

CROSSING CONTINENTS: CAPE VERDE

After nearly three years at the helm, Prime Minister José Maria Pereira Neves is leading Cape Verde steadily along the path of rapid development and macro-economic stability

The route map is laid out in a government development program from 2002 to 2006 with five priorities to transform Cape Verde into a competitive nation, with social cohesion and environmental quality. Good governance is the starting point. "This includes sound macroeconomic policy to guarantee stability, clear and efficient management of public resources and finance, exchange rate stability, and the sustained reduction of our public debt. It also means efficient management of public administration to meet the needs and demands of our citizens," says Mr Neves.

Education and training of the 412,200 population is the second axis of the development program, running in parallel with the growth and increased competitiveness of the economy and the private sector. "We have to increase the productive base and we have to build an entrepreneurial system, strong and competitive, able to create wealth," says Mr Neves.

This growth goes hand in hand with the fourth priority, the fight against poverty, and is dependent on the last main goal of improving infrastructure – transport, water supply, energy and so on.

The development program hinges on facilitating growth and attracting foreign direct investment. One of the great magnets for investors is the republic's strategic location at the crossroads of continents – its 10 islands lie off the west coast of Africa, offering a gateway to North and South America, Europe, and of course Africa itself. Preferential trade agreements with the U.S. under the Africa Growth and Opportunities Act (AGOA) and similar accords with Canada offer duty-free access to North American markets for a raft of products. Cape Verde also benefits from preferential arrangements with the European Union (E.U.).

Main areas of opportunity are tourism, light industry devoted to exports, and the transformation of fishery products. In time, the Prime Minister hopes to develop Cape Verde as a financial center and to maximize its natural resource of the sea by transforming the republic into a transport hub.

The government has put a range of investment incentives in place, including equal treatment for domestic and foreign investors, repatriation of profits, unrestricted employment of foreign personnel and tax breaks. Two industrial parks have also been developed to encourage light industry activities by local and foreign companies, and the tourism sector has specific measures in place. But above all, Mr Neves emphasizes the stability of Cape Verde, with a parliamentary political system of free elections, the currency pegged to the euro offering exchange rate reliability, a strife-free society, and sound macroeconomic indicators. Growth was 4% in 2002, with inflation at just 1.9%. Cape Verde gained a Fitch B+ rating in August 2003 in recognition of "reasonably good prospects for the medium-term



Pestana Trópico Hotel, a business four star hotel at the heart of the capital

external debt sustainability, underpinned by continued prudent macroeconomic management".

The privatization train has been set in motion, with several state-owned enterprises already in private hands, including three hotels, the national telecommunications company, Cabo Verde Telecom, and the oil distribution company, Enacol. Others are being prepared. For example, Emprofac, the 100% publicly owned pharmaceuticals importer and distributor, should be sold off by the end of 2004. With 25 years of experience in the sector, Emprofac is looking forward to the future. "Privatization will bring new capabilities to the management of pharmaceuticals in general and the system of distribution in particular," says Emprofac President, Maria da Luz Leite.

Cape Verde has come a long way in every direction – health, life expectancy, education, GDP and so on, stresses Cape Verde President Pedro Verona Rodrigues Pires. "Politically, we are a stable democracy, credible, with a justice system that works. All institutions are credible for citizens and the society as a whole. We have managed to be credible to the international community."

He realizes that there is still work to be done, with 25% of the population being relatively poor and 12% very poor, but is proud of the level of education and administrative tradition that goes back to colonial days: "The secret for Cabo Verde success can be found in its people, parties and society. We have great people; we have a strong and diverse cultural tradition; we also have political parties with ideas."

President Pires recognizes the contribution that has been made through international aid, and believes the country can give something in return by standing for peace and promoting peace among African nations. "Investors can count on us, we go by our commitments, we are a predictable and serious country. We want to negotiate with them, looking at all parties' interests and actively searching for an effective and satisfactory deal for all. For tourists we can offer a distinctive and different experience."

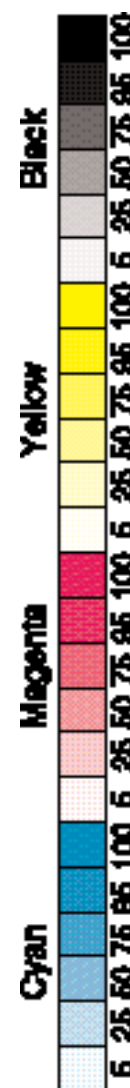
There is certainly plenty for the tourist to see and do in Cape Verde, with a tropical dry climate and average temperature of 24 degrees Celcius. Each island has its own distinctive features, scenery and character. Eco-tourism is growing in popularity, with the mountains and fertile valley floors of Santo Antão, São Nicolau, Fogo, Brava and



**President
Pedro Verona
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**Prime
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