

# CABO VERDE

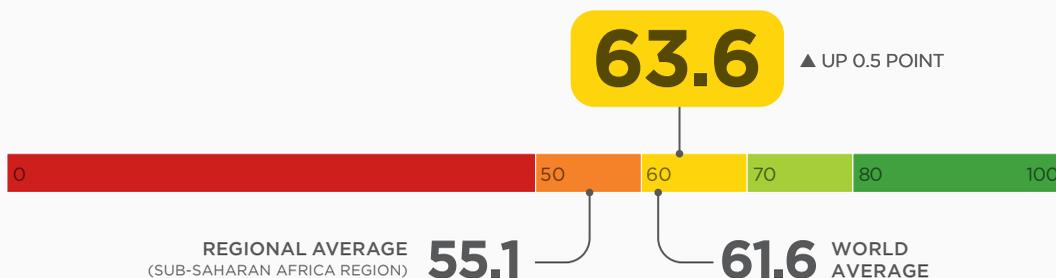
Cabo Verde's economic freedom score is 63.6, making its economy the 76th freest in the 2020 *Index*. Its overall score has increased by 0.5 point due primarily to an increase in its **fiscal health** score. Cabo Verde is ranked 5th among 47 countries in the Sub-Saharan Africa region, and its overall score is well above the regional average and slightly above the world average.

Cabo Verde's economic freedom continues to rebound, although it has not yet regained its most recent highs. The economy remains moderately free, and the country, while an economic freedom leader in sub-Saharan Africa, needs further reforms to bolster property rights, judicial effectiveness, and government integrity.

The relatively strong growth of GDP in Cabo Verde over the past five years has been driven by rising private consumer spending and the robust growth of exports.

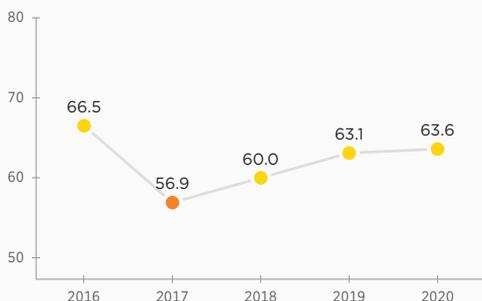


## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +13.9

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.6 million

**GDP (PPP):**  
\$4.0 billion  
4.7% growth in 2018  
5-year compound annual growth 3.0%  
\$7,316 per capita

**UNEMPLOYMENT:**  
12.3%

**INFLATION (CPI):**  
1.3%

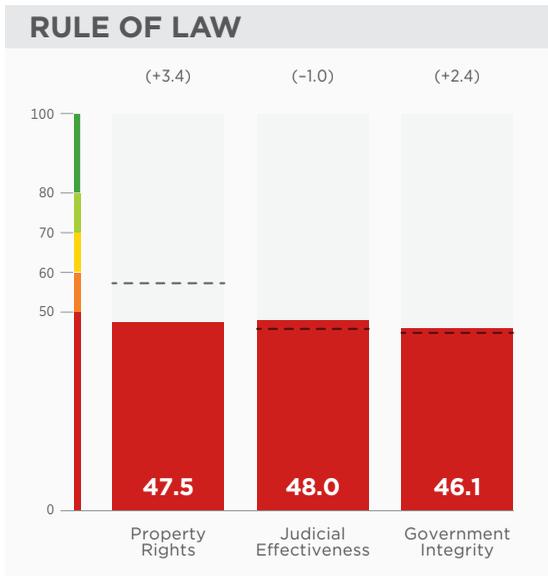
**FDI INFLOW:**  
\$99.6 million

**PUBLIC DEBT:**  
127.7% of GDP

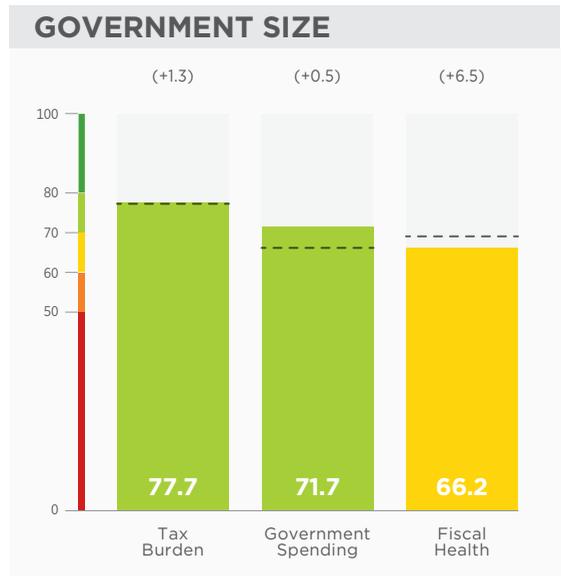
2018 data unless otherwise noted. Data compiled as of September 2019

**BACKGROUND:** Colonized by the Portuguese in the 15th century, Cabo Verde has few natural resources but has managed to become a trading center and is now a stable, multiparty parliamentary democracy. President Jorge Carlos Fonseca of the Movement for Democracy was elected to a second five-year term in 2016. The economy relies on services, which account for about 75 percent of GDP. Tourism and emigrants' remittances are also important. Foreign aid finances the country's traditionally high trade deficit. The government wants to generate all energy through renewables by 2020. China invests heavily in Cabo Verde as part of its "One Belt, One Road" initiative.

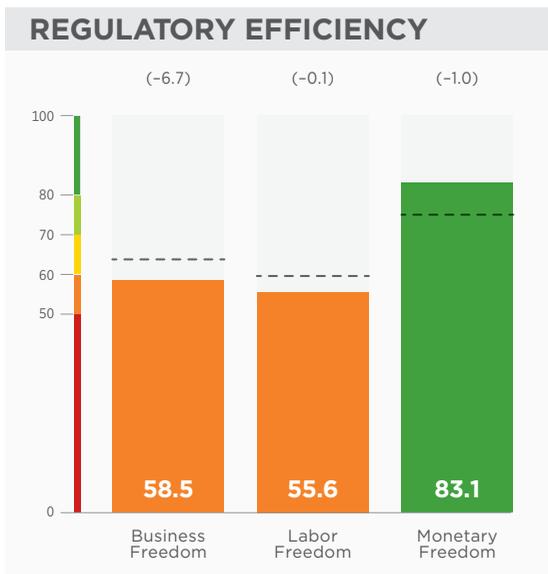
# 12 ECONOMIC FREEDOMS | CABO VERDE



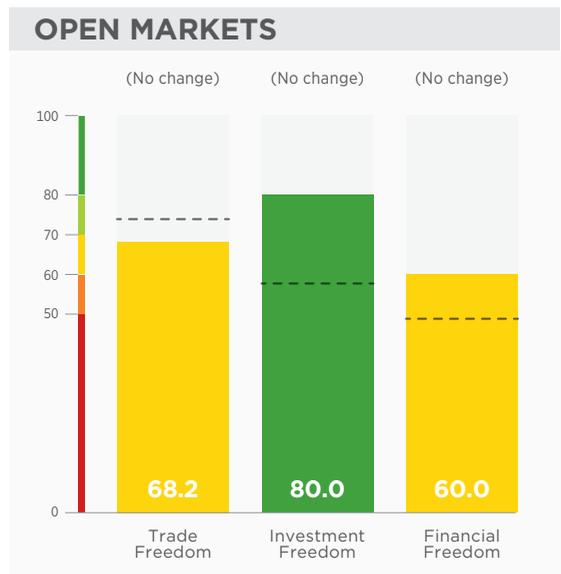
Property rights are generally respected, although enforcement is hampered by legal and bureaucratic inefficiency. The government is implementing reforms to increase the reliability and protection of land information. The judicial system is widely seen as transparent and independent, but long delays are typical. Compared to other African nations, Cabo Verde has relatively high levels of transparency and relatively low levels of corruption.



The top personal income tax rate is 35 percent, and the top corporate tax rate is 24 percent. Other taxes include a value-added tax. The overall tax burden equals 20.7 percent of total domestic income. Government spending has amounted to 30.7 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 127.7 percent of GDP.



Reforms of money-losing state-owned enterprises are underway. The service-oriented economy suffers from high unemployment, limited resources, and limited education and vocational training of the labor force. The large tourism sector depends on economic conditions in the eurozone countries. The fiscal deficit fell slightly in 2019 following the privatization of several loss-making state-owned companies.



The total value of exports and imports of goods and services equals 116.6 percent of GDP. The average applied tariff rate is 10.9 percent, and four nontariff measures are in force. In general, government policies do not interfere significantly with foreign investment. The financial system is dominated by banking. The share of nonbank financial institutions is negligible except for the state-owned pension fund.