanimously ratified the agreement and formally acceded to the WTO. In compliance with WTO regulations, Cabo Verde legislation does not discriminate against foreign investors in terms of tax treatment, access to licenses approvals nor exchange rate controls.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The Government of Cabo Verde (GOCV) looks to both private and foreign investment to drive the country's future economic growth with a focus on tourism, transportation services, renewable energy, and export-oriented industries. A great effort has been made to promote a market-oriented economic model and in 2014, Cabo Verde achieved its highest economic freedom score (66.1), making its 3rd out of 46 countries in the Sub-Saharan Africa region. The World Bank, International Monetary Fund (IMF), United States, and many other donors have endorsed and supported the GOCV's economic liberalization policies.

All investors, regardless of their nationality, have the same rights and are subject to the same duties and obligations under the laws of Cabo Verde.

Other Investment Policy Reviews

In the past three years, neither the Organization for Economic Cooperation and Development (OECD), the World Trade Organization, nor the United Nations Conference on Trade and Development (UNCTAD) has conducted an investment policy review of Cabo Verde.

Laws/Regulations of Foreign Direct Investment

Foreign investment is regulated in the Cabo Verde Investment Law (Decree-Law No. 34/2013) and the Law of Industrial Development. These laws establish the principle of equal treatment for both national and foreign investment and confirm the government's commitment to the creation of a dynamic business environment. The Industrial Development Statute regulates the granting of

incentives and simplifies the investment approval process. In addition the code for Fiscal Benefits (Law No. 26/VIII/2013, of 21 January) establishes the principles and rules applicable to tax benefits, establishes the content and sets the corresponding rules for granting and monitoring. Laws to promote exports, incentives to export, and free-zone enterprises stress the commitment of the government to encourage investment in export-oriented industries. The overall entrepreneurial environment benefits from high levels of regulatory flexibility and efficiency. The tax regime encourages entrepreneurial activity, and government policies support free trade and open markets. Although bureaucratic procedures have been simplified in a number of cases, there is still room for improvement. The Investment Approval Process has been expedited within the revision of the external investment code. The Cabo Verdean agency for the promotion of investment, Cabo Verde Investimentos (CI), has become a one-stop shop for external investors. However, investing in Cabo Verde is still a slow process.

The judicial system in Cabo Verde is transparent and independent. There is no government interference in the court system.

The following is the official site for the entity responsible for the official publication of all approved laws: <https://kiosk.incv.cv/>

Cabo Verde Investimentos site investors where all information pertaining to investing in Cabo Verda can be found, including Cabo Verde's Investment Law, The Code of Fiscal Benefits, and the Contractual Tax Benefits-Incentives: <http://www.cvinvest.cv/news/file-category/legislation>

Industrial Promotion

Not applicable.

Limits on Foreign Control

All investors, regardless of their nationality, have the same rights and are subject to the same duties and obligations under the laws of Cabo Verde.

Privatization Program

Starting in the mid-1990s, the GOCV implemented a series of reforms that have transformed a centrally-planned economy into a market-oriented economy. The number of state-owned enterprises (SOEs) has decreased from forty in the 1990s, to only six today. Privatization came either through private sector sales or through liquidation. The two main utility companies, Electra (electricity and water) and Cabo Verde Telecom, the country's three banks, and the main state-owned entities in the tourism sector have all been sold off. All privatization or liquidation processes ran smoothly with the exception of Electra, which returned to government ownership. The decision to repossess Electra resulted from a breach of contract with the Portuguese investor. Consensual agreement was reached during the negotiations.

The GoCV sold its shares of fuel company Empresa Nacional de Combustíveis (ENACOL) and local bank Banco Comercial do Atlântico (BCA) via the stock exchange. Despite government aspirations to privatize TACV, this prospect is on hold, as well as hopes for privatizing

ENAPOR and EMPROFAC. It is unclear whether the government is truly committed to the privatization of these companies. With Elections scheduled for 2016, it becomes increasingly difficult to make tough decisions and large investments in the potential restructuring and/or privatization of state owned companies.

Both foreign and national investors can participate in the public bidding process, which is transparent and non-discriminatory.

Screening of FDI

Cabo Verde Investments (CI) is the government investment promotion agency. The agency's purpose is to promote better conditions for both national and foreign investment, the promotion of Cabo Verde as a tourist destination, and the promotion of Cabo Verdean exports. CI is the first point of contact for any investment in Cabo Verde. CI offers the Electronic Platform, "One Stop Shop of Investments" for the promotion, settlement and monitoring of investment in the country. The platform provide increased efficiency and effectiveness of the investment processes, improving understanding and communication between CI, its customers and other stakeholders, public and private entities, project developers of domestic and foreign investments. The One Stop Shop offers on a single platform the necessary services once scattered through various institutions. The platform is an effort to improve on the efficiency and de-bureaucratization of the investment process, ensuring that the process is completed within a maximum period of 75 days. (<http://www.cvinvest.cv/ci/oss>)

Disputes between the government and any investor concerning the interpretation and application of the law, which cannot be resolved amicably or via negotiation, are submitted for resolution by the judicial authorities, in accordance with Cabo Verdean laws. Disputes between the GOCV and foreign investors on investments authorized and made in the country, if no other process has been agreed, are settled by arbitration.

Competition Law

Decree Law 53/2003

Issue date: 24/11/2003

Date of Entry into force: 23/01/2004

Establishes the regime of protection of competition, applicable to all economic activities carried out on a permanent or occasional, in private, public and cooperative basis. It substituted Decree-Law N° 2/99 of February 1

Investment Trends

There are few regulatory barriers to foreign investment in Cabo Verde. Foreign investment in Cabo Verde is concentrated in tourism and light manufacturing. In terms of transportation, Cabo Verde's strategic and geographic location places the country in a position to become a regional and international shipping hub for both passengers and cargo. Nevertheless, the country remains underserved, with insufficient and inefficient maritime transportation, especially for passengers. The energy sector in Cabo Verde is undergoing important regulatory changes and attracting

investment which may result in a clearer framework to promote investment opportunities in the sector.

Starting in the mid-1990s, the GOCV implemented a series of reforms that have transformed a centrally-planned economy into a market-oriented economy. The number of publicly-owned enterprises has decreased from forty in the 1990s to six as of 2015.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	42	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2014	122 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	97 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 3,620	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of USD 4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <https://assets.mcc.gov/scorecards/score-fy15-english-caboverde.pdf>. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

Cabo Verde is the first country to have successfully concluded a Millennium Challenge Corporation (MCC) compact. Additionally, in February 2012, Cabo Verde became the first country to ever sign a second compact after consistently displaying good economic and political governance. The first compact (USD 110 million) has been used to improve the country's investment climate and reform the financial sector; improve infrastructure to support increased economic activity and provide access to markets, employment, and social services; and increase agricultural productivity, and raise the income of the rural population as well as carry out key policy reforms needed for sustained economic growth. The second compact (USD 66.2 million) is carrying out wide-reaching reforms in the water and sanitation and land management sectors. The second compact continues to support Cabo Verde's overall national development goal of transforming its economy from aid-dependency to sustainable, private sector led growth.

2. Conversion and Transfer Policies

Foreign Exchange

Foreign investors have the right to convert their investment to any other freely convertible currency and transfer all of their income. The government gives foreign investors important guarantees such as privately managed foreign currency accounts, which can be credited from abroad or from other foreign accounts in Cabo Verde. In addition, it allows undisputed repatriation of dividends, profits and capital from foreign investment operations. To receive these benefits the investor has to qualify for foreign investor status through GOCV's investment agency, CI.

The regulatory legislation specifies that for the first five years of operation, dividends may be freely expatriated without tax and that for the next fifteen years dividends may be expatriated with a flat tax rate of ten percent. Incentives for outward investment in developing countries are not included in the legislation, but they have been provided on an ad hoc basis.

Cabo Verde's exchange-rate fluctuation risk is low, and dependent on the Euro (CVE is pegged to the Euro). Since 1998, Cabo Verde has pursued a fixed exchange rate policy by pegging the CVE to the PTE and, since 4 January 1999, to the euro, at a rate of CVE 110.27 per Euro. This fixed exchange rate arrangement is a credit facility granted by Portugal to Cabo Verde –Credit Facility Contract – and managed by a joint CaboVerdean and Portuguese body named Comissão do Acordo de Cooperação Cambial (COMACC). Both residents and non-residents may hold foreign exchange accounts, subject to government approval and regulations. Most payments and transfers are subject to controls.

Remittance Policies

Current law permits a foreign investor to request transfer loan repayment, revenue/profits, and capital gains overseas from the Bank of Cabo Verde (central bank) within 30, 60, and 90 days respectively.

3. Expropriation and Compensation

Cabo Verde laws allow for expropriation if done for public interest. In the event of expropriation, the government will compensate the owner, on the basis of prevailing market prices, or the actual market value of the property on the day of expropriation. Compensation may be repatriated at the exchange rate in effect on the day of expropriation.

There have been no cases of illegal expropriations, and the government has never shown any pattern of discriminating against foreigners.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Due to Cabo Verde's being a Portuguese colony until 1975, its legal system is based on the civil law system of Portugal. Therefore it has systematic codification of its general law. The 1992 constitution provides for a judiciary independent from the executive branch. The Supreme Tribunal (Court) of Justice has a minimum of five members, one appointed by the president, one appointed by the National Assembly, and three appointed by the Supreme Council of Magistrates. The Ministry of Justice and Labor appoints local judges. Criminal defendants are presumed innocent and have the right to counsel, to public, non-jury trial, and to appeal. Verde has modern commercial and contractual laws.

The right to private ownership and establishment is guaranteed under the constitution. Property rights are recognized and guaranteed by several Cabo Verdean laws, as well as by the constitution. There is a legal entity that records secured interests in property, both chattel and real estate. There is also a legal system that protects and facilitates acquisition and disposition of all property rights.

Bankruptcy

Cabo Verde does not have a bankruptcy law. The World Bank's Doing Business report highlights the difficulty this creates, resulting in Cabo Verde's ranking of 189 out of 189 in Resolving Insolvency.

Investment Disputes

Information not available.

International Arbitration

Legislation

- The principal national arbitration statute in Cabo Verde is the Arbitration Law No. 76/VI/2005 of 16 August 2005.
- Law No. 89/IV/93 of 13 December 1993 provides that disputes between the State of Cabo Verde and foreign investors shall be resolved through arbitration and conciliation subject to Cabo Verde arbitration law.
- Decree-Law No. 35/2010 of 6 September 2010 provides that disputes related to the validity, interpretation, and non-fulfillment of insurance agreements may be addressed by arbitration.
- Decree No. 8/2005 of 10 October 2005 provides for institutional arbitration.

The Code favors arbitration as a mechanism for settling investment disputes between the government of Cabo Verde and foreign investors, under national and international dispute resolution rules and the courts recognize and enforce foreign arbitral awards. Generally, arbitration will be carried out in Cabo Verde and in Portuguese, unless the parties agree on

another location and language. The decision of the single referee or the arbitration committee is final and there is no appeal.

Cabo Verde has a center for mediation and hosts the Chamber of Mediation and Arbitration of the Community of the Portuguese Speaking Countries (CAIMA), an international entity that will act as extrajudicial means of conflict resolution among the nine members of the organization

ICSID Convention and New York Convention

In 2011, Cabo Verde became a contracting state to the International Centre for the Settlement of Investment Disputes (ICSID convention). Cabo Verde is not a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

Duration of Dispute Resolution

Information not available.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

In January 2008, four years after the United Nations Resolution 59/210 recommendation, Cabo Verde graduated from a Least Developed Country to a Lower Middle Income Country. On May 26 of the same year (five months after the World Trade Organization (WTO) approved GOCV application) Cabo Verde's legislatures unanimously ratified the agreement and formally acceded to the WTO. In compliance with WTO regulations, Cabo Verde legislation does not discriminate against foreign investors in terms of tax treatment, access to licenses approvals nor exchange rate controls. The GOCV complies with the legislation.

Investment Incentives

The Code of Fiscal Benefits, outlined in Law No. 26/VIII/2013, establishes the principles and rules applicable to tax benefits, establishes the content, and sets the corresponding rules for granting and monitoring of those benefits. Tax benefits can, among others, come in the form of exemptions, tax cuts, tax credit, and tax allowances.

Research and Development

Currently there are no foreign firms involved in research and development programs in Cabo Verde.

Performance Requirements

The GOCV does not impose local employment quotas. Work permits and visas are regulated by law, and easily obtained as long as the defined prerequisites are met. The costs are minimal.

There are no conditions to invest other than the ones stated by law. The process is transparent and clearly legislated. Both foreigners and nationals have equal rights under those laws.

Data Storage

Cabo Verde does not have forced localization policies.

6. Right to Private Ownership and Establishment

Property rights are recognized and guaranteed by several Cabo Verdean laws, as well as by the constitution. There is a legal entity that records secured interests in property.

Property documents are obtained in the Certidao do Registo Predial (land registry certificate) Planta de Localizacao (official map with the property's exact location) and the Certidao Matricial" (tax information certificate).

If the property is not registered, it is necessary to obtain a Certidao pela negativa (a certificate confirming that the property is not registered in anyone's name) and a Certidao matricial para o efeito (a tax certificate confirming this). With these two documents, it will be possible to register the property.

7. Protection of Property Rights

Real Property

Cabo Verde is in the process of implementing its second MCC Compact, worth USD 66.2 million. USD 17.3 million of this total is dedicated for the Land Management for Investment Project. This investment is expected to improve Cabo Verde's investment climate by refining the legal, institutional and procedural environment to create conditions for increased reliability of land information, greater efficiency in land administration transactions, and strengthened protections of land rights. The project consists of developing and implementing a new land information management system, and clarifying parcel rights and boundaries on targeted islands with high investment potential.

The Land Management and Investment Project supports the GOCV in creating a single reliable and easily accessible source of land rights and land boundaries information, which is expected to strengthen Cabo Verde's investment climate for large and small investors, and reduce land registration time and costs.

Intellectual Property Rights

International/regional conventions:

- Cabo Verde Islands is a member of the following international agreements:
- Berne Convention (since 1997)
- Rome Convention (since 1997)
- WIPO Convention (since 1997)
- WTO/TRIPS (since 2008)

IP legislation:

- Statutes of the Intellectual Property Institute of Cabo Verde (2010)
- Resolution No. 25/2010 of May 24, 2010, establishing the Institute for Intellectual Property of Cabo Verde (IPICV) (2010)
- Decree-Law No. 1/2009 of April 27, 2009, revising the Law on Copyright (2009)
- Decree-Law No. 13/2008 of April 7, 2008, establishing the Cultural Creation Grant and Approving its Regulations (2008)
- Decree-Law No. 33/2007 of September 24, 2007, regulating the Use of Digital Signatures (2007)
- Industrial Property Code (approved by Decree-Law No. 4/2007 of August 20, 2007) (2007)
- Law No. 8/VII/2007 of March 26, 2007, concerning the Establishment of the Legal Regime Applicable to the Promotion and Protection of Industrial Property Rights and its Regulations (2007)
- Resolution No. 16/2006 of May 22, 2006, approving the Government Program for the 7th Legislature 2006-2011 (2006)
- Legislative Decree No. 10/93 of June 29, 1993, governing the Exercise of the Broadcasting Activity (1993)

Copyright Office:

Institute of Intellectual Property of Cabo Verde
Avenida Cidade de Lisboa,
C.P. No 146A
Praia - Santiago
Phone: (238) 260 4340
Phone: (238) 981 7731
Telefax: (238) 261 6994
Jose.B.Carvalho@ipi.gov.cv
Mr. José Maria Barreto

Industrial Property Office

Institute of Intellectual Property of Cabo Verde
Avenida Cidade de Lisboa,
C.P. No 146A
Praia - Santiago
Phone: (238) 260 4340
Phone: (238) 994 7283
Telefax: (238) 261 6994
Rogerio.Monteiro@ipi.gov.cv
Mr. Monteiro Rogerio

Resources for Rights Holders

David Mauro
Political/Economic Officer
+238 260 8925
MauroDW@state.gov

A list of local lawyers can be found at: http://praiia.usembassy.gov/attorney_information.html

8. Transparency of the Regulatory System

Cabo Verde is a model for much of Africa because of its transparency and good governance. The GOCV is committed to improving the conditions for foreign investment and to encouraging a more transparent and competitive economic environment. In 2013, Cabo Verde ranked 41th on Transparency International's Corruption perception index, second among African nations, trailing only Botswana. In addition, the MCC control of corruption score cards ranked on 96 percent with a score of 1.38.

The basic Cabo Verdean legislation affecting foreign investment is contained in the Cabo Verde Investment Law (Decree-Law No. 34/2013 and the Law of Industrial Development. These laws establish the principle of equal treatment for foreign investment and confirm the government's commitment to the creation of a dynamic business environment. The Industrial Development Statute regulates the granting of incentives and simplifies the investment approval process. Laws to promote exports, incentives to export, and free-zone enterprises stress the commitment of the government to encourage investment in export-oriented industries. The overall entrepreneurial environment benefits from high levels of regulatory flexibility and efficiency. The tax regime encourages entrepreneurial activity, and government policies support free trade and open markets. Although bureaucratic procedures have been simplified in a number of cases, there is still room for improvement. The Investment Approval Process has been expedited within the revision of the external investment code. The Cabo Verdean agency for the promotion of investment, Cabo Verde Investimentos (CI), has become a one-stop shop for external investors.

9. Efficient Capital Markets and Portfolio Investment

Cabo Verde has a small but relatively strong, efficient and well managed financial sector supervised and regulated by a single institution: the Central Bank of Cabo Verde. The financial sector consists of:

- Credit institutions (banks and other institutions that are qualified by law)
- Special credit institutions (credit unions and savings banks)
- Nonbanking institutions
- Insurance companies
- Stock Exchange

In the 1990s, the statute of International Financial Institutions (IFI) was created for institutions whose activities are directed primarily to non-residents. Most IFI banks in Cabo Verde are foreign branches or subsidiaries of Portuguese banks, which were established in Cabo Verde to benefit from tax advantages in their transactions with non-residents.

The onshore segment contains eight banks (Banco Comercial do Atlântico; Caixa Económica de Cabo Verde; Banco Interatlântico; Banco Cabo-Verdiano de Negócios; Banco Angolano de Investimentos; Novo Banco; Ecobank-Cabo Verde, and Banco Espírito Santo-Cabo Verde). There are 10 non-bank institutions: a venture capital management company – A Promotora; three currency exchange offices - Cotacâmbios de Cabo Verde, Arisconta - Câmbios Lda. and Girassol - Câmbios Lda.; a company that issues credit cards and handles the payment system - SISP, a

leasing company Promoleasing - Sociedade de Locação Financeira SA; three securities fund management companies - Innovation Box, Sociedade de Gestão de Fundos de Habitação de Interesse Social e Novagest SA; and a money transfer agency - Global Money Transfer-Cabo Verde SA.

The offshore market comprises of nine institutions licensed to operate, eight in banking activities (Banco Fiduciário Internacional, Banco Sul Atlântico, Banco Português de Negócios, Banco Montepio Geral, Banco Espírito Santo, Banco Privado Internacional, Caixa de Crédito Agrícola Mútua and Atlantic International Bank) and one acting as fund manager (CA Finance SA).

The Cabno Verdean stock market, Bolsa de Valores de Cabo Verde (BVC), is fully operational. It has been most active in the issuance of Bonds. Foreign investors must open a bank account with a local bank in Cabo Verde before buying stocks or bonds from BVC.

Financial Sector Main Legislation:

- Banks the Special Credit Institutions: Law No. 3/V/96 - 1 July;
- Insurance: Decree Law No. 52 F/90 4 July and Decree-Law No 1 /2000, January 31
- The Securities Market: Laws No. 51, 52 and all 53/V/98, May 11, 98;
- IFIs: Laws No. 43/III/88 of 27 December, 60/VI/2005 - April 18, DL No 12/2005 February 7, and 44/2005 - June 27;

Banking, insurance, and securities market regulations comply with international regulations and meet international best practice. Foreign investors have the same access to credit in the local market. However, access to credit is not easily available to the private sector due to its high interest rates.

Money and Banking System, Hostile Takeovers

Cabo Verde has a small but relatively strong, efficient and well managed financial sector supervised and regulated by a single institution: the Central Bank of Cabo Verde. The onshore segment contains eight banks (Banco Comercial do Atlântico; Caixa Económica de Cabo Verde; Banco Interatlântico; Banco Cabo-Verdiano de Negócios; Banco Angolano de Investimentos; Novo Banco; Ecobank-Cabo Verde, and Banco Espírito Santo-Cabo Verde).

Overall, the banking sector is still relatively small, with a limited supply of financial products. However, it is well-managed and exhibits good performance indicators. Credit risk is mainly controlled through a limited exposure and strict compliance with prudential ratios.

At the end of 2010 (latest information available), the banking sector, excluding the IFIs and offshore banks, had:

- A network of 105 branches covering all municipalities in the country;
- 141 ATMs and 1,985 debit machines available in all islands;
- Internet banking offered by the four major banks; and
- Debit cards, credit cards and prepaid Visa.

Bank credit is available to foreign investors under the same conditions as for national investors. The private sector has access to some credit instruments such as loans, letters of credit and lines of credit. The legal guidelines for accounting systems are clear but are not totally consistent with international norms.

Establishing a bank account is easy as long as the client provides proper identification.

10. Competition from State-Owned Enterprises

Government interference in state-owned enterprises (SOEs) in Cabo Verde is relatively minor. With the exception of certain industries which remain protected (e.g., freight handling at the airport, port authority, importation of pharmaceutical products, and distribution of electricity), private and state-owned enterprises compete freely and without major interference from the government. In these “liberalized” markets, both private and state-owned enterprises have the same access to credit, markets, and business opportunities. SOEs in Cabo Verde are most active in the transportation sector. SOEs are generally managed by a board of directors which is nominated by the Minister in charge of the respective sector. Overall, there is little government interference in the day-to-day management of SOEs and they are generally evaluated based on their economic or financial performance. However, even though most directors are not politically appointed, they must maintain the confidence and support of the government. All SOEs are required to produce annual reports and must submit their books to independent auditors.

OECD Guidelines on Corporate Governance of SOEs

Cabo Verde tries to adhere to the OECD’s guidelines on Corporate Governance. In general, there is fair competition between SOEs and private sector enterprises. SOEs in Cabo Verde are most active in the transportation sector. SOEs are generally managed by a board of directors that is nominated by the minister in charge of the respective sector. These boards of directors have anywhere from three to five members.

Overall, there is little government interference in the day-to-day management of SOEs and they are generally evaluated based on their economic or financial performance. However, even though most directors are not politically appointed, they must maintain the confidence and support of the government. All SOEs are required to produce annual reports and must submit their books to independent auditors.

In case of conflict, domestic courts are trusted to be non-discriminatory, transparent and independent. However, foreign arbitration is also available.

Sovereign Wealth Funds

Cabo Verde does not have a sovereign wealth fund.

11. Corporate Social Responsibility

The private sector, government and regulators are becoming increasingly aware of the importance of environmental and social responsibility in Cabo Verde. Many companies conduct campaigns to promote social awareness in areas such as health, environmental protection, and cultural preservation. For instance, all investment projects are required to provide an environmental impact study prior to approval. However, companies' specific CSR efforts in Cabo Verde tend to be more reactive than proactive. For example, a recent outbreak of Dengue Fever in the country was met by public awareness campaigns launched by some local companies.

In terms of women's issues, the GOCV is a leader in the region, if not in the world. During previous governments, women have equally been represented in ministerial level positions. For example, eight of eighteen ministerial positions are currently held by women. While there is still room for improvement, Cabo Verdean women are well represented among businesses in the country, especially relative to other countries in the region.

OECD Guidelines for Multinational Enterprises

Cabo Verde does not adhere to the OECD guidelines for multinational enterprises.

12. Political Violence

Cabo Verde's greatest strengths are its political and social stability. There have never been any political or religious conflicts resulting in violence.

13. Corruption

In 2012, Cabo Verde ranked 39th on Transparency International's Corruption perception index, it was second among African nations trailing only Botswana. Cabo Verde has signed and ratified the UN Anticorruption Convention.

Corruption is a crime punishable by law. Giving or accepting a bribe is a criminal act and conviction could result in up to eight years in prison. To combat corruption effectively, the Caboverdean government established the High Authority against Corruption, and parliament has added three additional prosecutors to enforce the law. Other institutions active in combating corruption include the Judicial Police, the Prosecuting Counsel and the courts. Corruption or the bribery of political officials and/or public servants is not a major issue of concern in Cabo Verde. There have been rumored incidents of corruption in the recent past, which earned a lot of public criticism and media coverage.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Cabo Verde has signed and ratified the UN Anticorruption Convention (2003) and the OECD Convention on Combatting Bribery (2008).

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

- Oscar Tavares
- Attorney General
- Procuradoria Geral da Republica
- CP 268 Praia - Cabo Verde
- Tel/Fax +238 261 1665

Contact at "watchdog" organization (international, regional, local or nongovernmental organization operating in the country/economy that monitors corruption, such as Transparency International):

- Cristina Andrade
- Senior National Coordinator
- UNODC - United Nations Office on Drugs and Crime
- Av OUA, ASA
- Praia - Cabo Verde
- Phone: +238 260 9644
- E-mail: cristina.andrade@unodc.org

14. Bilateral Investment Agreements

Cabo Verde does not have a bilateral investment treaty with the United States. However, as a member of ECOWAS, Cabo Verde will benefit from the TIFA agreement, which was signed in August 2014 but has not yet entered into force.

Cabo Verde has bilateral investment agreements with Angola, Austria, Belgium, China, Germany, Holland, Italy, Portugal, Russia, United Kingdom, Sweden, and Switzerland. Cabo Verde also enjoys a special partnership with to the European Union as a Peripheral Region Nation. Cabo Verde also benefits from AGOA.

Bilateral Taxation Treaties

Cabo Verde does not have a bilateral taxation treaty with the United States.

15. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) has signed an agreement with Cabo Verde. OPIC offers political risk insurance, which includes coverage for exchange inconvertibility, expropriation, and war.

Cabo Verde is also a member of the Multilateral Investment Guarantee Agency (MIGA).

16. Labor

With the unemployment rate above 16.4 percent, creating jobs is a major concern for the Cabo Verdean government. Unemployment among youth and highly skilled labor is higher: 34.6 percent for ages between 15 and 24, and 15.6 percent among those with a university degree. The government is striving to stimulate national production and attract foreign investment to create jobs and support entrepreneurial initiatives. The low cost, high productivity and wide availability of labor in Cabo Verde is economically enviable. Unskilled labor represents some 30 to 40 percent of the total labor force and is readily available. However, technical, managerial, and professional talent is more difficult to find. The primary sector is of particular importance to Cabo Verdeans as it employs a third of the country's population.

Cabo Verde has ratified all of the International Labor Organization (ILO)'s eight fundamental conventions. The law protects the rights of workers to form or join unions of their choice without previous authorization or excessive requirements, to engage in collective bargaining, and to conduct legal strikes. The law allows unions to carry out their activities without interference. The labor code provides for protection against antiunion discrimination and for the reinstatement of workers. However, these rights are limited by other provisions. A "Civil Need" law states the government can force the end of a strike when there is an emergency or "to ensure the smooth operation of businesses or essential services of public interest." Services provided by telecommunications, justice, meteorology, health, firefighting, postal service, funeral services, water and sanitation services, transportation, ports and airports, private security, and the banking and credit sectors are considered "essential," which are beyond the intended scope suggested by the ILO's respective convention. The Directorate General for Labor (DGT) has a conciliation mechanism to promote dialogue.

Worker organizations were independent of the government and political parties. There were no reports of violence, threats, or other abuses during the year by the government against union members or leaders. There was no reported evidence of antiunion discrimination. Nonetheless, public projects were contracted to private companies who hired workers directly. Workers that do not have a labor contract with public or private companies have no legal protection. Few companies adopted collective bargaining, but the ILO worked with local unions and government bodies to provide guidance on conducting a dialogue between parties. Labor unions complained the government sporadically restricted the right to strike for certain critical job categories. Cases can be protracted before they are finally resolved.

In 2013, Cabo Verde's Commission for Social Dialogue approved the archipelago's first minimum wage and set it at 11,000 Cabo Verdean escudos (USD 115) per month. The minimum wage went into force on January 2014.

The rigidity of the labor laws and severance pays has been considered by the World Bank, IMF and African Development Bank an obstacle to industrial investment and development.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

The Cabo Verde Investment Law (new: decree law 34/2013), External Investment Law, the Industrial Development Law, the Industrial Statute, the Enterpot Law, and the Law of Free-

enterprises provide strong incentives for export-oriented firms. The free-zone enterprise law introduces a new status for enterprises that produce goods and services exclusively for export or to sell to other free-zone enterprises in Cabo Verde.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2013	N/A	2013	1,879	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A		2013	N/A	http://bea.gov/international/factsheet/factsheet.cfm?Area=450
Host country's FDI in the United States (\$M USD, stock positions)	N/A		2013	N/A	http://bea.gov/international/factsheet/factsheet.cfm?Area=450
Total inbound stock of FDI as % host GDP	N/A		N/A		

*Banco de Cabo Verde - Cabo Verde's central bank

*Table 3: Sources and Destination of FDI***Direct Investment from/in Counterpart Economy Data****From Top Five Sources/To Top Five Destinations (US Dollars, Millions)**

Inward Direct Investment			Outward Direct Investment		
Total Inward	2013	100%	Total Outward	N/A	100%
Portugal	419	26%			
Spain	388	24%			
Italy	177	11%			
United Kingdom	164	10%			
Ireland	91	6%			
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio investment data are not available for Cabo Verde.

19. Contact for More Information

David Mauro
 Econ Pol Officer
 US Embassy
 Praia, Cabo Verde
 +2382608925
 MauroDW@state.gov