

Cape Verde



Homework creates investment hotspot

A solid framework for international financial institutions and an open, investor-friendly environment, as well as booming tourism and real estate sectors, are tempting new investors

"Strong, credible and transparent" is how Carlos Burgo, governor of the Central Bank of Cape Verde, describes one of the country's main financial institutions and the way in which the nation's financial industry aims to be regarded around the world. "We are a stable and democratic country, with a number of fiscal incentives, a sound legal system and an overall good reputation," explains the governor. "The issues of anti-money laundering and combating the funding of terrorism are taken very seriously here. To sum up, we have been doing and will continue to do our homework in order to meet the needs of prospective investors."

"Besides being the monetary authority of the country, the bank is the regulator and supervisor of the financial sector," says Mr Burgo. "Cape Verde has a sound banking system and we are currently working to develop the financial system as a whole, namely through the establishment of a legal and regulatory framework that contributes to enhanced and diversified financial services, thus enabling the country to become a strong and stable financial centre."

Since 1998, the Cape Verdean escudo has been pegged to the euro and the government, headed by

Prime Minister Jose Maria Pereira Neves, has been exploring EU membership in recent years, strengthening relations with Portugal and Spain in particular. "This exchange rate regime has helped to protect the economy against excessive exchange rate fluctuations, keep domestic inflation under control, reduce financial uncertainty and increase investors' confidence," adds Mr Burgos

Cape Verde's economy is service-orientated, with commerce, transport, tourism and public services accounting for more than 66% of GDP. Economic reforms are aimed at developing the private sector and attracting foreign direct investment to diversify the economy. More than 90% of businesses on Cape Verde are micro-enterprises and the central bank is also targeting this sector to improve access to financial services in rural areas and help alleviate poverty. Future prospects are positive with the encouragement of tourism, rising remittances and the momentum of the government's development programme.

Midway between Portugal and Brazil, located off the west coast of Africa, the ten-island archipelago is a paradise for sailing, surfing, fishing and diving. Official figures indicate visitor numbers are growing at a rate of 22% per annum, with over one million per year expected by 2015. Direct flights from the UK were launched last year and Cape Verde's national airline, TACV, plans to increase its connections to Europe, the US and Brazil as of November.

Where tourists flock, estate agents follow. Fitch Ratings has cited the political stability of the country and the absence of ethnic or religious tensions, as well as a warm sub-tropical climate that enables year-round rentals, among the reasons why the archipelago is heating up as a potential property hotspot. Mortgages are becoming increasingly competitive and lenders are requiring smaller deposits for property acquisitions. Consequently, investors are able to leverage their money more effectively – investing less, borrowing more and benefiting from much higher overall returns. Spearheaded by real estate specialists such as Sogeí, developments are going up fast, particularly on the busy island of Sal and around Praia on Santiago. Cape Verde is witnessing rapid change both in appearance and economic status. It is even tipped to undergo a similar kind of metamorphosis experienced by the Canary Islands some thirty years ago. ●



Jose Maria Pereira Neves,
Prime Minister



Carlos Burgo,
Governor of the
Central Bank

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