

WORLD FOCUS

CAPE VERDE

Brimming with tourism potential

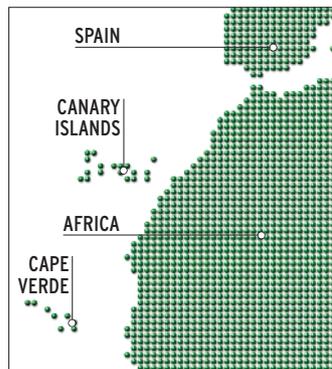
NICOLA THORNTON

In a world of overcrowded, built-up tourist destinations, Cape Verde is a breath of fresh air. The former Portuguese colony, located 600 miles south of the Canary Islands off the coast of Senegal, offers an idyllic climate, pristine beaches, alpine scenery and volcanic islands, and is only five and a half hours from the UK.

With air and sea temperatures three to five degrees higher than the Canaries, it is surely only a matter of time before Cape Verde becomes as popular as the Spanish islands for both winter and summer breaks.

Since 1991, the African democracy has been committed to a market economy and has performed positively in recent years. Services make up 70% of the gross domestic product (GDP), particularly in commerce, transport and public services, which is significant considering almost three quarters of the country's half a million inhabitants live in rural areas. In 2005, the International Monetary Fund reported that "growth of GDP per capita in Cape Verde is among the highest in the group of small island economies in Africa, the Pacific and the Caribbean."

For Prime Minister José Maria Pereira Neves, increased competitiveness is the order of the day. He says: "We want to modernise the country quickly, transform it completely and influence our status in the global economy. We want to accelerate the speed of mobilisation with the help of foreign direct investment (FDI). Last year, the country attracted more than US\$300 million (£150m) in FDI, which we expect will increase by 20% this year. Investments are slated to reach up to US\$2 billion



A platform between continents

in 2010. Cape Verde is going to grow in an extraordinary way."

With tourism slated as the primary engine for growth, the musical nation will be investing heavily in its infrastructure, with help from generous Millennium Challenge Account funding. Minister of State, Infrastructure and Transport Manuel Inocêncio Sousa notes: "We have had to rapidly come up with infrastructure proposals to make the environment even better for FDI."

Being at the crossroads of mid-Atlantic air and sea lanes, much has already been done to improve Porto Grande harbour at Mindelo and the main Sal International Airport which now operates direct flights through Cape Verde Jet-away to Gatwick, Manchester and Dublin. Sousa says: "We are currently modernising our ports to create an international transshipment hub and implementing a privatisation plan to ensure more efficient service provision, create competitiveness and offer cheaper prices."

A second international airport began operating on Praia, the largest of the country's ten islands, in 2005 and two more are nearing completion at São Vicente and



More new developments are on the horizon



José Maria Pereira Neves, Prime Minister

Boa Vista. Both will welcome direct flights from Europe. Sousa explains:

"These projects will allow us to integrate all our inhabited islands into our tourism strategy, meaning they each have tourism potential." The new reforms, which extend to the investor-friendly financial climate too, will fan what has already become a lucrative proposition. "Tourism developments have been selling since 1994 and have sold rapidly, with UK investors taking the lead recently," says Sousa. "This fast-developing environment is an economic opportunity and we are grabbing it. The public sector will help facilitate different processes and take advantage of the momentum."

Indeed, those who dream of owning a place in the sun and who may have missed the boat with other destinations will find some excellent bargains on Cape Verde this year. Sambala Village, for example, on the island of Santiago, is a British-owned development offering golf, tennis, sports



Manuel Inocêncio Sousa, Minister of State, Infrastructure & Transport

facilities, a marina, shops and spa. The village, due for completion this year, is already sold out. Apartments cost an average of £80,000 payable in 20% stages over the building period. A second village, Vivendas de Santiago, is now under way.

Meanwhile, the Prime Minister is keen to avoid any detrimental environmental developments. He says: "We want sustainable tourism, eco-tourism. The beaches are practically virgin and provide homes to turtles. So we will be choosing new areas of development very carefully."

The outlook for investors in whichever sector is bright, however. Sousa says: "Looking at our geo-strategic advantages, one can observe that Cape Verde has a perfect year-round climate, is close to Europe and with a currency pegged to the Euro. It is a democratic country and we have an excellent reputation in terms of political, financial and social stability."



Isle of Sal



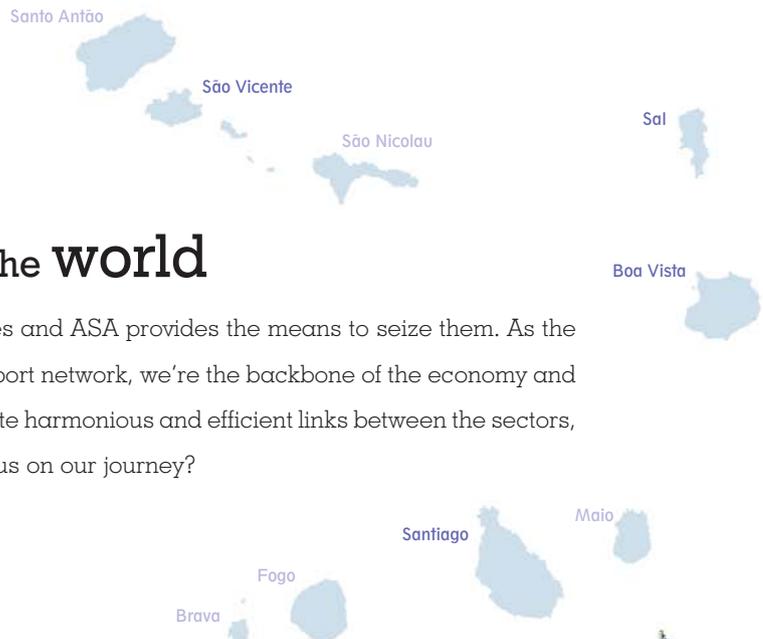
Isle of São Vicente



Isle of Santiago



Isle of Boa Vista



From island to island, to the world

Cape Verde is a land full of opportunities and ASA provides the means to seize them. As the driving force behind the country's transport network, we're the backbone of the economy and the key to future growth. We want to create harmonious and efficient links between the sectors, using the best technology. Why not join us on our journey?



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AVIATION

Preparing for take off

NICOLA THORNTON

“Our location between four continents is fantastic. The country is secure and safe, it has a stable social and political environment, a good health care system and high potential for tourism activities. For those reasons, we believe Cape Verde could be a platform for passengers between the continents.”

So says Mário Paixão Lopes, chairman of ASA (Aerportos e Segurança Aérea S.A.), Cape Verde’s air transport management agency. At the heart of the country’s future growth, ASA is currently switching up a gear to become what Paixão terms: “A service provider in the middle of the Atlantic.”

Already responsible for managing the country’s seven airports, and the airspace for transatlantic flights from Europe to South America, ASA is now looking ahead to 2023, by which time the government wants to have achieved a ten-fold increase in tourism capacity. Paixão says: “We will have four brand new international airports with direct flights to Africa and Europe and space to develop further as and when needed. The objective is to attract more and more charter and low-cost companies.”

The company has selected Sal, Praia, São Vicente and Boa Vista—the four most populated islands—as the recipient airports of this projected tourism flow. “Based on this,” says Paixão, “we have predicted the flow of oncoming traffic so the infrastructure and services will be able to handle this increase.”

The opening of Praia International Airport on Santiago Island last year is already yielding results. “Praia is the administrative and political capital of Cape Verde and we needed to offer an alternative to Sal. We have had to improve the load factor of aircraft to adhere to international regulations, but this opening is important as it will boost economic trade, tourism and other activities for Santiago Island. The impact on investor inflow is already apparent.



Unspoilt natural landscapes are a large part of Cape Verde’s tourism appeal



Mário Paixão Lopes,
Chairman,
ASA

“The other important aspect is the ethnic traffic.

We have a large diaspora population in the US, Portugal, the Netherlands, Italy, France and Senegal and need to accommodate them when they come back home. Fifty per cent of this traffic comes through Praia, the most populated island. This is therefore much more convenient and comfortable for the passengers.”

Domestic flights remain expensive within Cape Verde, something Paixão is also keen to address. He says: “Until now, we had only one domestic operator, TACV, but from this year, a second entity, Halcyon, will start operations. The first objective will be to get more competition, and the second to develop more tourism, which means investing in domestic tourism as well as international. There is plenty of potential for people to spend their holidays on other islands, for example, and it is our role to stimulate this business as it will also complement international tourism.”

As new flight links to the UK take off, Paixão is eyeing up the potential for new business coming to the country. He says: “As a company, this new link will give us the chance to interact with a very exigent market, to increase our standards and adapt them to a

wider audience. But it is also excellent for Cape Verde. British investments can give new momentum to our economic development. We collaborate already with British airlines, and will soon be operating with Astraeus for the direct connection. A Thomson flight is also in the pipeline.”

According to Paixão, there will be dramatic changes in the next ten years. He says: “We are at the beginning of a tourism boom. Last year, we received only 280,000 visitors, but in a few years, it will take on massive proportions. Traffic is expected to increase five-fold once the new infrastructure is in place.”

With all these priorities identified, Paixão believes the government must continue improving the institutional and legal framework of the country. He says: “Step by step, this can be done, but traffic has to increase to a critical mass

pany in one day—this is mandatory if we want foreign players to come in and invest. All the administration and development services, including ASA, will have to improve their contribution. Fortunately, we are quite advanced. The final step of the strategy will be the promotion and marketing of Cape Verde globally.”

Unlike the ports, there are no plans for privatising ASA in the near future. Paixão says: “We can handle the developments of the airports, while the private investors are operating hotel and real estate projects. However, the government does accept a scenario of joint venture with private-public partnerships when it comes to airports development. This is an intelligent intention, as it will bring expertise and know-how to us.”

Paixão believes investors should be putting their money into air-

“Traffic is expected to increase five-fold once the new infrastructure is in place.”

and prices need to drop.”

Knowing the value of near-virgin territory, ASA is also aiming high in terms of global tourism and the need for an even friendlier climate for investors. He says: “We have to reduce the timeframe for company registration and make things easy for investors. The government has mentioned the possibility of creating a com-

port operations. He says: “We recommend business aviation, cargo aviation, handling, catering, food and beverage retail and so on. We are only specialised in airports and air navigation so we need to learn more from our foreign partners. In the end, though, foreign investors will directly contribute and participate in the development of our businesses.”

SHIPPING

Full steam ahead for Enapor

NICOLA THORNTON

As Cape Verde's potential grows, the country's ports are in overdrive. Bids have opened for management of three of its ten ports, with a series of expansions being planned at strategic locations. Boosted by a sizeable chunk of the government's Millennium Challenge Account (MCA) fund—a US\$100 million (£50m) injection donated to support infrastructure—the ports have been acknowledged as an integral part of the country's development.

In the thick of all this change lies Enapor, the state-owned entity currently handling all aspects of port management for each concern, including loading, maintenance, control of national waters and repairs. The country's largest employer, Enapor also operates cargo and storage facilities. Franklim Spencer, chairman, says: "Quite apart from the social responsibility of directly employ-

ing 1,200 people, the ports are extremely important for this country. Around 90% of our trade, mainly international import and export, moves through them, and we invest the equivalent of up to £2 million each year. International investments like the MCA funds will bring that up to £8 million."

So far, MCA funds have been guaranteed for improvements at Praia and Palmeira, which will both remain under state ownership although Spencer believes there will be plenty of scope for private investment in their facilities. "With Praia, for example, we will lease the land in a way that investors can buy and participate in the different services needed in a port, in the form of concessions contracts," he says. "After that, we will launch the second phase to introduce a cruise terminal."

Enapor is also considering expansion projects at Porto Novo, Sal Rei, Vale dos Cavaleiros and Furna. Spencer says: "Vale dos

Cavaleiros and Furna are being negotiated with the Dutch government as we speak—they are thinking of financing up to 50%."

However, as Cape Verde strives to compete with the Canary Islands and Dakar Port in Senegal, the commercial port at Mindelo will represent the biggest private investment. Enapor are looking for around £160 million as they gear up to capture a significant share of container traffic in the region.

Spencer explains: "The West African market generates more than 500,000 containers a year. This is important for us, because our first market is the traffic from Mauritania to Liberia. We are also located on the Europe-South America and US-West Africa shipping routes, which is an excellent advantage. In the next three to five years, we expect a 10-12% growth in terms of national traffic of containers which would allow us go from approximately

48,000 containers to 70,000."

The company also sees major opportunities in the frozen fish market, and of course, tourism. "Tourism will be a big driver for all the ports, and we plan to develop major cruise activities on the Mindelo site in the future," Spencer says. "We have the land and the know-how but we need help with maintenance, upgrading, equipment and so on."

If all goes according to plan, the final phase of Enapor's privatisation will be launched at the end of the year. Spencer says: "Having worked out the concession programme, we are now determining the technical, financial and institutional works to be done this year. We expect the tender to be released in April or May."

Indeed, as Cape Verde becomes more established on the global stage, the ports will be in a state of continued improvement in the coming years.

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AT THE CROSSROADS OF MAJOR SHIPPING ROUTES

For many years now, Cape Verde's central position has made the archipelago an important crossroads for passenger and cargo vessels crossing the Atlantic.



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