

# Cape Verde and China: Win-win cooperation

## One of the most stable countries in Africa, Cape Verde is the small country that is thinking big

An ambitious archipelago of 10 islands located in the Atlantic Ocean, Cape Verde blends political, social and economic stability with modern, transparent and efficient business-friendly legal and regulatory frameworks and is attracting substantial foreign direct investment.

Situated 570 kilometers off the coast of West Africa, Cape Verde has few natural resources and a population of around 500,000 people. Despite its size, however, the country boasts a higher per-capita income than many continental African countries, with its economy averaging 6 percent growth per year over the past decade.

In addition, the former Portuguese colony is one of only a few African countries likely to achieve all eight of the United Nations' Millennium Development Goals, including the key target of reducing poverty by 50 percent between 1995 and 2015.

As a member of the Economic Community of West African States, goods and products made in Cape Verde benefit from preferential access to a vast market of around 300 million consumers in more than a dozen member states.

Given its natural beauty and great climate, hundreds of thousands of tourists visit Cape Verde each year, although Prime Minister José Maria Pereira Neves has embraced an economic diversification drive that focuses on identifying and developing fresh areas for growth such as maritime services and fisheries.

To achieve this goal, the government — with the help of international investors and partners — is investing millions of dollars in new transport infrastructure with completed and potential projects including three international airports, harbors, ports and hundreds of kilometers of highways, through privatization and public private partnerships.

"Cape Verde has an attractive geo-strategic location and if China is willing to strengthen its relations with Africa, and Chinese companies wish

to invest in Africa, we are the best point of entry into the continent," Prime Minister Neves said.

"Thousands of ships pass by Cape Verde every year so we could easily become a logistics base for navigation support and repair, as well as an important hub for the fisheries sector throughout this region of the Atlantic.

"It is fundamental to have mutual gains between China and Africa in order to establish a true partnership. The relationship must focus on areas where both sides can benefit from the growth and competitiveness of the African continent, as well as China.

"From my point of view, there is always a win-win relationship between China and Africa through trade facilitation, generating employment, creating accessible financing for the population and the strengthening of the economic situation of both countries."

### Successful visit to China

In 2012, Prime Minister Neves traveled to China for the fifth annual meeting of the Forum on China-Africa Cooperation (FOCAC) during which he held high-level talks with Chinese President Hu Jintao and Chinese Premier Wen Jiabao.



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JOSÉ MARIA PEREIRA NEVES, PRIME MINISTER OF CAPE VERDE

The Chinese Premier underlined China's deep commitment to Cape Verde through the strengthening of bilateral political and trade relations, the sharing of knowledge and better cooperation in fields such as tourism, education, marine economy,



**José Maria Pereira Neves**  
Prime Minister

clean energy, information technology and finance.

Highlighting Cape Verde's work in promoting African peace and security and tackling climate change through international cooperation, Wen said China is keen to strengthen coordination with Cape Verde to boost its work for global sustainable development.

"We have full confidence in China-Africa business cooperation, and I am sure that the future holds ever greater promise for our business ties," Wen said.

"We will lay greater emphasis on the need to improve people's well-

being, create jobs, protect Africa's eco-environment and respect local cultures and customs."

Prime Minister Neves responded by saying Cape Verde will strive to enhance high-level exchanges and promised that his country will con-



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**Boasting sun-kissed beaches and a fantastic year-round climate, Cape Verde is an island paradise.**

tinuing to play a major role in promoting Sino-African cooperation. He encouraged Chinese investors to visit his country to see the broad range of investment openings for themselves.

"Cape Verde is a stable and open country. There are great opportunities to invest and all the legal and institutional conditions that benefit such investments are in place," Prime Minister Neves told agency *In Focus* at a later meeting.

### Win-win situation

With some of the best public healthcare and education systems in Africa, Cape Verde is committed to raising social and welfare standards through major investment in its social provision and training courses for tens of thousands of young people.

"We are one of the few African countries to have a public health system that works," said Sara Maria Duarte Lopes, Minister of Infrastructure and Maritime Economy.

"We do have challenges, of course, but we also have a health system with the necessary infrastructure, with free services and with specialized human resources that make Cape Verde a good example for foreign

investors."

Given the country's size, Lopes recognizes that Cape Verde needs to become less reliant on foreign remittances from the tens of thousands of citizens living abroad and concentrate on activities that are highly productive and generate high yields, such as tourism and maritime operations.

"We want to enjoy the "win-win" scenario that the Chinese government has been talking about. Cape Verde has always worked in cooperation with other countries and we believe that our experience makes the difference; we are open and ready for this cooperation," Minister Lopes added.

"China has made investments in cultural and administrative infrastructure but at this stage we are talking to the Chinese authorities in order to orient the efforts for infrastructure of an economic nature.

"We need to improve the services in ports, airports and roads, and continue to seek a strategic partner. We believe the deep-water port in São Vicente would change the lives of our population and the structure of the Cape Verdean economy."

While its strategic position gives Cape Verde many competitive

advantages, its island composition also creates a number of hurdles when it comes to constructing infrastructure and reliable telecommunications networks, including fixed line, mobile and Internet services.

Councils across Cape Verde's nine inhabited islands have recently set up digital "squares" where residents and visitors can congregate and connect to the Internet through their laptops and mobile phones so that, as Lopes puts it, "we can bring the world to Cape Verde."

"We have the technological conditions for businesses to host their database in Cape Verde," she said. "International law is respected here. On top of that, we are building our first technology center and we want to set up free trade zones and become a financial center for the region.

"We know that all this is not done with desire but with hard work and foreign investment. We have to mobilize foreign partners who can bring expertise.

"We are aware that there is \$20 billion available from China for investment in Africa and are open to discuss partnerships with Chinese institutions."

*In Focus provided the story*

## A stable financial sector

### Safe and secure, Cape Verde's banking industry is expanding with the support of China

Cape Verde's banking sector has enjoyed significant growth since the start of the century, with its conservative approach supported by significant investment in state-of-the-art technology and modern and transparent banking practices.

Despite the financial crisis in Europe, the country's financial services industry has escaped the worst of the economic turmoil and is well positioned for future growth through greater public investment and more efficient operations in the open market. In a detailed economic outlook report on Cape Verde released last year, the African Development Bank outlined some of the challenges facing the financial services industry and suggested ways the sector could develop.

"The banking sector needs to become more competitive and increase its contribution to economic growth," it said. "As Cape Verde continues its economic development in the context of a decline in cheap international financing, the domestic financial sector will need to play a more prominent role in financing economic activity through adaptive mechanisms (including syndication)

and public investment, through more efficient open market operations."

Prime Minister José Maria Pereira Neves is confident the Cape Verdean financial market will continue to maintain its impressive growth momentum, with major investment from international banks and financial services providers playing a key role in this aim.

"As a small economy we still have some obstacles to overcome in terms of accessing finance, due to the size of our banks," he said. "When we need big investments, we recourse to international banks or other financial institutions to fund projects. Here the partnership with China would be critical because first we have to open credit lines to local banks.

"Caixa Económica de Cabo Verde has formally organized credit lines to micro, small and medium enterprises with the China Development Bank. We must continue with these partnerships."

### Credit supports growth

Founded in 1928, Caixa Económica de Cabo Verde transformed into an autonomous financial institution in 1985 and eight years later became a



**Emanuel Miranda**  
Chairman and CEO of Caixa Económica de Cabo Verde

limited liability company rather than a public company.

Known for its high level of technological modernization and innovation, the bank has invested in a comprehensive revamp of its corporate identity, which includes a new, eye-catching color logo, and has moved into a gleaming new headquarters in Praia.

One of only two banks in Portuguese-speaking countries worldwide to achieve the coveted ISO 9001 and



PHOTO PROVIDED TO CHINA DAILY

**Cape Verde blends stunning scenery with a modern and efficient financial services sector.**

ISO 27001 certifications for quality and security of information, Caixa Económica de Cabo Verde presently holds a 31 percent share of the country's lucrative banking and financial services market.

The bank has identified internationalization as a key area for growth, particularly remittances from the US and countries with large populations of Cape Verdeans. As a result, Caixa Económica de Cabo Verde has initiated a memorandum of understanding for credit lines from the China Development Bank for various development projects, and is courting partner banks in China with an eye to establishing partnerships.

"The relationship we have with China is a very productive one despite the huge difference in size between the two countries," said Caixa Económica de Cabo Verde Chairman and CEO Emanuel Miranda.

Despite its relatively small size, Cape Verde can serve as the pivot for any Chinese investor looking to invest in the Economic Commu-

nity of West African States region. Cape Verde is the ideal gateway to the region."

Turning to Caixa Económica de Cabo Verde's strategic development plan, Miranda believes the on-going global financial crisis will restrict the bank's growth potential but is more optimistic about the medium- to long-term.



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EMANUEL MIRANDA  
CHAIRMAN AND CEO OF CAIXA ECONOMICA DE CABO VERDE

"Our long-term vision and dream is to have agencies in every country where we have a considerable number of diaspora. However, in the short term, we are implementing partnerships in order to facilitate business growth. We use local banks to offer services of Cape Verdeans working

in the future in order to specifically develop large national projects. Caixa Económica de Cabo Verde is always first in line when it comes to opportunities, hence why we are playing a key role with China."

*InFocus provided the story*



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