

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.

“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.”

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-



PHOTO PROVIDED TO CHINA DAILY

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.

“Despite its relatively small size, Cape Verde can serve as the pivot for any Chinese investor looking to invest in the ECOWAS region.”

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."

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Caixa Económica de Cabo Verde
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Stunning archipelago is tourism and investment magnet

Cape Verde is on target to attract more than 1 million foreign visitors by 2015

Over the last 15 years, the Cape Verdean economy has grown strongly and is fast-becoming a regional hotspot for international trade, investment and tourism. To manage this growth, millions of dollars have been invested in the modernization of the ports, airports and highways on each island.

"We are an archipelago of 10 islands — nine of them inhabited — beautiful beaches and diverse landscapes that offer a great deal of potential for tourism," said Minister of Infrastructure and Maritime Economy Sara Maria Duarte Lopes.

"We are investing in the air traffic control system and proudly boast one of the best air traffic controls in the Atlantic. Cape Verde has made generous investments in training equipment and human resources. We have a framework that ensures we have a safe aviation system. The airport of Praia is also subject to a new phase of expansion.

We aim to become a hub of Cape Verde cargo and passengers."

According to Minister Lopes, China has adopted a "very smart" strategy towards Africa as there is huge potential that needs unlocking with the help of an experienced partner like the Asian powerhouse.

"We have invested in ports and airports and are thinking of privatizing port operations," she added. "The main ports are already prepared for this and if a company or country show interest in investing in a deep-water port then we are open to discussion."

State-owned ASA, Cape Verde's civil aviation authority, is responsible for the management of air traffic and cargo terminal, and air safety, as well as activities and services related to facilities and navigation. Since 2001, ASA has developed two comprehensive business plans containing clearly defined strategies and objectives to modernize the airport infrastructure and navigation systems.



Sara Maria Duarte Lopes,
Minister of Infrastructure
and Maritime Economy



Mário Paixão Lopes,
Chairman of the Board of ASA

There are four international airports in Cape Verde — Amílcar Cabral International Airport (also known as Sal International Airport or Amílcar Cabral Airport), Rabil International Airport, Praia International Airport and São Pedro International Airport — each of which

576,000 flyers arriving or departing last year, 364,000 of whom were on international flights (up 12.1 percent year-on-year) and 212,000 on domestic flights (down 1.7 percent year-on-year). The number of international arrivals reached 403,000 in 2012.



ASA continues to strive to improve services for international visitors."

MÁRIO PAIXÃO LOPES
ASA, CHAIRMAN OF THE BOARD

has received millions of dollars of fresh investment in recent years.

Record tourism arrivals

The number of passengers using Cape Verde's airports and aerodromes increased 11.2 percent in 2011, rising from 1.6 million to 1.78 million. International traffic grew 20.8 percent year-on-year to 901,000 passengers, while domestic passenger numbers grew 2.8 percent year-on-year to 882,000.

One of ASA's key goals is to boost the number of international arrivals to one million by 2015.

Sal International handled the largest amount of passengers with

One of the key challenges ASA and other companies operating in Cape Verde face is the lack of world-class human resources. Many institutions from both the public and private sectors have to send their staff on overseas courses to equip them with the necessary tools to perform and compete at a high standard.

Capacity building is a top priority for ASA and the whole economy and company chiefs in the public and private sectors are eager for enterprises and business professionals from China to invest in the country and share their valuable skills and experience with the

local workforce.

"In Cape Verde, we have four international airports that have been developed in order to boost the level of airport services, create strong links with more developed countries, and prepare the country for a more sophisticated tourism industry, and prepare the economy for further investment, thus making Cape Verde more competitive internationally," stated ASA Chairman of the Board, Mário Paixão Lopes.

"All these investments have proved successful, as tourism levels have increased considerably in recent years. ASA has had a direct impact on these improvements and we continue to strive to improve services for international visitors.

"We strongly believe Cape Verde not only offers a strategic geographical hub for tourist and investors, but also a peaceful, safe democratic nation, where laws are respected and people can enjoy many freedoms."

According to Paixão, ASA needs to overcome a few challenges as it looks to improve services

"Constructing and modernizing the physical components represents one side of the challenges, however the development and training of the human resources is equally important in the overall plan to modernize the airports," he explained.

"If you want a five-star airport, you have to have five-star employees. The development of human resources is a central pillar of our strategic plan so that we can achieve our objectives of meetings the needs of the most demanding international travelers. Part of this also includes improving the knowledge of the technical workers at the airport. Only through focusing on the development of our human resources will we be able to provide an all-round excellent service."

To achieve this important goal, ASA is working with other public sector institutions throughout Cape Verde to improve its management control through a fully integrated system that starts from the point of recruitment and



The four-star Pestana Trópico Hotel in Praia.

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extends as far as the remuneration of individual employees.

"We have a program in place to increase the flexibility of our employees by exposing them to a variety of different roles and tasks. This provides us with a better-equipped workforce that other organizations do not have," Paixão said.

"Training in Cape Verde in certain technical fields is not possible, and employees have to be sent on international courses. This could well be an area where Chinese investors or partners could play a role — training Cape Verdean employees, specifically in technical areas. Teaching Mandarin would clearly benefit future workers. Communication with China is extremely important and so learning the language is a prerequisite."

Hospitality opens doors

As far as the tourism sector is concerned, Paixão believes the number one priority is to improve the capacity of the hotel sector.

"We need to attract investors in the hotel industry and real estate sector," he said. "We have grown by more than 20 percent, however we need to continue to increase this in the future in Praia, Boa Vista, Maia and Sal. We have to keep investing in the capacity of the sector, while also focusing on developing our air transport sector, diversifying our

partnership portfolio and feeder markets. Strengthening our position in Europe is a top priority, as is negotiating an open skies policy with strategic partners."

Given its strong record of investment in Cape Verde and its key role in the republic's socioeconomic development, ASA and other major organizations in the country are targeting Chinese investors for all sectors of the economy. Historically, China has been an active investor in Cape Verde, especially in agriculture, fisheries and other sectors.

"That this relationship is set to be further strengthened can only be a good thing and lead to a more positive future for Cape Verdean citizens," Paixão added.

"China's role is undoubtedly helping Cape Verde, a relatively small nation, to integrate more quickly into the global economy. There is considerable potential for Chinese investors in tourism, especially in regards to infrastructure, and for more Chinese tourists to come."

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