



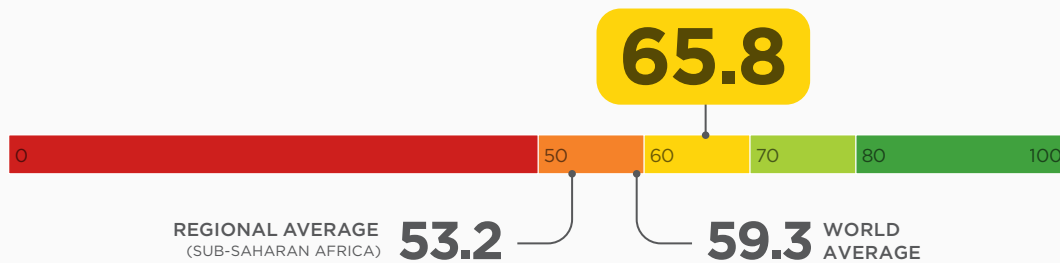
# CABO VERDE

WORLD RANK: <b>47</b>	REGIONAL RANK: <b>2</b>
ECONOMIC FREEDOM STATUS: <b>MODERATELY FREE</b>	

**C**abo Verde's economic freedom score is 65.8, making its economy the 47th freest in the 2023 *Index*. Its score is 0.9 point worse than last year. Cabo Verde is ranked 2nd out of 47 countries in the Sub-Saharan Africa region, and its overall score is higher than the regional average.

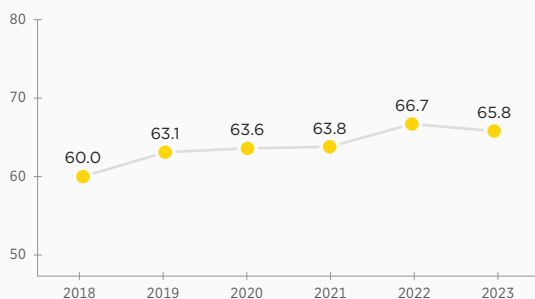
The small island economy has performed relatively well in many of the four pillars of economic freedom. The foundations of economic freedom are solid with property rights strongly protected in comparison to other economies in the region. In recent years, expansionary public spending has led to widening deficits.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +16.1

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.6 million

**GDP (PPP):**  
\$3.9 billion  
6.9% growth in 2021  
5-year compound annual growth 1.2%  
\$7,005 per capita

**UNEMPLOYMENT:**  
11.3%

**INFLATION (CPI):**  
1.9%

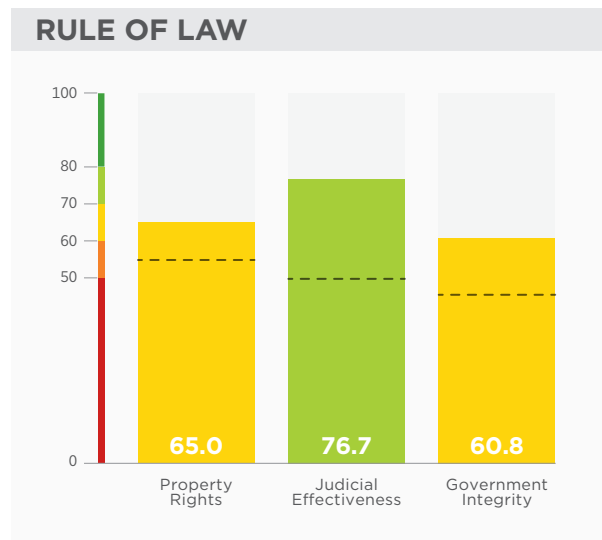
**FDI INFLOW:**  
\$117.5 million

**PUBLIC DEBT:**  
142.3% of GDP

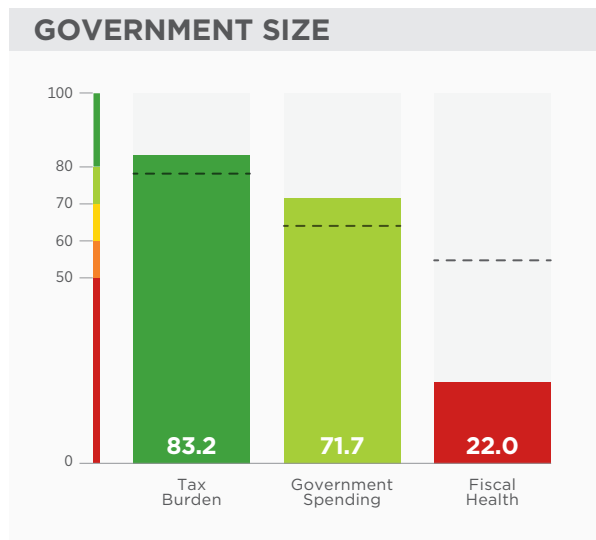
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** The former Portuguese colony of Cabo Verde has few natural resources but has become a trading center and a stable, multiparty parliamentary democracy. Former Prime Minister José Maria Neves of the opposition African Party for the Independence of Cape Verde won the presidency in October 2021. The other major party, the Movement for Democracy, maintained its parliamentary majority in the April 2021 elections. Services account for approximately 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 2025.

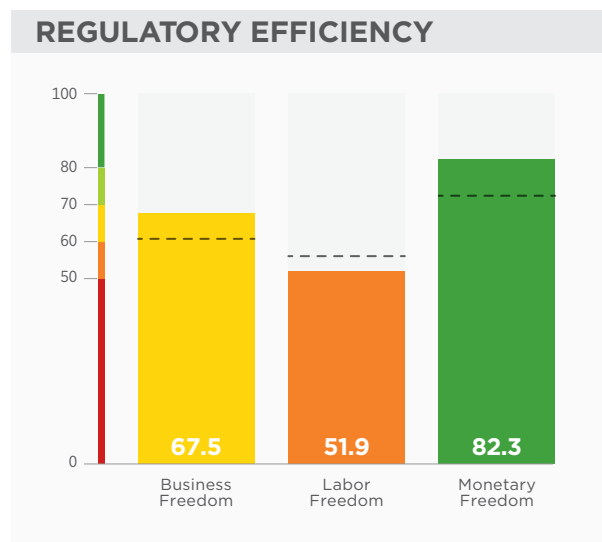
## 12 ECONOMIC FREEDOMS | CABO VERDE



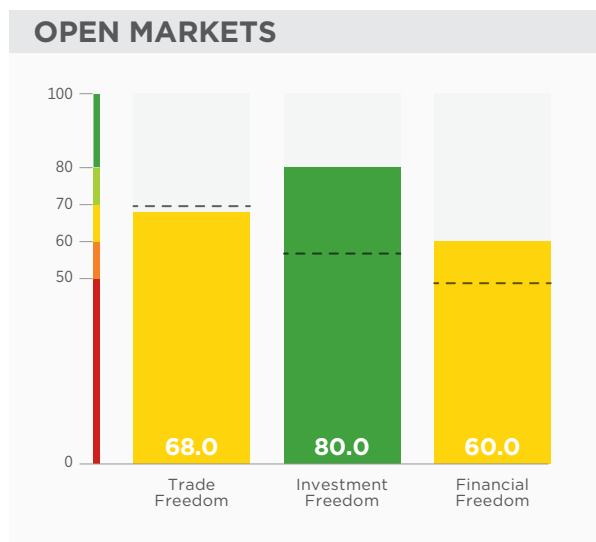
The overall rule of law is relatively well respected in Cabo Verde. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 27.5 percent and 22.4 percent. The tax burden equals 20.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 30.7 percent and -6.0 percent of GDP. Public debt equals 142.3 percent of GDP.



The overall business environment has gradually become more efficient, and licensing requirements are less burdensome. Modern and efficient bankruptcy procedures are not fully developed. Employment regulations remain rigid despite recent reform efforts. The most recent available inflation rate is 1.9 percent.



The trade-weighted average tariff rate is 11.0 percent, and nontariff measures are in force. Foreign and domestic investors are generally treated equally under the law. The number of the banking system's nonperforming loans has decreased. Credit is generally allocated on market terms.