

IOA — 2019 — ACBR

AFRICA COUNTRY BENCHMARK REPORT



Cape Verde Profile



The peaks are beautiful but the volcanic islands present a challenge for agriculture and thus national food self-sufficiency. Farmers carve terraces secured with rocks along the steep hillsides in order to grow crops.

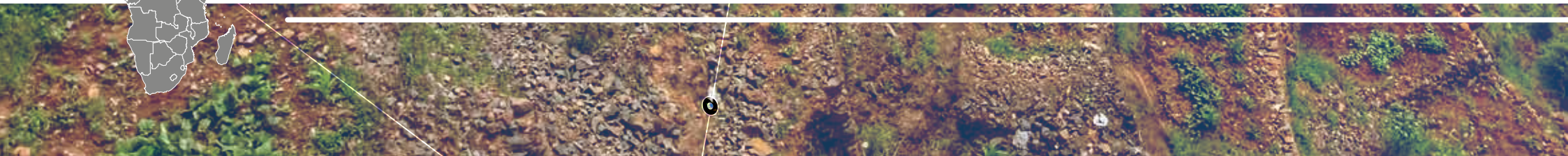




Image courtesy of Patrick Savalle



CAPE VERDE

#3

CAPE VERDE



OVERVIEW ANALYSIS

Cape Verde is making the best of limited natural resources. Isolated from its closest African country, Senegal, 90 minutes away by air, the islands have few economic opportunities and face challenges establishing a sustainable economy on a rocky Atlantic archipelago. The success that Cape Verdeans have had in overcoming these limitations and exploiting the islands' potential offers lessons to other African countries. Climate change brings long-term perils to the islands in the form of rising sea levels and worsening water shortages. Well-performing Cape Verde remained in 3rd position overall in ACBR 2019, unchanged from the previous period of review. A stable political environment is largely responsible for conditions that allow the country to be positioned among the top five countries in all quadrants.

KEY OPPORTUNITIES

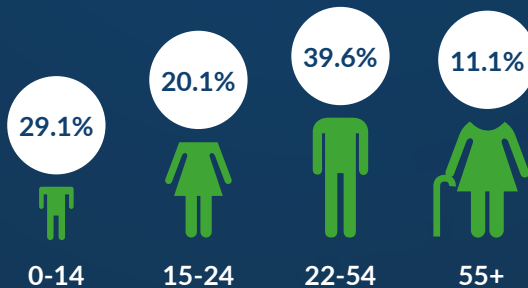
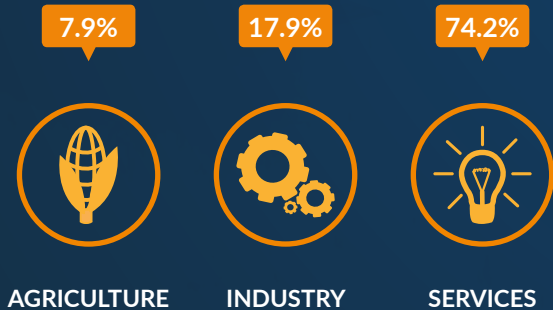
- Tourism has growth potential, particularly with European clients
- Fishery resources are plentiful, led by lobster and tuna
- If deployed, new food-growing technologies can eliminate costly food imports

KEY CONCERNS

- Water shortages are a continuing problem
- A shortage of skilled workers has resulted from emigration
- Rising sea levels and water scarcity from Climate Change are concerns

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION Christianity	PREDOMINANT LANGUAGE Portuguese	POPULATION WITHOUT ELECTRICITY 29.4% (#8) ▬	LITERACY RATE 86.8% (#8) ▽ ¹	PRIMARY ELECTRICITY SOURCE Oil
IMPORT/EXPORT Petroleum/Fish	EXTERNAL DEBT US\$ 1.808 billion (#37) ▲ ¹	ACTIVE CONFLICT No	LAND SIZE 4,033 km ² (#49)	INTERNET PENETRATION 48.2% (#6) ▲ ²



Term:
09/09/2011 - present
5 years (2 term limit)

Political Party:
Movement for Democracy

Recent Electoral Information:
02/10/2016
91,320 Votes
74%
Voter turnout: 35%



President
Jorge Carlos
Fonseca

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

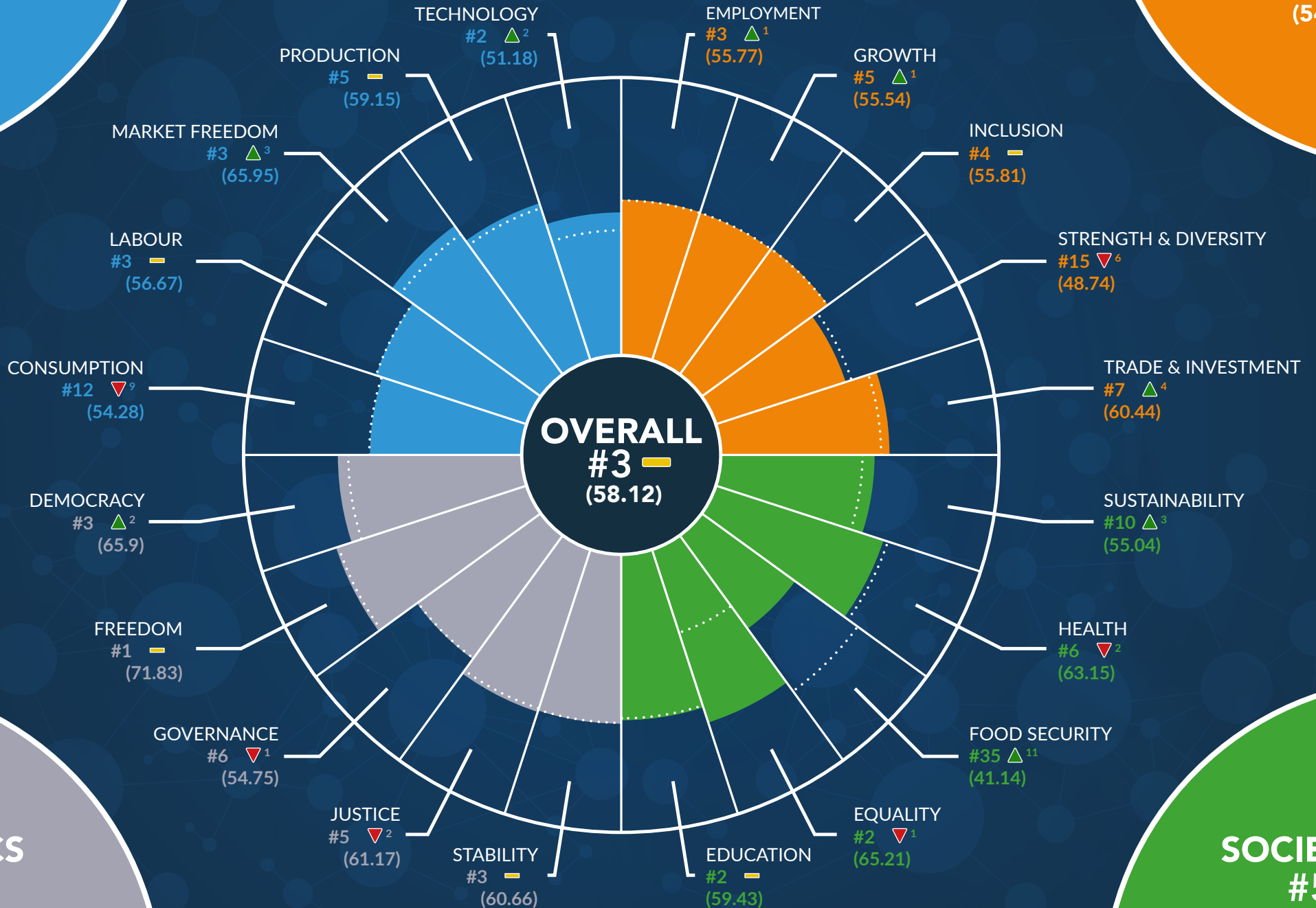
BUSINESS

#3
(57.44)

CAPE VERDE PERFORMANCE OVERVIEW

ECONOMICS

#5
(54.97)



▲ Increase from 2017

▼ Decrease from 2017

▬ No change

..... 2017 Score

POLITICS

#3
(62.86)

SOCIETY

#5
(57.2)

CAPE VERDE BUSINESS ANALYSIS



BUSINESS OVERVIEW

The services sector dominates businesses on the islands. Air passenger and air freight services are particularly important for a country that historically has used its position in the Atlantic Ocean to be a port of call for transoceanic vessels – and more recently tourist cruise ships. Cape Verde’s merchant marine operates out of the only port, Porto Grande, in the city of São Vicente. The nation’s commercial fishing fleet is also largely located there. Fishing contributes less than 9% to GDP and can be boosted through value-added manufacturing on the islands, producing finished food products for export. Agriculture is not of industrial scale or of exportable proportions, but provides livelihoods to residents of remote parts of the islands, who must struggle with

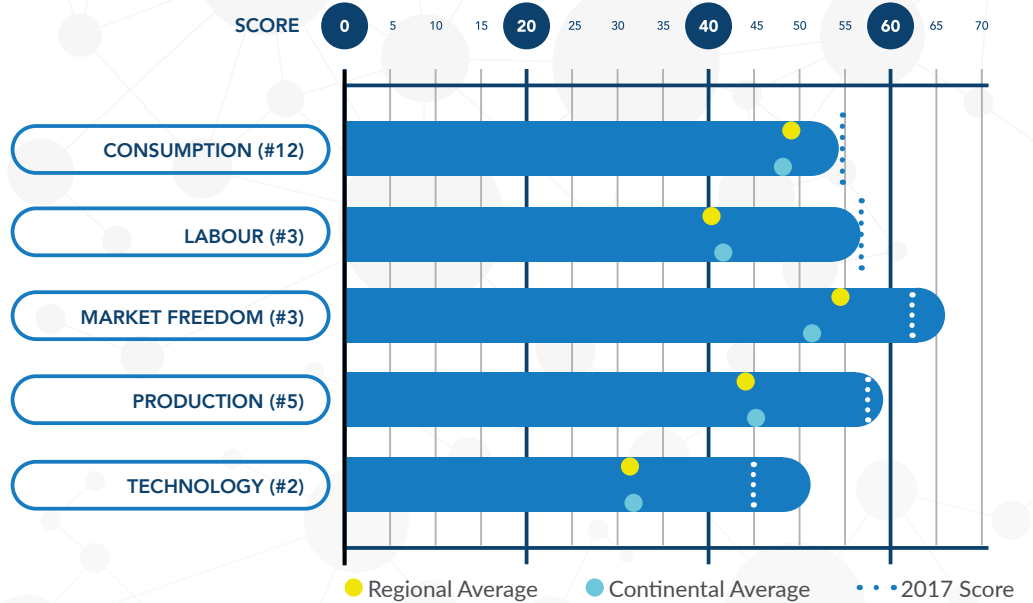
local soils. New agricultural technology is needed to make the archipelago self-sufficient in food production. More people of Cape Verde origin live elsewhere than on the islands themselves. The exodus of workers who learn skills abroad but do not return shrinks the local labour pool available to businesses.

Just as Cape Verde’s overall position in ACBR 2019 did not change from the previous survey, the country’s position in all four quadrants remains unchanged. Cape Verde was 3rd in the Business quadrant in 2017 and retains that position in the current review. The country’s Business quadrant score has improved though, rising to 57.44 from 55.21, driven by Market Freedom and Technology.

BUSINESS DATA COMMENTARY

<p>Cape Verde data availability 57.14%</p>	<p>REGIONAL AVERAGE 79.53%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #42</p>
	<p>The current score for business data availability in Cape Verde stands at 57.14%, thus ranking 42nd continentally. This stands far below both the regional average for Western Africa, which currently stands at 79.53%, as well as the continental average of 77.78%. Lacking in native resource deposits and subject to severe droughts, most business in Cape Verde is limited to the service industry, thus inhibiting comprehensive data coverage. Currently, the World Bank provides reliable business data.</p>		

BUSINESS SCORES & RANKINGS



BUSINESS STATISTICS

<p>% POPULATION IN URBAN CENTRES</p> <p>65.7% (#11)</p>	<p>LABOUR FORCE IN MILLIONS</p> <p>0.2 million (#51)</p>	<p>INDUSTRIAL PRODUCTION GROWTH</p> <p>1.7% (#42)</p>	<p>PRIME LENDING RATE</p> <p>10% (#14)</p>
<p>% ADULTS WITH A BANK ACCOUNT</p> <p>34.59% (#28)</p>	<p>ANNUAL AIR PASSENGERS</p> <p>0.24 million (#28)</p>	<p>MOBILE SUBSCRIPTIONS</p> <p>79.86 per 100 (#28)</p>	<p>NATIONAL 3G COVERAGE</p> <p>87.6% (#10)</p>

CAPE VERDE ECONOMIC ANALYSIS



ECONOMIC OVERVIEW

Cape Verde is faced with a circular dilemma: a lack of job opportunities sends youth overseas for work – remittances sent home are an import revenue factor for the nation's economy as a whole. The country's tourism trade may offer a non-industrialised answer to employment creation by exploiting the islands' attractions and building on an existing loyal foreign tourism base. European tourists have long favoured the archipelago.

Trade is a strong point in the economy. This is a continuation of the country's historic reason for being, which is to be a trade route stop-over for cargo headed between hemispheres. However, the islands lack natural resources and manufactured goods to sustain an export economy. This lack

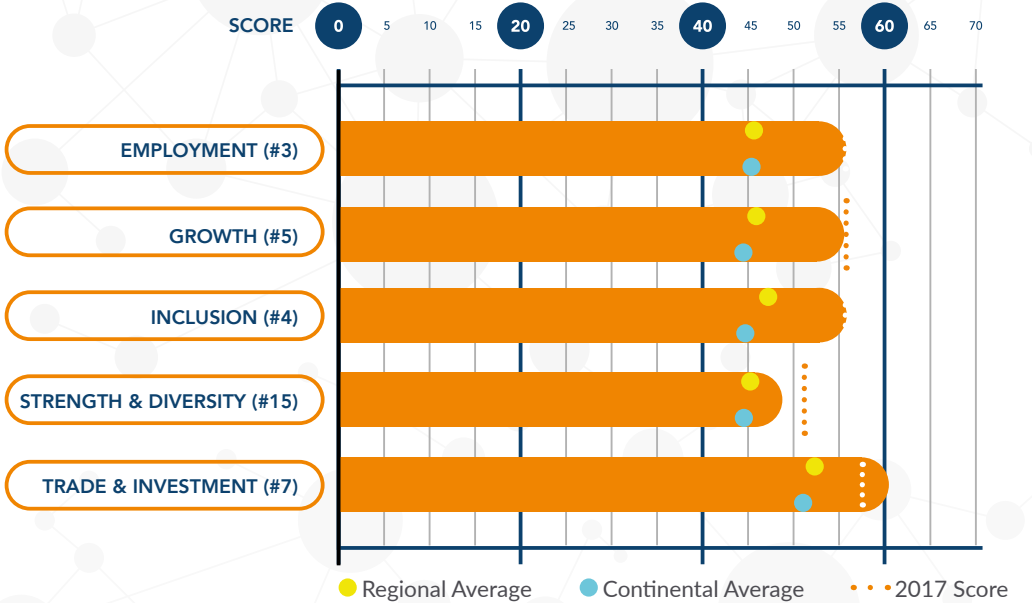
of indigenous resources and limited to agricultural production, whose primary products are tropical crops like bananas and sugar cane, lessen employment opportunities. However, GDP growth of 5% in 2018, following 2017's healthy 4%, signals the success of new enterprises that are diversifying the economy. Unemployment of 9% is low for sub-Saharan Africa, and so also is the poverty rate. About 30% of Cape Verdeans live in poverty, mostly in remote parts of the archipelago.

Cape Verde's Economics quadrant ranking of 5th remains unchanged from the last period of review. The strongest performance was recorded in the Employment and Growth categories. Low inflation of less than 1% assists the country's overall performance.

ECONOMIC DATA COMMENTARY

<p>Cape Verde data availability 58.97%</p>	<p>REGIONAL AVERAGE 80.88%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #41</p>
	<p>As noted for the previous quadrant, Cape Verde's lack of native resources and unfriendly farming weather have resulted in an overdependence on the service industry, thus consigning much of the economy to informal status. Consequently, economic data availability stands at 58.97%, ranking 41st continentally. This stands far below the respective regional and continental averages of 80.88% and 77.78%. As of present, there exists a dedicated Cabo Verde Data Portal sponsored by the African Development Bank.</p>		

ECONOMIC SCORES & RANKINGS



ECONOMIC STATISTICS

<p>GDP PER CAPITA</p> <p>US\$ 6,900 (#14)</p>	<p>UNEMPLOYMENT RATE</p> <p>10.3% (#39)</p>	<p>TRADE BLOC MEMBERSHIP</p> <p>ECOWAS</p>	<p>INFLATION RATE</p> <p>1% (#7)</p>
<p>GDP AT PPP</p> <p>US\$ 3.7 billion (#47)</p>	<p>CURRENCY AND GOLD RESERVES</p> <p>US\$ 0.59 billion (#27)</p>	<p>FDI NET INFLOWS</p> <p>US\$ 122 million (#42)</p>	<p>BUDGET SURPLUS (+) OR DEFICIT (-)</p> <p>-1.5% (#8)</p>

CAPE VERDE POLITICAL ANALYSIS



POLITICAL OVERVIEW

Political issues are of intense local interest, with the subject stoked by coverage in a local media that is mostly privately-owned. Voting is not for every resident because there are more foreigners living on the islands than locals. Citizenship by birth is not permitted – at least one parent must be a Cape Verdean, although dual citizenship is allowed.

Government seeks to reduce the gap between expenditures and revenues. This is being assisted by a better performing economy. In 2017, government expenditures of US\$ 547 million were not matched by revenues of US\$ 494 million. The president, who has been Jorge Fonseca since 2011, is Chief of State. Head of Government is the prime minister, who

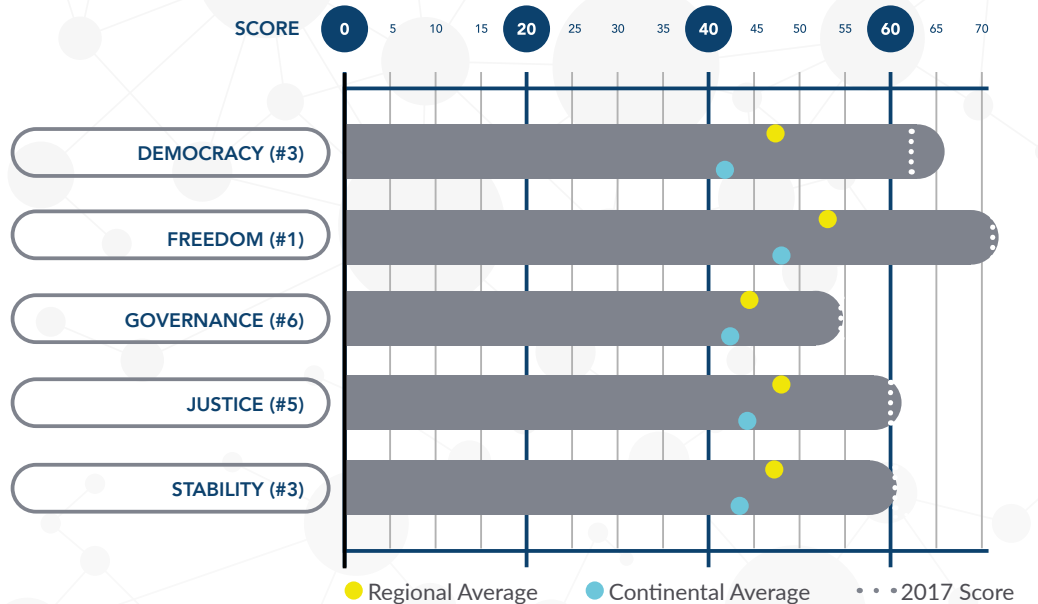
has been Ulisses Correia e Silva since 2016. The Council of Ministers is appointed by the president from candidates recommended by the prime minister. Members of the National Assembly are directly elected by their constituents. The next national election is scheduled for 2021. The country has eight political parties at present. Cape Verde's legal system is based on the model of former colonial power Portugal.

Cape Verde's ranking in the Politics quadrant remained unchanged from the previous survey. The country holds onto 3rd position. Contributing to a higher score is good performance in Governance and Freedom, where Cape Verde holds the top country position.

POLITICAL DATA COMMENTARY

<p>Cape Verde data availability 60.99%</p>	REGIONAL AVERAGE 87.10%	AFRICAN AVERAGE 82.86%	CONTINENTAL RANK #47
	The current score for political data availability in Cape Verde stands at 60.99%, thus ranking 47 th continentally. This stands far below both the regional average for Western Africa, which currently stands at 87.10%, as well as the continental average of 82.10%. On the whole, this deficit may be partly explained by the remote inaccessibility of many areas along the Cape Verde archipelago, thus restricting ease of data collection. Currently, international multilateral institutions constitute dominant repositories.		

POLITICAL SCORES & RANKINGS



POLITICAL STATISTICS

NUMBER OF POLITICAL PARTIES <p>8 (#33)</p>	MILITARY EXP AS % OF GDP <p>0.5% (#40)</p>	REFUGEE INFLOW <p>N/A (#N/A)</p>	NUMBER OF RIGHTS <p>87 (#1)</p>
DATE OF INDEPENDENCE <p>07/05/1975</p>	NET OFFICIAL DEVELOPMENT ASSISTANCE <p>US\$ 756 million (#22)</p>	WOMEN IN PARLIAMENT <p>31.1% (#13)</p>	CAPITAL PUNISHMENT <p>Abolished</p>

CAPE VERDE SOCIETAL ANALYSIS



SOCIETAL OVERVIEW

Portuguese is the language most spoken among the nine habitable islands. Two thirds of the population live in urban areas. Cape Verde has developed a society characterised by a relatively high per capita income, political stability, absence of conflict and overall freedoms enjoyed by a population of less than 600,000 people. Statistically, Cape Verdeans are amongst the healthiest in Africa. Life-expectancy of 72 years is the highest in sub-Saharan Africa. Despite the challenge of ensuring a long-term water supply, at present 92% of the people have access to clean water. Three-quarters (72%) of Cape Verdeans have improved sanitation like toilets and indoor plumbing. Literacy is relatively high, at 84%. The average student is in school for 12 years, through secondary school.

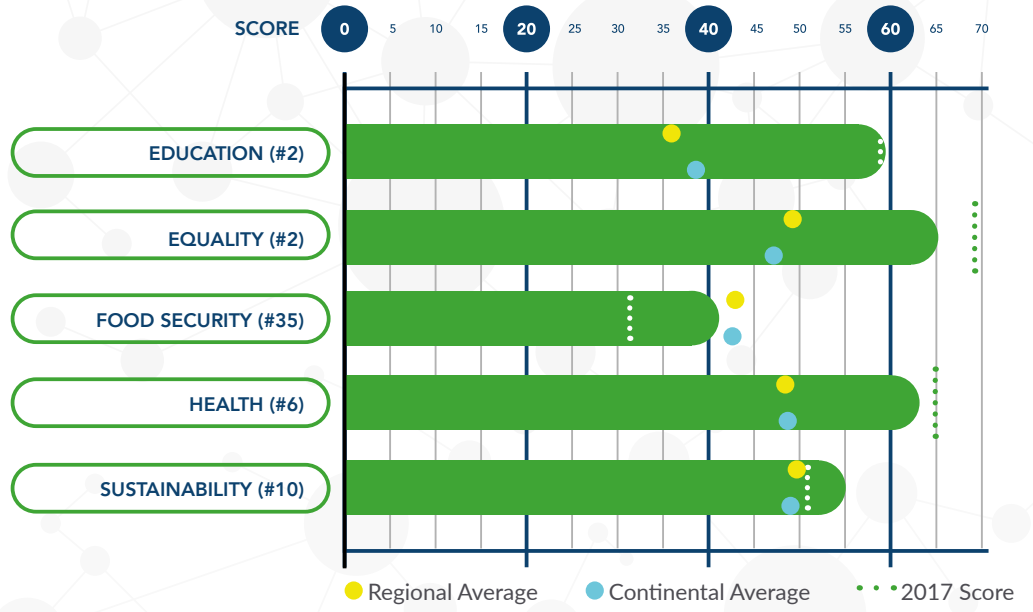
Despite these good societal indicators, more people born as Cape Verdeans live abroad than on the island themselves.

Cape Verde's overall ranking and segment scores for the Society quadrant remained high in ACBR 2019. The country ranks 5th overall. A review of individual segments finds truly good news for the remote islands, whose marginal soils cannot sustain a population. In the segment of Food Security, Cape Verde rose by eleven positions, up from 44th and a score of 31.32, which is consistent with an agriculturally poor country, to a score of 41.14 and a ranking of 35th, which is nearly at the midpoint among African nations.

SOCIETAL DATA COMMENTARY

<p>Cape Verde data availability 47.96%</p>	<p>REGIONAL AVERAGE 81.63%</p>	<p>AFRICAN AVERAGE 75.28%</p>	<p>CONTINENTAL RANK #45</p>
	<p>Of all quadrants, Cape Verde scores lowest on societal data availability. Currently, Cape Verde's data availability score stands at 47.96%, thus ranking 45th continentally. Once again, this stands far below both the regional average for Western Africa, which currently stands at 81.63%, as well as the continental average of 75.28%. Despite this low rank, existing government data is generally considered fairly reliable. Furthermore, additional data is available from UNICEF, which reports on relevant societal trends.</p>		

SOCIETAL SCORES & RANKINGS



SOCIETAL STATISTICS

<p>POPULATION SIZE AND GROWTH RATE</p> <p>560,899 at 1.33% p.a (#52) (#46)</p>	<p>LIFE EXPECTANCY</p> <p>72.4 years (#8)</p>	<p>HIV PREVALENCE</p> <p>0.8% (#36)</p>	<p>SEXUALITY TOLERANCE</p> <p>Legal</p>
<p>ACCESS TO DRINKING WATER</p> <p>91.7% (#9)</p>	<p>HEALTH EXPENDITURE (% OF GDP)</p> <p>5.11% (#33)</p>	<p>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</p> <p>33.88% (#33)</p>	<p>SOCIAL MEDIA PENETRATION</p> <p>N/A (#N/A)</p>

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