

Cabo Verde

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Cabo Verde	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	US Dept of State Money Laundering Assessment Compliance with FATF 40 + 9 Recommendations Not on EU White list equivalent jurisdictions Failed States Index (Political Issues)(Average Score) Offshore Finance Centre
Medium Risk Areas:	Corruption Index (Transparency International & W.G.I.) Weakness in Government Legislation to combat Money Laundering
<p>Major Investment Areas:</p> <p>Agriculture - products: bananas, corn, beans, sweet potatoes, sugarcane, coffee, peanuts; fish</p> <p>Industries: food and beverages, fish processing, shoes and garments, salt mining, ship repair</p> <p>Exports - commodities: fuel, shoes, garments, fish, hides</p> <p>Exports - partners: Spain 66.9%, Portugal 13.9%, US 5% (2012)</p> <p>Imports - commodities: foodstuffs, industrial products, transport equipment, fuels</p> <p>Imports - partners: Portugal 38.1%, Netherlands 21.5%, China 7.9%, Spain 7% (2012)</p>	
Investment Restrictions:	

There are few regulatory barriers to foreign investment in Cabo Verde. Foreign investment in Cabo Verde is concentrated in tourism and light manufacturing. Sectors such as construction (public infrastructure), transportation, maritime security, and energy are attracting most of the investment. 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, but it is going through a financial crises.

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Section 1 - Background

The uninhabited islands were discovered and colonized by the Portuguese in the 15th century; Cabo Verde subsequently became a trading center for African slaves and later an important coaling and resupply stop for whaling and transatlantic shipping. Following independence in 1975, and a tentative interest in unification with Guinea-Bissau, a one-party system was established and maintained until multi-party elections were held in 1990. Cabo Verde continues to exhibit one of Africa's most stable democratic governments. Repeated droughts during the second half of the 20th century caused significant hardship and prompted heavy emigration. As a result, Cabo Verde's expatriate population is greater than its domestic one. Most Cabo Verdeans have both African and Portuguese antecedents.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Cabo Verde is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Cabo Verde was undertaken by the Financial Action Task Force (FATF) in 2007. According to that Evaluation, Cabo Verde was deemed Compliant for 0 and Largely Compliant for 3 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

Sixth follow-up report of Cabo Verde

The sixth follow-up report of Cabo Verde showed that the country enacted legislation on combating the financing of terrorism. The Law was published on 21 January 2013 and entered into force on 22 January 2013. The country also enacted laws to implement UNSCRs 1267 and 1373. These pieces of legislation have addressed major gaps in the country's AML/CFT framework. The country secured a conviction on a money laundering offence. This conviction sets a precedent, which indicates that the country's AML Law covers self-laundering.

The country is yet to address issues relating to criminalization of the full range of designated categories of predicate offences for money laundering, an appropriate supervisory framework, and requirements under UNSCR 1373 relating to granting third party requests. Cabo Verde was called upon to expedite actions to criminalize the outstanding predicate offences and to take further steps to address the weaknesses identified in its CFT laws and other outstanding deficiencies noted in its AML/CFT system. In addition, the Plenary urged the country to provide adequate information or appropriate statistics that attest to the effectiveness of its AML/CFT system, including information relating to mutual legal assistance, other formal requests for assistance made or received by the FIU, and information on prudential and AML/CFT examinations carried out by supervisors. Cabo Verde was retained on Expedited Regular Follow-up and directed by the Plenary to submit its seventh follow-up report in May 2014.

Prevalence of Predicate Crimes

According to the 2013 US International Narcotics Control Strategy Report (INCSR), Cabo Verde is an important transit country for narcotics headed for Europe from South America via Africa, and most of the money laundering activities in the country result from drug trafficking. The strategic location of the country puts it at the crossroads of the transatlantic narcotics trade. As an archipelago of islands, with a long coastline, the country has a terrain that is highly vulnerable to smuggling of drugs and other commodities. The World Drug Report 2013 notes that over the last few years Cabo Verde has become a route for trafficking the so-called new psychoactive substances. The trafficking of drugs in the country has also facilitated trafficking in persons. It is a source country for persons trafficked to Brazil, Portugal and other European countries to engage in forced transport of drugs. There are less prominent reports of trafficking of girls from other West African countries for prostitution in the country.

While the length of the coastline and the difficult terrain may raise concerns about goods smuggling, the domestic market for smuggled items is insignificant. Although, public sector corruption is not pronounced in the country. However, Transparency International's Corruption Perception survey report placed the country at 41st position in 2013. This is a drop in ranking from 39th in 2012.

It has been estimated that an equivalent number of Cabo Verdeans (about 600,000) are living outside the country, roughly equal to the number living inside it. The amount this diaspora population will remit home was estimated to be US\$170 million dollars in 2013. The local capacity to monitor the legitimate nature of these remittances is very weak. Considering that about 30% of the population is aged 15 or below, the challenges of migration and remittance monitoring will remain a concern for the country for some time to come.

AML/CFT Situation

Until 2013, Cabo Verde had been under the Enhanced Follow-up regime of the GIABA mutual evaluation process in view of its inability of the country to address the significant deficiencies in its AML/CFT system. However, when Cabo Verde presented its sixth follow-up report to GIABA in May 2013, it was removed from the enhanced process and placed under the regular follow-up process, a less stringent process due to the country's notable progress in addressing some of the deficiencies. In particular, Cabo Verde enacted a CFT law which is largely compliant with the requirements of the FATF Standards.

In spite of this progress, a number of major deficiencies remain to be addressed by the country, particularly with regard to the criminalization of the full range of FATF designated predicate offences for money laundering. In late November 2013, GIABA supported the country to begin the process of developing a comprehensive National AML/CFT Strategy as a prelude to developing National Risk Assessment Framework in order to strengthen the AML/CFT system. The country reported that 71 ML-related STRs were received by the FIU, but no case was forwarded to law enforcement for investigation and prosecution. As a result, the

country did not record a single conviction. In view of these shortcomings, Cabo Verde's efforts on AML/CFT fall below expectations, given its sound governance credentials.

It is also worth noting that the DNFBP sector is not properly regulated with regard to AML/CFT compliance. This is a significant deficiency considering that DNFBPs play a significant role in the tourist industry and in the management of diaspora businesses and investments.

Conclusion

Cabo Verde is a good example of political stability and freedom in the region. The country has shown commitment to combating money laundering and terrorist financing. With a stable political system, a healthy economy, a relatively high HDI, and sound governance credentials, the country's performance on AML/CFT nevertheless needs to be stepped up. Cabo Verde enjoys a very good partnership with the USA on fighting drug trafficking and related crimes, but given the real threats of ML the country faces, Cabo Verde should deploy its resources efficiently to bolster its AML/CFT system.

Cabo Verde is called upon to increase its efforts to address its AML/CFT deficiencies. It should take advantage of the technical assistance from GIABA on national strategy to develop and adopt its National Risk Assessment Framework, allocate adequate resources to the FIU and capacitate it to perform effectively and then work towards the membership of the Egmont Group.

US Department of State Money Laundering assessment (INCSR)

Cabo Verde is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Cabo Verde's location, approximately 400 miles off the coast of West Africa, and its land-to-water ratio make it vulnerable to narcotics trafficking between West Africa, the Caribbean, South America, North America, and Europe. Its financial system is primarily composed of the banking sector.

Although its AML regime has flaws, the government has revised its laws, policies, and regulations in an attempt to create the tools to curb illicit financial activities. The AML framework established in 2009 has led to improved port container monitoring and improved information sharing between Cabo Verde's domestic and international airports. Cabo Verde continues to receive international support in its fight against drug trafficking, money laundering, and other crimes, including support to its FIU, which became a member of the Egmont Group in February 2017.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Approximately 30 percent of Cabo Verde's economy is in the informal sector, creating a lack of transparency and contributing to vulnerability to money laundering. The biggest money laundering risk in Cabo Verde is likely related to narcotics trafficking, largely due to

Cabo Verde's location at the Atlantic crossroads, along major trade routes, and the limited capacity of Cabo Verdean authorities to patrol its large maritime territory. Narcotics transit Cabo Verde by commercial aircraft and maritime vessels, including private yachts. Domestic consumption of consumer drugs – namely marijuana, cocaine, and synthetic drugs – is increasing.

Public corruption is limited in Cabo Verde and is unlikely to be a major element facilitating money laundering. The formal financial sector, which is well reputed, may be attractive to money launderers as a safe haven, in spite of the ongoing development of the country's AML regime.

KEY AML LAWS AND REGULATIONS

The central bank regulates and supervises the financial sector, and commercial banks generally comply with its rules. Financial institutions reportedly exercise due diligence beyond the requirements of the law for both domestic and foreign PEPs. Cabo Verde has taken steps to implement a cross-border currency declaration regime, but implementation has been inconsistent at the various ports of entry.

Cabo Verde has operationalized its framework for national cooperation and coordination. The Ministry of Justice recruited eight prosecutors of the republic to be stationed in the regions, while the central bank recruited six agents for the supervision department, two of which will specifically support the AML/CFT supervision of financial institutions. Cabo Verde has established the General Inspectorate of Economic Affairs as the supervisory body for dealers in luxury cars and antiques.

Cabo Verde is a member of the GIABA, a FATF-style regional body.

AML DEFICIENCIES

Information is limited about the degree to which the central bank conducts AML compliance examinations of the institutions that fall within its jurisdiction, including whether the central bank has applied administrative sanctions for non-compliance with requirements. Cabo Verde still needs to strengthen its AML supervision mechanisms for financial institutions and DNFBPs.

The FIU continues to take steps to improve its efficiency and effectiveness, including by availing itself of donor assistance. It has undertaken efforts in the past year to conduct outreach to other islands, with a particular focus on law enforcement and prosecutors. Work remains to be done to develop a record of tangible outcomes across the range of AML stakeholders, to include administrative enforcement actions by financial and non-financial sector regulators; consistent application of financial investigative techniques in all law enforcement investigations involving crimes generating illicit profits; and successful financial crimes prosecutions, to include asset forfeiture.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Although Cabo Verde has taken steps to create the legal framework for the AML regime and its FIU has qualified for Egmont Group membership, it still needs to close important gaps. Among those are the development of a fully and broadly functioning cross-border currency declaration system, and a record of tangible outcomes. Implementation and enforcement of the laws remain weak, and government agencies either are unaware of their own responsibilities under the AML regime or not motivated to meet them.

The United States and Cabo Verde do not have a bilateral MLAT or an extradition treaty. Cabo Verde is a party to relevant multilateral law enforcement conventions that have

mutual legal assistance provisions. The United States and Cabo Verde also can make and receive requests for assistance on the basis of domestic laws.

Current Weaknesses in Government Legislation (2014 INCRS Comparative Tables):

According to the US State Department, Cabo Verde does not conform with regard to the following government legislation: -

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Ability to freeze assets without delay - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

Criminalised Tipping Off - By law, disclosure of the reporting of suspicious or unusual activity to an individual who is the subject of such a report, or to a third party, is a criminal offense.

EU White list of Equivalent Jurisdictions

Cabo Verde is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Cabo Verde is considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2017:

Cabo Verde is not a significant source country of illicit narcotics, but its strategic location in the Atlantic Ocean makes it an important transit hub for cocaine and other drugs moving from Latin America to Europe. Praia, Cabo Verde's largest city, maintains a well-serviced international airport with direct flights to the United States, Europe, and northern Brazil. Traffickers operating in neighboring Guinea Bissau are of particular concern. Coupled with an active seaport and vast maritime domain, the Cabo Verdean archipelago is an enticing transit point for drug traffickers to facilitate onward movement by land, sea, and air. The UN Office on Drugs and Crime (UNODC) reports that cannabis, cocaine, hashish, heroin and methamphetamines are the most commonly used drugs in Cabo Verde, mainly by youth in urban areas.

The Government of Cabo Verde has taken action to respond to drug trafficking, which is regarded by government officials and the general public alike as a serious problem. The government has enacted upgrades to the National Police Training Center, created higher education institutions in the justice sector, and increased competency on criminal investigation, drug interdiction, and intelligence. U.S. assistance has allowed the Cabo Verdean government to significantly increase its capability to combat money laundering. The anti-money laundering legal framework established in 2009 under the Anti-Trafficking Project improved port container monitoring, and increased information sharing between domestic and international airports. Demand reduction efforts include treatment and rehabilitation programs, and awareness campaigns targeting youth.

In April 2016, 280 kilograms of cocaine was seized and six suspects were arrested off the southwest coast of Cabo Verde. There have been some instances where traffickers have attempted to intimidate the Cabo Verdean government, including the attempted assassination of the then-Prime Minister's son in December 2014. Corruption is relatively low in Cabo Verde. Cabo Verde joined the Open Government Partnership, which seeks to promote transparency and fight corruption, in 2016.

The United States supports Cabo Verde in its fight against crime and drugs by providing training to Cabo Verdean armed forces and law enforcement, in addition to providing financial and technical assistance to the Ministry of Justice's Financial Investigative Unit, and by sharing of information. In 2010, U.S. Africa Command established the Center for Maritime Security Operations (COSMAR) in Praia, which has improved cooperation among Cabo Verdean law enforcement agencies. Other U.S. assistance programs have supported social reintegration and drug dependency reduction programs and assisted the Cabo Verdean Financial Information Unit in building its capacity to fight money laundering. With support from the United States and other international partners, Cabo Verde has strengthened law enforcement and judicial institutions to improve monitoring of its international waters and combat transnational crimes including drug-trafficking. In 2016, the United States provided training to the Cabo Verde Marines and the Cabo Verde Maritime Police on maritime vessel maintenance to support their drug interdiction efforts.

US State Dept Trafficking in Persons Report 2016 (introduction):

Cabo Verde is classified a Tier 2 Watch List country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Cabo Verde is a source and destination country for children subjected to forced labor and sex trafficking within the country and in Guinea and a destination country for women in forced prostitution. Boys and girls, some of whom may be foreign nationals, are exploited in sex trafficking in Santa Maria, Praia, and Mindelo. Sex tourism involving children subjected to prostitution also occurs. Children in domestic service often work long hours and at times experience physical and sexual abuse—indicators of forced labor. Cabo Verdean children engaged in begging, street vending, car washing, garbage picking, and agriculture are vulnerable to trafficking. Children living in impoverished neighborhoods with little state presence are also at risk, especially for sex trafficking. West African migrants may transit the archipelago en route to situations of exploitation in Europe. Adult migrants from China, Guinea-Bissau, Senegal, Nigeria, and other ECOWAS countries may receive low wages, work without contracts, and have irregular status, creating vulnerabilities to forced labor and sex trafficking. During the reporting period, Nigerian women were identified in sex trafficking on the island of Boa Vista. Cabo Verde's porous borders make it difficult to monitor the flow of people across the borders, rendering both legal and illegal immigrants vulnerable to trafficking.

The Government of Cabo Verde does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government conducted one investigation, identified its first two adult trafficking victims, and enacted amendments to its penal code that provide a legal framework to prosecute trafficking. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Cabo Verde is placed on Tier 2 Watch List. The government did not prosecute or convict any traffickers, identify any child trafficking victims, or provide specialized services to victims, and it did not have a national committee or action plan to combat trafficking in persons.

US State Dept Terrorism Report

Cabo Verdean authorities continued to prosecute a case against Jean-Charles Mendes Da Silva, a French citizen and alleged member of the Algerian terrorist organization, the Armed Islamic Group.[1] On March 10, 2007, Cabo Verdean police arrested Da Silva on an Interpol warrant and unrelated forgery and weapons charges. A Cabo Verdean court convicted him of those crimes, as well as of certain criminal offenses related to his activities in France, but prosecutors declined to seek a conviction under Cabo Verde's counterterrorism laws. Moreover, Cabo Verde refused the French government's request to extradite Da Silva, because he had claimed and obtained Cabo Verdean citizenship prior to his arrest.[2] At year's end Da Silva was awaiting sentencing.

With respect to counterterrorism legislation, Cabo Verdean law specifically criminalizes terrorist activity, including the provision of material assistance to terrorists. The code of criminal procedure gives police wide authority to perform wiretaps and warrantless searches in cases of suspected terrorism. Additionally, in November Cabo Verde's two major political parties informally agreed to amend the Cabo Verdean constitution in order to allow nighttime searches and seizures in such circumstances.

Cabo Verdean law enforcement has taken special measures to prevent terrorists from entering the country. Immigration authorities check names of visitors against a database of actual and suspected terrorists, which includes data furnished by the U. S. government. Cabo Verde was in the process of obtaining access to certain data from the FBI's Integrated Automated Fingerprint Identification System, and also participated in the Economic Community Of West African States Warning and Response Network, an information sharing program addressing security issues.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	55
World Governance Indicator – Control of Corruption	79

Corruption and Government Transparency - Report by US State Department

In 2012, Cabo Verde 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 Cabo Verdean 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.

Under U.S. law, American companies and their affiliates are subject to the Foreign Corrupt Practices Act, which strictly prohibits the bribery of foreign officials.

Section 3 - Economy

Cabo Verde's economy is vulnerable to external shocks and depends on development aid, foreign investment, remittances, and tourism. The economy is service-oriented with commerce, transport, tourism, and public services accounting for about three-fourths of GDP. Tourism is the mainstay of the economy and depends on conditions in the euro-zone countries. Cabo Verde annually runs a high trade deficit financed by foreign aid and remittances from its large pool of emigrants; remittances as a share of GDP are one of the highest in Sub-Saharan Africa.

Although about 40% of the population lives in rural areas, the share of food production in GDP is low. The island economy suffers from a poor natural resource base, including serious water shortages, exacerbated by cycles of long-term drought, and poor soil for growing food on several of the islands, requiring it to import most of what it consumes. The fishing potential, mostly lobster and tuna, is not fully exploited.

Economic reforms are aimed at developing the private sector and attracting foreign investment to diversify the economy and mitigate high unemployment. The government's elevated debt levels have limited its capacity to finance any shortfalls.

Agriculture - products:

bananas, corn, beans, sweet potatoes, sugarcane, coffee, peanuts; fish

Industries:

food and beverages, fish processing, shoes and garments, salt mining, ship repair

Exports - commodities:

fuel (re-exports), shoes, garments, fish, hides

Exports - partners:

Australia 83%, Spain 8.6% (2015)

Imports - commodities:

foodstuffs, industrial products, transport equipment, fuels

Imports - partners:

Portugal 29.9%, Australia 26.4%, Netherlands 11.2%, Spain 5.6%, China 5.6% (2015).

Banking

Financial sector institutions in Cabo Verde include banks, para-banks, international financial institutions, insurance companies and capital market intermediaries. The on-shore banks operating in Cabo Verde are Banco Comercial do Atlantico, Caixa Economica

do Cabo Verde (CECV), Banco Interatlantico and Banco Caboverdiano de Negocios. The first three of these institutions are branches of foreign banks.

Stock Exchange

Created in 1995, the Bolsa de Valores de Cabo Verde actually commenced operation in December 2005. It currently has listings of 44 government treasury bonds and 4 local companies. The listed entities are Banco Comercial do Atlantico, CECV (commercial banks), Seceded Cabo Verde de Tabasco, and Enroll Empress de Combusttneis. The only members of the stock exchange are the four commercial banks that operate in the domestic market. The exchange uses a Euronex platform and an operational model that combines both auction and quote driven systems. The securities traded on the stock exchange are dematerialized and all transactions are conducted through the banking accounts of the members. The stock exchange is owned by the government which hopes to privatize it in the future.

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, territorial 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 and has a history of parliamentary democracy and economic freedom that is unusual in the region. 2016 elections were free and fair, and all governments in Cabo Verde have 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.

There are few regulatory barriers to foreign investment in Cabo Verde, and foreign investors receive national treatment regarding taxes, license approvals and registration, and access to foreign exchange. 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	2015	40 of 175	transparency.org/cpi2015/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	126 of 189	doingbusiness.org/rankings

Global Innovation Index	2015	104 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 32.3	BCV – Central bank of Cabo Verde bcv.cv
World Bank GNI per capita	2014	3,450 USD	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 \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. 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.

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 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. The World Bank, IMF, United States, and many other donors have endorsed and supported the GOCV's economic liberalization policies.

MCC's work in Cabo Verde has focused on the country's investment climate, reflecting the government's economic priorities. The first compact (US\$110 million) improved the country's investment climate and reformed the financial sector, while also improving infrastructure to support increased economic activity, providing access to markets, employment, and social services; and increasing agricultural productivity, and raising the income of the rural population as well as carry out key policy reforms needed for sustained economic growth. The second compact (US\$66.2 million), scheduled to expire in November 2017, 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.

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

No reviews have taken place under Organization for Economic Cooperation and Development (OECD) or the United Nations Conference on Trade and Development (UNCTAD). The first review of the trade policies and practices of Cabo Verde under the World Trade Organization (WTO) took place on 6 and 8 October 2015.

Laws/Regulations on 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/>

CI's site is where all information pertaining to investing in Cabo Verde 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>

Business Registration

Information website on business registration is available at <http://caboverde.eregulations.org/show-list.asp?l=pt&mid=1>

Step by step information on procedures, time and cost involved in starting a company can be found at <http://www.doingbusiness.org/data/exploreeconomies/cabo-verde/starting-a-business/>

Cabo Verde Investimentos (CI) is the first point of contact for foreign investment in Cabo Verde. CI is the agency in charge for the promotion and facilitation of investment in Cabo Verde. CI offers an Electronic Platform, "One Stop Shop of Investments", which is important for the promotion, settlement and monitoring of investment in the country. The platform aims

to increase 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. "One Stop Shop" that offers on a single platform all the necessary services once scattered through various institutions. The platform will base on time 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/>)

Cabo Verdean law defines Small Enterprise to include "all companies which have the following characteristics: more than 5 but fewer than 10 full-time employees; annual revenues superior to 5 million escudos, but not surpassing 10 million escudos. Cabo Verdean law defines Micro Enterprise to include "all companies which have the following characteristics: up to 5 full-time employees; annual revenues not surpassing 5 million escudos.

(From the decree Law 70 / VIII/2014

<http://www.parlamento.cv/userfiles/image/HIPERLINK/Regime%20juridico%20MMPE.PDF>)

Industrial Promotion

The Tax Benefits foresees specific tax benefits for investments made in the industry sector provided that these are made under the Investment Law. Tax benefits available to the industry sector relate to Corporate Income Tax (CIT or IUR), Property Tax (IUP), Stamp Duty, and Customs Duties. Additionally, the investor has access to other tax incentives (not specific for industry sector), namely, the contractual regime for investment projects, job creation, donation regimes, internationalization and the International Business Centre.

<http://www.cvinvest.cv/documents/industria-incentivos.pdf>

Limits on Foreign Control and Right to Private Ownership and Establishment

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. . The elections in March 2016 resulted in the election of the center-right Movement for Democracy (MpD), which may be more ideologically

disposed to expediting the privatization of state-owned enterprises. The MpD led the 1990s privatization reforms.

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. CI is the first point of contact for any investment in Cabo Verde and offers the Electronic Platform, "One Stop Shop of Investments" for the promotion, settlement and monitoring of investment in the country. The platform provides 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

The law 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.

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

Improvements to the Cabo Verde's investment climate include the passing of the bankruptcy law regulation last December that will enter into effect on September 2016. This should help improve its rating on the next Doing Business Report which had Cabo Verde at the bottom of the list (189).

Investment Disputes

None

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.

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 – Local Courts

No specific information is available, but there is a perception of sluggishness in the court system.

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. Cabo Verde has not notified the WTO of any measures that are inconsistent with its TRIMS obligations.

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. Protection of Property Rights

Real Property

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 land registry certificate (Certidao do Registo Predial), official map with the property's exact location (Planta de Localizacao) and the tax information certificate (Certidao Matricial).

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

The new name of the Patent and Trademark Office of Cabo Verde is Institute of Quality Management and Intellectual Property. The Government of Cabo Verde decided to merge the previous Intellectual Property Institute with the Institute of Quality Management in the context of a state and public administration reform.

The Executive justified the merger with need to rationalize structures, reduce costs and optimize synergies existing in the fields of industrial property and copyright, with the areas of quality management systems. All powers and duties in the area of intellectual property of the IPICV were transferred to the new authority.

For additional information about treaty obligations and points of contact at local IP offices (<http://www.igqpi.cv/>), please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

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

A list of lawyers is available at http://praia.usembassy.gov/attorney_information.html

7. 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 2015, Cabo Verde ranked 40th 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 1.42.

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.

Taxable profit is computed according to the local accounting rules and adjusted for tax purposes. The taxation system in Cabo Verde is based on a worldwide principle, where foreign-source profits earned by resident companies are also subject to tax.

For the purposes of determining taxable income, there are two methods/regimes as follows:

Special regime for micro and small-sized companies:

- Micro-sized company: An entity that employs up to five persons with an annual turnover (gross amount of sales and services) that does not exceed 5 million Cabo Verdean escudos (CVE).
- Small-sized company: An entity that employs between six and ten persons with an annual turnover (gross amount of sales and services) of between CVE 5 million and CVE 10 million.

Standard organized accounting regime (standard/normal regime under which the computation of profits follows the according local accounting rules) and in line with international regulations.

Cabo Verde is a member of UNCTAD's international network of transparent investment procedures [<http://caboverde.eregulations.org/>]. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time and legal bases justifying the procedures.

8. 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.

Foreign investors are eligible to get credit on the local market.

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 Cabo 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.

9. 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.

Cabo Verde is not party to the Government Procurement Agreement (GPA) within the framework of the World Trade Organization (WTO).

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.

Sovereign Wealth Funds

Cabo Verde does not have a sovereign wealth fund.

10. Responsible Business Conduct

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.

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

11. 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.

12. Corruption

In 2015, Cabo Verde ranked 40th 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 Cabo Verdean 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. Though there periodically have been rumors of alleged corruption, corruption or the bribery of political officials and/or public servants is not a major issue of concern in Cabo Verde.

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
Produradoria 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

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

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.

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

14. 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.

15. 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)	2014	N/A	2014	\$1,871	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	N/A	N/A	N/A	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	N/A	N/A	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	N/A	N/A	N/A	N/A	N/A

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data 2015						
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)						
Inward Direct Investment				Outward Direct Investment		
Total Inward	32.30	100%	Total Outward	Amount	100%	
UK	12.09	37%	N/A	N/A	N/A	N/A
Portugal	6.97	22%	N/A	N/A	N/A	N/A
Spain	1.14	4%	N/A	N/A	N/A	N/A

Ireland	0.26	1%	N/A	N/A	N/A
Others	11.84	37%	N/A	N/A	N/A
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Data not available.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

civil law system of Portugal

International organization participation:

ACP, AfDB, AOSIS, AU, CD, CPLP, ECOWAS, FAO, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ITSO, ITU, ITUC (NGOs), MIGA, NAM, OIF, OPCW, UN, UNCTAD, UNESCO, UNIDO, Union Latina, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

Cape has exchange controls governing exchange rate arrangements applying to Conventional Pegged Arrangement.

Treaty and non-treaty withholding tax rates

Cabo Verde has only concluded one Double Taxation Treaty (Treaty), with Portugal.

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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