Investment Policy Review of Cabo Verde

4 December 2018
Palais des Nations
Room XXVI
Investment Policy Review

Cabo Verde

Joerg Weber
Head, Investment Policies Branch
Division on Investment and Enterprise
Geneva, 4 December 2018
A boom in FDI inflows halted by the crisis

(million dollars)
FDI has transformed Cabo Verde

FDI has a key role in:

- Economic growth
- Employment
- Exports
- Poverty reduction
- Graduation from LDC status
...but FDI and growth are unevenly distributed

- **Sao Vicente**: 15% of population, 3% of FDI
- **Sal**: 6% of population, 50% of FDI
- **Boa Vista**: 3% of population, 8% of FDI
- **Maio**: 1% of population, 1% of FDI
- **Other islands**: 18% of population, 6% of FDI

*Source: United Nations Conference on Trade and Development (UNCTAD)*

**Cabo Verde**

**Investment Policy Review**

[UNCTAD logo]
Opportunities exist for a more diversified economy

- Strategic location
- Stability
- Openness
- IT infrastructure
- Diaspora

Adopt more proactive FDI policy and promotion
FDI-specific regime: rethink the use of contracts

The proliferation of investment contracts:

- Encourages discrimination
- Hampers transparency
- Adds complexity
FDI-specific regime: rethink the use of contracts

Phase out investment contracts and:

- Consolidate key provisions of the investment regime
- Harmonize and clarify investment-related definitions
- Modernize international investment agreements
General regime: rebalance promotion and protection

Despite significant efforts to streamline business procedures

- Uneven regional coverage of reforms
- Complex tax and customs administration
- Difficulties in accessing land and finance
- Weak competition and intellectual property regimes
- Limited environmental protection and labour inspections capacities
General regime: rebalance promotion and protection

- Consolidate business establishments reforms
- Improve access to land
- Streamline the tax regime
- Enhance labour policy and skills
- Strengthen environmental protection
- Address trade-related issues

Address remaining bottlenecks
Tourism FDI: beyond sun-sea-sand

All-inclusive tourism a key driver of development, but limits exist:

- Dependence on few operators
- Low integration of local companies
- Concentration of economic activity
- Environmental sustainability
- Social imbalances
Tourism FDI: beyond sun-sea-sand

A pro-active policy approach:

- Use policy to encourage specific outcomes
- Adopt modern FDI promotion techniques
- Formulate a national entrepreneurship strategy
- Implement a linkages development programme
- Foster sustainability initiatives
Next steps in the IPR process

Implementation and monitoring:

- Follow-up technical assistance
- Donor support
- Evaluation of progress and impact
Thank you!
www.unctad.org/ipr