

Cape Verde: Statistical Appendix

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CAPE VERDE

Statistical Appendix

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Approved by the African Department

July 12, 2006

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Table 1. Cape Verde: Selected Economic and Financial Indicators, 2001–05

	2001	2002	2003	2004	2005
	(Annual percentage change)				
National accounts and prices					
Constant price GDP	6.1	5.3	4.7	4.4	5.8
Constant price GDP (per capita)	4.8	3.4	2.8	2.5	3.8
Consumer price index (annual average)	3.7	1.9	1.2	-1.9	0.4
Consumer price index (end of period)	4.6	3.0	-2.3	-0.3	1.7
External sector					
Exports of goods and services	17.9	14.1	6.1	5.2	20.5
Imports of goods and services	10.8	15.3	7.5	6.5	0.5
Real effective exchange rate (annual average)	-2.3	0.5	1.8	-2.9	-2.1
Terms of trade (minus = deterioration)	1.2	-0.7	1.9	-2.8	-3.3
Government budget					
Total revenue (excluding grants)	12.1	12.3	5.1	8.7	10.2
Total expenditure	-25.7	13.4	-1.4	26.5	1.2
Noncapital expenditure	-31.7	6.2	8.6	-0.7	7.9
Capital expenditure	-9.6	27.8	-18.0	45.8	3.9
	(Annual change in percent of beginning-of-period broad money)				
Money and credit					
Net foreign assets	33.9	18.6	-7.7	31.9	58.8
Net domestic assets	4.9	13.2	13.2	5.7	3.4
Of which: net claims on the central government	0.4	23.1	3.4	1.4	-4.3
credit to the economy	15.1	12.0	15.2	9.3	9.2
Broad money (M2)	9.8	14.3	8.6	10.5	15.5
Domestic broad money (M2X)	3.4	10.3	4.2	8.8	17.3
Income velocity (GDP/M2)	1.6	1.5	1.5	1.4	1.3
	(Percent of GDP)				
Saving-investment balance					
Gross capital formation	31.7	35.8	31.0	36.8	37.9
Government	6.8	9.2	6.4	9.8	11.6
Nongovernment	24.9	26.7	24.7	27.0	26.3
Gross national savings	21.1	24.4	20.0	22.4	33.3
Of which: government	2.6	5.7	5.3	7.4	7.2
External current account (including official current transfers)	-10.6	-11.4	-11.1	-14.4	-4.6
Government budget					
Total revenue	21.4	22.9	22.0	23.2	24.1
Total grants	5.9	8.7	5.5	10.9	7.1
Total expenditure	31.8	34.4	31.1	38.1	36.3
Overall balance before grants	-10.5	-11.5	-9.1	-14.9	-12.2
Overall balance (including grants)	-4.5	-2.9	-3.5	-4.0	-5.1
External financing (net)	-0.6	-1.3	1.8	0.9	3.2
Domestic financing (net)	2.0	6.5	2.0	3.8	1.7
Financing gap/ statistical discrepancy	3.2	-2.3	-0.3	-0.7	0.2
Total nominal government debt ¹	83.6	85.7	84.8	89.0	88.1
External government debt ²	56.5	56.4	57.5	54.0	55.4
Domestic government debt, net of deposits ³	27.1	29.2	27.3	35.0	32.7
External current account (excluding official current transfers)	-14.2	-17.2	-17.1	-20.1	-9.3
Overall balance of payments	3.2	6.3	-0.7	4.1	5.7
	(Millions of U.S. dollars, unless otherwise specified)				
External current account (million euros, including official transfers)	-66.7	-75.5	-79.7	-107.0	-36.1
Gross international reserves (million euros, end of period)	47.5	76.1	74.1	102.4	147.4
Gross international reserves (months of prospective imports of goods and services)	1.3	1.9	1.7	2.4	3.0
External debt service (percent of exports of goods and services)	14.2	12.4	10.5	11.3	8.8
Memorandum items:					
Nominal GDP (billions of Cape Verde escudos)	69.4	72.8	79.5	82.1	87.2
Exchange rate (Cape Verde escudos per U.S. dollar)					
Period average	123.2	117.2	97.7	88.8	88.7
End period	125.1	105.1	87.3	81.0	93.5

Sources: Cape Verdean authorities, and staff estimates and projections.

¹ Net of central government deposits. Including verified stock of domestic and external arrears.

² Measured in domestic currency. The increase in the ratio from 2004 to 2005 is due to the appreciation of the U.S. dollar in 2005.

³ Excluding the claims on the offshore Trust Fund.

Table 2. Cape Verde: Selected Social and Demographic Indicators, 2001–04
(Units as indicated)

	2001	2002	2003	2004
GDP per capita (current U.S. dollars)	1192.6	1304.5	1648.5	1914.7
GDP per capita (constant 2000 U.S. dollar)	1195.6	1221.4	1252.5	1290.7
GDP per capita, PPP (constant 2000 international dollar)	4874.7	5019.3	5124.5	5263.7
Population				
Total (thousand)	461.3	472.4	483.7	495.2
Growth rate (percent a year)	2.4	2.4	2.4	2.3
Urban population (percent of total)	54.2	55.0	55.9	56.7
Life expectancy at birth, total (years)	..	69.8	70.1	70.4
Male	..	66.8	67.1	67.4
Female	..	73.0	73.3	73.6
Mortality rate, infant (per 1,000 live births)	..	..	..	27.0
Death rate, crude (per 1,000 people)	..	5.3	5.2	5.1
Birth rate, crude (per 1,000 people)	..	30.9	30.5	30.2
Fertility rate, total (births per woman)	..	3.8	3.7	3.6
Health				
Physicians (per 1,000 people)	..	..	..	0.5
Hospital beds (per 1,000 people)	..	..	..	..
Immunization rate (percent of children ages 12–23 months)				
DPT	78.0	94.0	78.0	75.0
Measles	72.0	85.0	68.0	69.0
Improved water source (percent of population with access)	..	..	..	..
Rural (percent of rural population with access)	..	73.0	..	..
Urban (percent of urban population with access)	..	86.0	..	..
Education				
Literacy rate, adult total (percent of people ages 15 and above)	74.9	75.7	..	..
Male	84.9	85.4	..	..
Female	67.0	68.0	..	..
School enrollment, primary (percent net)	96.3	95.1	94.2	91.8
Pupil-teacher ratio, primary	28.2	28.8	27.9	26.9
Labor force, total (thousand)	148.2	152.5	157.1	160.1
Labor force, female (percent of total labor force)	34.2	33.9	33.4	33.8

Source: World Development Indicators, World Bank.

Table 3. Cape Verde: Gross Domestic Product Sources and Uses of Resources, 2001–05
(Millions of Cape Verde escudos)

	2001	2002	2003	2004	2005
Gross domestic product	69,380	72,758	79,527	82,116	87,171
Current account	-7,352	-8,328	-8,790	-11,799	-3,980
Current account, excluding official transfers	-9,853	-12,487	-13,566	-16,495	-8,071
Resource balance	-25,750	-31,136	-29,843	-31,941	-29,643
Exports of goods and services	13,128	15,209	11,607	12,214	14,719
Imports of goods and services	-38,878	-46,345	-41,450	-44,155	-44,363
Net primary income from abroad	-577	-1,701	-1,258	-1,570	-2,966
Government	-478	-719	-514	-549	-551
Nongovernment	-99	-982	-744	-1,021	-2,415
Gross national income	68,804	71,057	78,268	80,545	84,205
Current transfers	15,929	19,782	21,187	20,685	24,797
Government	2,501	4,159	4,776	4,697	4,090
Nongovernment	13,428	15,623	16,411	15,989	20,706
Gross national disposable income	84,732	90,839	99,455	101,231	109,002
Central government					
Current revenue	14,542	16,437	16,972	18,820	20,976
Current expenditure	14,773	15,693	17,038	16,924	18,266
Capital expenditure	7,322	9,360	7,674	11,191	11,624
Gross capital formation	21,979	26,062	24,672	30,224	33,019
Fixed capital formation	21,985	26,151	24,735	30,224	33,019
Government	4,706	6,702	5,118	8,023	10,112
Nongovernment	17,279	19,448	19,617	22,201	22,907
Change in inventories	-6	-89	-63	0	0
Final consumption expenditures	73,151	77,832	84,698	83,832	83,795
Government	11,975	13,410	15,947	16,814	16,148
Households	61,176	64,422	68,751	67,018	67,648
Savings	11,582	13,007	14,757	17,399	25,207
Government	1,791	4,184	4,195	6,044	6,249
Of which: total external grants	4,110	6,319	4,400	8,946	6,208
Nongovernment	9,791	8,824	10,562	11,355	18,958

Sources: National Institute of Statistics (INE), and staff estimates.

(continued)

Table 3. Cape Verde: Gross Domestic Product Sources and Uses of Resources, 2001–05 (concluded)
(Percent of GDP)

	2001	2002	2003	2004	2005
Gross domestic product	100.0	100.0	100.0	100.0	100.0
Current account	-10.6	-11.4	-11.1	-14.4	-4.6
Current account, excluding official transfers	-14.2	-17.2	-17.1	-20.1	-9.3
Resource balance	-37.1	-42.8	-37.5	-38.9	-34.0
Exports of goods and services	18.9	20.9	14.6	14.9	16.9
Imports of goods and services	-56.0	-63.7	-52.1	-53.8	-50.9
Net primary income from abroad	-0.8	-2.3	-1.6	-1.9	-3.4
Government	-0.7	-1.0	-0.6	-0.7	-0.6
Nongovernment	-0.1	-1.3	-0.9	-1.2	-2.8
Gross national income	99.2	97.7	98.4	98.1	96.6
Current transfers	23.0	27.2	26.6	25.2	28.4
Government	3.6	5.7	6.0	5.7	4.7
Nongovernment	19.4	21.5	20.6	19.5	23.8
Gross national disposable income	122.1	124.9	125.1	123.3	125.0
Government					
Current revenue	21.0	22.6	21.3	22.9	24.1
Current expenditure	21.3	21.6	21.4	20.6	21.0
Capital expenditure	10.6	12.9	9.6	13.6	13.3
Gross capital formation	31.7	35.8	31.0	36.8	37.9
Fixed capital formation	31.7	35.9	31.1	36.8	37.9
Government	6.8	9.2	6.4	9.8	11.6
Nongovernment	24.9	26.7	24.7	27.0	26.3
Change in stocks	0.0	-0.1	-0.1	0.0	0.0
Final consumption expenditures	105.4	107.0	106.5	102.1	96.1
Government	17.3	18.4	20.1	20.5	18.5
Households	88.2	88.5	86.5	81.6	77.6
Savings	16.7	17.9	18.6	21.2	28.9
Government	2.6	5.7	5.3	7.4	7.2
Of which: total external grants	5.9	8.7	5.5	10.9	7.1
Nongovernment	14.1	12.1	13.3	13.8	21.7

Sources: National Institute of Statistics (INE), and staff estimates.

Table 4. Cape Verde: Gross Domestic Product by Industry at Current Prices, 2001–05

	2001	2002	2003	2004	2005
	(Millions of Cape Verde escudos)				
Agriculture, forestry, and livestock	6,751	6,604	7,075	6,990	7,869
Fishing	1,184	940	1,005	993	1,035
Industry and energy	4,292	4,918	5,520	6,128	7,530
Construction	5,134	5,888	6,100	6,358	9,112
Commerce	11,706	13,554	14,892	15,515	18,200
Hotels	1,663	1,583	1,716	1,644	2,088
Transport and communications	15,803	14,902	17,124	17,169	18,621
Banks and insurance	3,051	3,298	3,258	3,370	3,727
House renting	3,726	4,028	4,146	4,223	5,048
Public service	8,758	9,176	10,300	10,006	11,813
Other services	1,513	1,526	1,682	1,755	2,078
Intermediary banking services	-1,907	-2,209	-2,510	-2,788	-2,756
Sum of value added ¹	61,675	64,208	70,308	71,365	84,366
Taxes on imports	7,705	8,550	9,219	10,751	13,773
Gross domestic product at market prices	69,380	72,758	79,527	82,116	98,139
	(Percent of GDP)				
Agriculture, forestry, and livestock	9.7	9.1	8.9	8.5	8.0
Fishing	1.7	1.3	1.3	1.2	1.1
Industry and energy	6.2	6.8	6.9	7.5	7.7
Construction	7.4	8.1	7.7	7.7	9.3
Commerce	16.9	18.6	18.7	18.9	18.5
Hotels	2.4	2.2	2.2	2.0	2.1
Transport and communications	22.8	20.5	21.5	20.9	19.0
Banks and insurance	4.4	4.5	4.1	4.1	3.8
House renting	5.4	5.5	5.2	5.1	5.1
Public service	12.6	12.6	13.0	12.2	12.0
Other services ²	10.5	10.8	10.6	11.8	13.3
Gross domestic product	100.0	100.0	100.0	100.0	100.0
	(Annual percentage change)				
Agriculture, forestry, and livestock	-2.1	-2.2	7.1	-1.2	11.1
Fishing	-17.3	-20.6	6.9	-1.2	10.5
Industry and energy	-12.3	14.6	12.2	11.0	12.5
Construction	4.0	14.7	3.6	4.2	13.3
Commerce	4.1	15.8	9.9	4.2	12.3
Hotels	15.0	-4.8	8.4	-4.2	16.7
Transport and communications	24.9	-5.7	14.9	0.3	10.9
Banks and insurance	20.1	8.1	-1.2	3.4	12.5
House renting	10.6	8.1	2.9	1.9	13.5
Public service	1.8	4.8	12.2	-2.9	11.4
Other services	4.8	0.9	10.2	4.3	13.5
Intermediary banking services ¹	8.0	15.9	13.6	11.1	3.4
Sum of value added ²	6.9	4.1	9.5	1.5	12.4
Taxes on imports	12.7	11.0	7.8	16.6	13.9
Gross domestic product at market prices	7.5	4.9	9.3	3.3	12.6
Memorandum items:					
Change in CPI	3.7	1.9	1.2	-1.9	6.2
Change in GDP deflator	1.3	-0.4	4.4	-1.1	6.7
Constant price GDP growth	6.1	5.3	4.7	4.4	5.5

Sources: National Institute of Statistics, and staff estimates.

¹ Includes indirect taxes, net of subsidies, with the exception of taxes on imports.

² Includes "Intermediary banking services" and "Taxes and duties on imports."

Table 5. Cape Verde: Gross Domestic Product by Industry at Constant 1980 Prices, 2001–05

	2001	2002	2003	2004	2005
	(Millions of Cape Verde escudos)				
Agriculture, forestry, and livestock	1,514	1,428	1,435	1,434	1,517
Fishing	127	123	144	144	141
Industry and energy	1,289	1,404	1,442	1,619	1,870
Construction	1,890	2,184	2,191	2,311	2,924
Commerce	3,708	4,215	4,389	4,625	5,017
Hotels	671	660	811	787	939
Transport and communications	4,138	3,951	4,193	4,255	4,338
Banks and insurance	582	616	590	617	642
House renting	1,238	1,325	1,413	1,457	1,637
Public service	2,234	2,315	2,522	2,480	2,752
Other services	312	308	330	349	388
Intermediary banking services	-401	-457	-514	-578	-537
Sum of value added ²	17,303	18,073	18,947	19,500	21,628
Taxes on imports	2,166	2,423	2,510	2,896	3,361
Gross domestic product at market prices	19,468	20,496	21,457	22,397	24,989
	(Percent of GDP)				
Agriculture, forestry, and livestock	7.8	7.0	6.7	6.4	6.1
Fishing	0.7	0.6	0.7	0.6	0.6
Industry and energy	6.6	6.9	6.7	7.2	7.5
Construction	9.7	10.7	10.2	10.3	11.7
Commerce	19.0	20.6	20.5	20.7	20.1
Hotels	3.4	3.2	3.8	3.5	3.8
Transport and communications	21.3	19.3	19.5	19.0	17.4
Banks and insurance	3.0	3.0	2.7	2.8	2.6
House renting	6.4	6.5	6.6	6.5	6.6
Public service	11.5	11.3	11.8	11.1	11.0
Other services ¹	10.7	11.1	10.8	11.9	12.9
Gross domestic product at market prices	100.0	100.0	100.0	100.0	100.0
	(Percent change)				
Agriculture, forestry, and livestock	2.3	-5.7	0.4	0.0	3.7
Fishing	-23.1	-3.3	17.2	0.0	3.2
Industry and energy	-3.3	9.0	2.7	12.2	5.0
Construction	4.5	15.6	0.3	5.5	10.0
Commerce	11.2	13.6	4.1	5.4	4.5
Hotels	29.1	-1.5	22.8	-3.0	9.0
Transport and communications	7.6	-4.5	6.1	1.5	3.5
Banks and insurance	17.7	5.8	-4.3	4.7	5.0
House renting	5.7	7.0	6.7	3.1	6.0
Public service	-1.2	3.7	8.9	-1.7	4.0
Other services	5.5	-1.3	7.3	5.6	6.0
Intermediary banking services	4.8	14.1	12.4	12.4	-3.5
Sum of value added ²	6.0	4.5	4.8	2.9	5.5
Taxes on imports	7.3	11.9	3.6	15.4	5.5
Gross domestic product at market prices	6.1	5.3	4.7	4.4	5.5

Sources: National Institute of Statistics, and staff estimates.

¹ Includes "Intermediary banking services" and "Taxes and duties on imports."

² Includes indirect taxes, net of subsidies, with the exception of taxes on imports.

Table 6. Cape Verde: Consumer Prices, 2001–05

	2001	2002	2003	2004	2005
	(Index: 1989 = 100)				
January	173.8	183.0	189.5	184.7	183.8
February	174.1	182.8	190.8	183.9	183.0
March	178.9	183.8	189.9	184.6	183.0
April	181.9	184.1	188.9	183.8	183.1
May	182.6	186.0	188.6	185.1	182.5
June	182.1	185.6	188.9	184.2	183.9
July	184.3	185.9	189.4	185.1	186.1
August	188.7	187.3	189.1	186.1	189.7
September	189.7	188.9	188.9	186.0	189.9
October	187.5	188.3	186.4	185.3	187.7
November	185.0	189.3	185.4	185.0	187.2
December	185.0	190.5	186.2	185.6	188.8
Average	182.8	186.3	188.5	184.9	185.7
	(Monthly percentage changes)				
January	-1.8	-1.1	-0.5	-0.8	-1.0
February	0.2	-0.1	0.7	-0.4	-0.5
March	2.8	0.5	-0.5	0.4	0.0
April	1.7	0.2	-0.5	-0.4	0.0
May	0.4	1.0	-0.2	0.7	-0.3
June	-0.2	-0.2	0.1	-0.5	0.8
July	1.2	0.2	0.3	0.5	1.2
August	2.4	0.7	-0.2	0.6	2.0
September	0.5	0.9	-0.1	-0.1	0.1
October	-1.1	-0.3	-1.3	-0.4	-1.2
November	-1.3	0.5	-0.6	-0.2	-0.3
December	0.0	0.7	0.4	0.3	0.9
Average	0.4	0.2	-0.2	0.0	0.1
	(Annual percentage changes)				
January	-1.2	5.3	3.6	-2.6	-0.5
February	-0.6	5.0	4.4	-3.6	-0.5
March	3.3	2.7	3.4	-2.8	-0.9
April	4.1	1.2	2.6	-2.7	-0.4
May	4.3	1.9	1.4	-1.9	-1.4
June	4.0	1.9	1.8	-2.5	-0.1
July	5.2	0.9	1.9	-2.3	0.6
August	4.5	-0.7	0.9	-1.5	1.9
September	5.8	-0.4	0.0	-1.5	2.1
October	5.3	0.4	-1.0	-0.6	1.3
November	4.6	2.3	-2.1	-0.2	1.2
December	4.6	3.0	-2.3	-0.3	1.7
Average	3.7	1.9	1.2	-1.9	0.4

Sources: National Institute of Statistics (INE).

Table 7. Cape Verde: Fiscal Operations of the Central Government, 2001–05

	2001	2002	2003	2004	2005
(Billions of Cape Verde escudos)					
Revenue, grants, and net lending	18.9	23.0	21.9	28.0	27.2
Domestic revenue	14.8	16.7	17.5	19.0	21.0
Tax revenue	13.0	14.7	15.5	16.6	18.6
Income and profit taxes	4.8	5.1	5.3	5.4	5.8
Consumption taxes	2.1	2.5	2.5	6.3	7.4
International trade taxes	5.3	6.1	6.8	3.9	4.2
Other taxes	0.8	0.9	0.9	1.0	1.2
Nontax revenue	1.5	1.8	1.5	1.9	2.2
Fees and penalties	0.3	0.3	0.4	0.5	1.2
Other nontax revenues	0.6	0.6	0.9	1.4	1.0
Profit transfers	0.6	0.8	0.3	0.0	0.0
Domestic capital participation	0.0	0.0	0.0	0.2	0.2
External grants	4.1	6.3	4.4	8.9	6.2
Capital grants	4.1	5.2	3.6	7.7	5.7
Budget support	0.0	1.2	0.8	1.2	0.6
Net lending	0.3	0.2	0.0	0.1	0.3
Total expenditure	22.1	25.1	24.7	31.3	31.6
Recurrent expenditure	14.8	15.5	16.4	16.9	18.3
Primary current expenditure	13.4	13.3	14.4	14.9	16.3
Wages and salaries	6.6	7.1	9.4	9.8	10.7
Goods and services	0.6	0.6	1.3	1.0	1.2
Transfers and subsidies ¹	5.7	4.9	3.0	3.0	3.1
Other expenditures	0.5	0.7	0.8	1.1	1.3
Domestic interest payments	0.9	1.4	1.5	1.5	1.4
External interest payments	0.5	0.7	0.5	0.5	0.5
Extraordinary expenditures	0.0	0.2	0.6	0.0	0.0
Social emergency measures	0.0	0.0	0.0	0.0	0.0
Restructuring costs	0.0	0.2	0.6	0.0	0.0
Capital expenditure	7.3	9.4	7.7	11.2	11.6
Foreign financed	6.2	8.6	6.9	10.3	9.8
Domestically financed	1.1	0.7	0.8	0.9	1.9
Overall balance, including grants ²	-3.2	-2.1	-2.8	-3.3	-4.4
Financing	3.2	2.1	2.8	3.3	4.4
Foreign (net)	-0.4	-1.0	1.4	0.7	2.8
Total drawings	1.9	2.8	3.5	2.9	4.8
Balance of payments, budget	-1.2	0.1	1.3	0.3	1.3
Bridge loans	0.0	0.5	0.0	0.0	0.0
Credit facility (FAC)	0.6	0.6	0.6	0.5	0.0
Other	-1.8	-1.0	0.8	-0.2	0.0
Project loans	3.1	2.7	2.2	2.6	3.5
Amortization	-2.4	-2.2	-2.1	-2.4	-2.0
Bridge loans and Portuguese credit facility	-1.8	-1.1	-1.1	-1.1	-0.1
Other	-0.7	-1.1	-1.0	-1.3	-1.9
Change in arrears	1.4	0.0	0.0	0.0	0.0
Domestic (net)	1.4	4.7	1.6	3.1	1.5
Banking system ³	0.1	2.7	0.9	0.6	0.6
Nonbanks	1.3	2.0	0.4	1.0	0.6
Domestic arrears	0.0	0.0	0.0	0.0	0.0
Net errors and omissions	2.2	-1.6	-0.3	-0.6	0.2
Financing gap	0.0	0.0	0.0	0.0	0.0
Memorandum items:					
Overall balance, excluding grants ⁴	-7.3	-8.4	-7.2	-12.2	-10.6
Primary current balance ⁵	1.5	3.3	3.1	4.2	4.6
Primary balance ⁶	-5.8	-6.2	-5.2	-10.2	-8.7
Domestic balance ⁷	-0.3	1.2	0.8	-0.9	-0.2

Sources: Ministry of Finance and Public Administration, Bank of Cape Verde, and staff estimates.

(continued)

Table 7. Cape Verde: Fiscal Operations of the Central Government, 2001–05 (concluded)

	2001	2002	2003	2004	2005
	(Percent of GDP)				
Revenue, grants, and net lending	27.3	31.6	27.6	34.1	31.2
Domestic revenue	21.4	22.9	22.0	23.2	24.1
Tax revenue	18.7	20.2	19.4	20.3	21.3
Income and profit taxes	6.9	7.1	6.7	6.6	6.7
Consumption taxes	3.0	3.4	3.1	7.7	8.5
International trade taxes	7.7	8.4	8.5	4.8	4.9
Other taxes	1.1	1.3	1.1	1.2	1.3
Nontax revenue	2.2	2.4	1.9	2.4	2.5
Fees and penalties	0.5	0.4	0.4	0.6	1.4
Other nontax revenues	0.8	0.8	1.1	1.7	1.1
Profit transfers	0.9	1.1	0.4	0.0	0.0
Domestic capital participation	0.0	0.0	0.0	0.3	0.2
External grants	5.9	8.7	5.5	10.9	7.1
Capital grants	5.9	7.1	4.6	9.4	6.5
Budget support	0.0	1.6	1.0	1.5	0.6
Net lending	0.4	0.3	0.0	0.1	0.3
Total expenditure	31.8	34.4	31.1	38.1	36.3
Recurrent expenditure	21.3	21.3	20.6	20.6	21.0
Primary current expenditure	19.3	18.3	18.1	18.1	18.7
Wages and salaries	9.5	9.7	11.8	11.9	12.3
Goods and services	0.8	0.8	1.7	1.2	1.3
Transfers and subsidies ¹	8.2	6.7	3.7	3.7	3.6
Other expenditures	0.7	1.0	1.0	1.3	1.5
Domestic interest payments	1.4	2.0	1.9	1.8	1.6
External interest payments	0.7	1.0	0.6	0.7	0.6
Extraordinary expenditures	0.0	0.3	0.8	0.0	0.0
Social emergency measures	0.0	0.0	0.0	0.0	0.0
Restructuring costs	0.0	0.3	0.8	0.0	0.0
Capital expenditure	10.6	12.9	9.6	13.6	13.3
Foreign financed	8.9	11.9	8.7	12.6	11.2
Domestically financed	1.6	1.0	1.0	1.1	2.1
Overall balance, including grants ²	-4.5	-2.9	-3.5	-4.0	-5.1
Financing	4.5	2.9	3.5	4.0	5.1
Foreign (net)	-0.6	-1.3	1.8	0.9	3.2
Total drawings	2.8	3.9	4.5	3.6	5.5
Balance of payments, budget	-1.7	0.1	1.7	0.4	1.5
Project loans	4.5	3.7	2.8	3.2	4.0
Amortization	-3.5	-3.0	-2.6	-2.9	-2.3
Bridge loans and Portuguese credit facility	-2.5	-1.5	-1.4	-1.3	-0.1
Other	-1.0	-1.5	-1.3	-1.6	-2.2
Change in arrears	2.0	0.0	0.0	0.0	0.0
Domestic (net)	2.0	6.5	2.0	3.8	1.7
Banking system	0.1	3.7	1.2	0.8	0.7
Nonbanks	1.9	2.8	0.5	1.2	0.7
Domestic arrears	0.0	0.0	0.0	0.0	0.0
Net errors and omissions	3.2	-2.3	-0.3	-0.7	0.2
Financing gap	0.0	0.0	0.0	0.0	0.0
Memorandum items:					
Overall balance, excluding grants ⁴	-10.5	-11.5	-9.1	-14.9	-12.2
Primary current balance ⁵	2.1	4.6	3.9	5.1	5.3
Primary balance ⁶	-8.4	-8.6	-6.5	-12.4	-10.0
Domestic balance ⁷	-0.4	1.6	1.0	-1.1	-0.2

Sources: Ministry of Finance and Public Administration, Bank of Cape Verde, and staff estimates.

¹ Includes student scholarships.

² Overall balance, incl. grants = revenue, incl. grants - total expenditure.

³ Due to TCMF operations, bank financing in 1999 and 2000 does not match change in banking systems' net credit to central government.

⁴ Overall balance, excl. grants = revenue, excl. grants - total expenditure.

⁵ Primary current balance = domestic revenue - primary current expenditure.

⁶ Primary balance = domestic revenue - total expenditure + domestic and external interest payments.

⁷ Domestic balance = domestic revenue - recurrent expenditure + external interest payments - extraordinary expenditures - domestically financed capital expenditure.

Table 8. Cape Verde: Central Government Revenue, 2001–05

(Millions of Cape Verde escudos, unless otherwise indicated)

	2001	2002	2003	2004	2005
Tax revenue	12,988	14,678	15,457	16,638	18,601
Direct taxes	4,788	5,132	5,304	5,395	5,822
Unified tax on income and profits	4,788	5,132	5,304	5,395	5,822
Other direct taxes	0	0	0	0	0
Indirect taxes	8,199	9,546	10,153	11,244	12,779
Taxes on international trade	5,341	6,127	6,755	3,914	4,231
Import duties	3,705	4,042	4,330	3,853	4,231
Customs services fee	1,624	2,072	2,412	60	0
Other taxes	11	13	13	2	0
Consumption taxes	2,099	2,470	2,500	6,347	7,390
Domestic goods and services	63	108	100	8	0
International goods and services ¹	1,712	1,798	1,934	747	838
Tax on petroleum products	122	315	218	0	0
Liquor tax	105	125	126	0	0
Tourism tax	98	124	122	0	0
Municipal taxes ²	68	113	83	115	192
Ecological tax	68	113	83	115	192
Other municipal taxes	0	0	0	0	0
Other indirect taxes	691	836	815	868	966
Stamp tax	591	723	678	733	810
Other	100	114	137	135	156
Nontax revenue	1,543	1,759	1,514	1,933	2,205
Fees and penalties	339	320	355	509	1,220
Property income	645	832	294	30	34
Transfers	384	294	436	542	597
Sales of fixed assets and services	153	154	149	160	168
Autonomous revenues ³	0	0	0	0	0
Other revenues	22	158	281	693	186
Total budgetary revenue ⁴	14,834	16,658	17,509	19,026	20,976
Annual percent change	12.1	12.3	5.1	8.7	10.2

Source: Ministry of Finance and Public Administration.

¹ Collected by the customs department on imports.² In 1998, municipal taxes were collected by the central government and directly passed on to the municipalities.³ These are called *contas de ordem*, which are revenue as budgeted from the direct provision of services by government agencies, offset by the same amounts of current expenditure for each of these agencies.⁴ Excludes revenue from domestic capital participation and net lending.

Table 9. Cape Verde: Selected Indicators of Central Government Revenue, 2001–05

	2001	2002	2003	2004	2005
(Millions of Cape Verde escudos)					
Tax revenue	12,988	14,678	15,457	16,638	18,601
<i>Of which:</i> taxes on income and profits	4,788	5,132	5,304	5,395	5,822
taxes on international trade	5,341	6,127	6,755	3,914	4,231
consumption taxes	2,099	2,470	2,500	6,347	7,390
Nontax revenue	1,543	1,759	1,514	1,933	2,205
<i>Of which:</i> property income	645	832	294	30	34
transfers	384	294	436	542	597
sale of fixed assets	153	154	149	160	168
(Percent of budgetary revenue)					
Tax revenue	87.6	88.1	88.3	87.5	88.7
<i>Of which:</i> taxes on income and profits	32.3	30.8	30.3	28.4	27.8
taxes on international trade	36.0	36.8	38.6	20.6	20.2
consumption taxes	14.2	14.8	14.3	33.4	35.2
Nontax revenue	10.4	10.6	8.6	10.2	10.5
<i>Of which:</i> property income	4.4	5.0	1.7	0.2	0.2
transfers	2.6	1.8	2.5	2.8	2.8
sale of fixed assets	1.0	0.9	0.8	0.8	0.8
(Annual percentage change)					
Tax revenue	10.4	13.0	5.3	7.6	11.8
<i>Of which:</i> taxes on income and profits	22.5	7.2	3.4	1.7	7.9
taxes on international trade	11.1	14.7	10.3	-42.1	8.1
consumption taxes	11.1	17.7	1.2	153.9	16.4
Nontax revenue	4.4	14.0	-13.9	27.7	14.1
<i>Of which:</i> property income	6,120.6	28.9	-64.7	-89.8	12.9
transfers	-34.6	-23.4	48.1	24.2	10.2
sale of fixed assets	-23.8	1.0	-3.7	7.5	5.4
(Percent of GDP)					
Tax revenue	18.7	20.2	19.4	20.3	21.3
<i>Of which:</i> taxes on income and profits	6.9	7.1	6.7	6.6	6.7
taxes on international trade	7.7	8.4	8.5	4.8	4.9
consumption taxes	3.0	3.4	3.1	7.7	8.5
Nontax revenue	2.2	2.4	1.9	2.4	2.5
<i>Of which:</i> property income	0.9	1.1	0.4	0.0	0.0
transfers	0.6	0.4	0.5	0.7	0.7
sale of fixed assets	0.2	0.2	0.2	0.2	0.2

Sources: Ministry of Finance and Public Administration, and staff estimates.

Table 10. Cape Verde: Economic Classification of Central Government Expenditure, 2001–05

	2001	2002	2003	2004	2005
	(Millions of Cape Verde escudos)				
Total expenditure	22,095	25,053	24,712	31,251	31,615
Recurrent expenditure	14,773	15,468	16,408	16,924	18,266
Wages and salaries	6,577	7,092	9,361	9,805	10,733
Goods and services	566	604	1,319	982	1,157
Interest on public debt	1,415	2,157	1,995	2,056	1,930
Domestic ¹	937	1,437	1,480	1,506	1,384
External ²	478	719	514	550	546
Subsidies and transfers	5,717	4,889	2,969	2,998	3,149
Public enterprises	0	0	0	0	0
Public sector	4,041	4,199	2,334	2,478	2,616
Other entities	1,677	690	634	519	533
Other current expenditure	498	726	765	1,084	1,298
Capital expenditure	7,322	9,360	7,674	11,191	11,624
Foreign financing	6,189	8,638	6,912	10,311	9,755
Grants	4,110	6,319	4,400	8,946	6,208
Loans	2,080	2,319	2,512	1,365	3,547
Domestic resources	1,132	723	762	880	1,869
Other expenditures ³	0	225	630	3,137	1,725
	(Percent of recurrent expenditure)				
Recurrent expenditure	100.0	100.0	100.0	100.0	100.0
Wages and salaries	44.5	45.9	57.0	57.9	58.8
Goods and services	3.8	3.9	8.0	5.8	6.3
Interest on public debt	9.6	13.9	12.2	12.1	10.6
Domestic ¹	6.3	9.3	9.0	8.9	7.6
External ²	3.2	4.7	3.1	3.2	3.0
Subsidies and transfers	38.7	31.6	18.1	17.7	17.2
Public enterprises	0.0	0.0	0.0	0.0	0.0
Public sector	27.4	27.1	14.2	14.6	14.3
Other entities	11.3	4.5	3.9	3.1	2.9
Other current expenditure	3.4	4.7	4.7	6.4	7.1
	(Percent of GDP)				
Recurrent expenditure	21.3	21.3	20.6	20.6	21.0
Wages and salaries	9.5	9.7	11.8	11.9	12.3
Goods and services	0.8	0.8	1.7	1.2	1.3
Interest on public debt	2.0	3.0	2.5	2.5	2.2
Domestic ¹	1.4	2.0	1.9	1.8	1.6
External ²	0.7	1.0	0.6	0.7	0.6
Subsidies and transfers	8.2	6.7	3.7	3.7	3.6
Public enterprises	0.0	0.0	0.0	0.0	0.0
Public sector	5.8	5.8	2.9	3.0	3.0
Other entities	2.4	0.9	0.8	0.6	0.6
Other current expenditure	0.7	1.0	1.0	1.3	1.5

Sources: Ministry of Finance and Public Administration, and staff estimates.

¹ Including the debt service to the central bank and the Instituto Nacional de Previdencia Social (INPS).

² Including central government and public enterprises' debt guaranteed by the central government.

³ Includes arrears clearance, restructuring costs, and unspecified expenditures.

Table 11. Cape Verde: Public Domestic Debt of the Central Government, 2001–05

(Millions of Cape Verde escudos)

	2001	2002	2003	2004	2005
Stock of domestic debt, incl. claims on Trust Fund (TCMFs)	31,653	34,616	35,134	42,333	45,332
TCMFs	11,188	11,188	11,188	11,188	11,188
Stock of domestic public debt	20,465	23,428	23,946	31,145	34,144
Banking sector	13,268	16,422	15,903	17,488	20,044
Bank of Cape Verde	4,547	5,590	4,776	4,779	4,779
Banco Comercial do Atlântico	5,131	6,521	7,253	9,298	10,643
Caixa Económica de Cabo Verde	2,200	1,981	1,331	1,030	2,104
Banco Totta e Açores	460	963	887	963	620
Caixa Geral de Depositos	930	1,368	1,656	1,419	1,898
Nonbanking sector	3,936	5,933	6,342	7,304	7,876
INPS ¹	2,584	5,295	5,571	6,537	7,374
Garantia	125	128	145	150	53
Other	1,227	511	626	617	449

Sources: Ministry of Finance and Public Administration, Bank of Cape Verde, and staff estimates.

¹ Instituto Nacional de Previdencia Social (INPS).

Table 12. Cape Verde: Monetary Survey, 2001–05

	2000	2001	2002	2003	2004	2005
(Millions of Cape Verde escudos)						
Net foreign assets	7,139	9,557	11,331	10,456	13,787	21,889
Foreign assets	9,244	11,489	13,841	13,434	16,912	27,549
<i>Of which:</i> foreign reserves	3,349	5,238	8,391	8,173	11,296	16,260
Foreign liabilities	-2,104	-1,932	-2,511	-2,978	-3,125	-5,660
Net domestic assets	34,561	36,239	41,027	46,428	49,082	50,755
Net domestic credit	41,184	44,093	49,916	54,503	57,319	59,404
Net claims on general government	21,702	21,665	24,790	25,561	25,684	24,863
Claims on the Trust Fund (TCMFs)	10,600	10,600	10,600	11,038	11,038	11,038
Net claims on the central government	11,625	11,676	14,368	14,858	15,066	14,418
Credit to central government	13,082	13,356	16,546	17,097	17,485	20,044
Deposits of central government	-1,457	-1,680	-2,178	-2,239	-2,419	-5,626
<i>Of which:</i> project deposits	-211	-331	-397	-393	-277	-351
Net claims on local government	-57	3	8	67	75	-24
Net claims on other government agencies (INPS)	-466	-614	-186	-402	-495	-569
Credit to the economy	19,483	22,428	25,126	28,943	31,635	34,541
Credit to public enterprises	156	215	230	180	161	476
Credit to private sector	19,327	22,206	24,890	28,726	31,430	34,040
Claims on nonbank financial institutions	0	7	6	37	44	26
Other items (net)	-6,624	-7,854	-8,889	-8,075	-8,237	-8,648
Broad money (M2)	41,700	45,796	52,358	56,884	62,870	72,644
Narrow money (M1)	20,131	20,759	22,621	22,989	24,426	28,719
Currency outside banks	6,458	6,703	6,459	6,516	6,765	7,634
Demand deposits	13,673	14,056	16,162	16,474	17,661	21,086
Quasi money	19,371	22,931	27,636	31,662	35,762	40,566
Time deposits	18,081	21,802	25,857	29,983	34,313	38,390
Other quasi-monetary deposits	1,290	1,130	1,779	1,679	1,449	2,176
Foreign currency deposits	2,198	2,106	2,101	2,232	2,682	3,359
(Percent of recurrent expenditure)						
Net foreign assets	-2.6	5.8	3.9	-1.7	5.9	12.9
Net domestic assets	15.5	4.0	10.5	10.3	4.7	2.7
Net domestic credit	22.5	7.0	12.7	8.8	5.0	3.3
Net claims on the central government	11.1	0.1	5.9	0.9	0.4	-1.0
Credit to the economy	1.6	7.1	5.9	7.3	4.7	4.6
Credit to public enterprises	-1.0	0.1	0.0	-0.1	0.0	0.5
Credit to private sector	2.5	6.9	5.9	7.3	4.8	4.2
Other items (net)	-7.0	-2.9	-2.3	1.6	-0.3	-0.7
Selected monetary indicators						
Income velocity of money	1.64	1.59	1.48	1.46	1.37	1.29
Emigrant deposits	12,477	15,585	19,042	22,153	25,091	28,318
Excess reserves /total deposits (percent)	0.4	0.5	1.1	0.8	1.0	2.1
Money multiplier (M2/M0)	3.08	3.14	3.22	3.29	3.40	3.44
Credit to the economy (percentage change)	3.0	15.1	12.0	15.2	9.3	9.2

Sources: Bank of Cape Verde, and staff estimates and projections.

Table 13. Cape Verde: Summary Accounts of the Bank of Cape Verde, 2001–05
(Millions of Cape Verde escudos, unless otherwise indicated)

Bank of Cape Verde						
Net foreign assets	4,053	5,945	8,632	8,088	10,698	15,308
<i>Of which:</i> net international reserves	3,221	5,100	7,984	7,528	10,524	15,109
Foreign assets	4,212	6,115	9,135	8,818	11,526	16,523
Foreign liabilities	-160	-170	-503	-730	-828	-1,215
Short-term foreign liabilities	-128	-138	-407	-645	-772	-1,151
Medium- and long-term foreign liabilities	-32	-32	-96	-85	-57	-63
Net domestic assets	9,499	8,635	7,605	9,201	7,790	5,828
Net domestic credit	10,867	9,976	9,728	10,651	9,439	6,889
Trust Fund claims	4,167	4,167	4,167	4,605	4,605	4,605
Net claims on central government	4,444	4,183	4,103	4,424	3,594	1,093
Credit to central government	5,043	4,857	5,302	5,373	4,779	4,779
Deposits of central government	-598	-675	-1,199	-948	-1,184	-3,685
<i>Of which:</i> project accounts	-211	-331	-397	-393	-277	-351
<i>Of which:</i> foreign currency deposits	-272	-256	-330	-456	-426	-1,347
Claims on local government	0	0	0	0	0	0
Credit to the economy	1,157	1,189	1,184	1,212	1,196	1,163
Credit to public enterprises	82	82	72	72	61	54
Credit to private sector	1,075	1,106	1,112	1,107	1,106	1,094
Claims on nonbank financial institutions	0	0	0	33	30	15
Credit to commercial banks	1,099	438	275	410	44	27
Other items (net)	-1,368	-1,341	-2,123	-1,451	-1,649	-1,061
Assets	2,276	2,616	2,345	2,396	2,438	2,482
Liabilities	3,644	3,957	4,468	3,847	4,086	3,543
Reserve money (M0)	13,552	14,581	16,237	17,289	18,489	21,136
Currency outside banks	6,458	6,703	6,459	6,516	6,765	7,634
Cash in vaults	597	650	1,013	808	1,072	1,058
Deposits of commercial banks	6,496	7,227	8,764	9,964	10,630	12,443
Deposits of private sector	0	0	0	0	0	0
Deposits of other financial institutions	1	1	1	0	21	2
Deposits of public sector (local govt and PSE)						
Gross international reserves (millions of euros)	30.4	47.5	76.1	74.1	102.4	147.5
Net international reserves (million of euros)	29.2	46.3	72.4	68.3	95.4	137.0
Reserve money (12-month change in percent)	15.8	7.6	11.4	6.5	6.9	14.3

Sources: Bank of Cape Verde, and staff estimates and projections.

Table 14. Cape Verde: Summary Accounts of Commercial Banks, 2001–05
(Millions of Cape Verde escudos, unless otherwise indicated)

	2001	2002	2003	2004	2005	2005 (proj.)
Commercial banks						
Net foreign assets	3,086	3,612	2,699	2,368	3,089	6,581
Foreign assets	5,031	5,374	4,706	4,616	5,386	11,026
Foreign liabilities	-1,945	-1,762	-2,007	-2,248	-2,297	-4,445
<i>of which: Nonresident deposits</i>	-1,551	-1,353	-1,650	-1,847	-2,022	-3,520
Net domestic assets	32,155	35,481	43,199	48,000	52,994	58,428
Net domestic credit	37,410	41,993	49,964	54,625	59,582	66,016
Net claims on general government	13,091	13,316	16,521	16,531	17,485	19,165
Trust Fund claims	6,433	6,433	6,433	6,433	6,433	6,433
Other government deposits (INPS)	-466	-614	-186	-402	-495	-569
Net claims on central government	7,180	7,493	10,265	10,433	11,472	13,324
Loans and overdrafts	5,056	5,483	6,704	7,302	7,872	9,657
Holding of government securities	2,983	3,015	4,540	4,423	4,835	5,609
Deposits of central government	-859	-1,005	-979	-1,291	-1,234	-1,941
Net claims on local government	-57	3	8	67	75	-24
Claims on local government	289	261	266	239	209	232
Deposits of local government	-347	-258	-259	-172	-134	-256
Credit to the economy	18,326	21,239	23,941	27,731	30,439	33,378
Credit to public enterprises	73	133	158	108	101	422
Credit to private sector	18,252	21,099	23,778	27,619	30,325	32,945
Claims on nonbank financial institutions	0	7	6	4	14	11
Net claims on the Bank of Cape Verde	5,994	7,438	9,502	10,363	11,658	13,473
Total reserves	7,093	7,877	9,777	10,772	11,702	13,500
Vault cash	597	650	1,013	808	1,072	1,058
Deposits with central bank	6,496	7,227	8,764	9,964	10,630	12,443
Required reserves	6,343	7,037	8,262	9,570	10,095	11,052
Excess reserves	153	190	503	394	535	1,391
Credit to the Bank of Cape Verde	-1,099	-438	-275	-410	-44	-27
Other items (net)	-5,256	-6,513	-6,765	-6,625	-6,588	-7,587
Deposit liabilities to nonbank residents	35,241	39,092	45,898	50,368	56,083	65,009
Local currency deposits	33,043	36,987	43,796	48,135	53,402	61,650
Demand deposits	13,672	14,056	16,161	16,473	17,640	21,084
<i>Of which: emigrant deposits</i>	1,387	1,765	2,133	2,202	2,591	3,394
Quasi money	19,371	22,931	27,636	31,662	35,762	40,566
Time deposits	18,081	21,802	25,857	29,983	34,313	38,390
<i>Of which: emigrant deposits</i>	10,015	12,672	15,817	18,918	21,521	23,825
Other quasi-monetary deposits	1,290	1,130	1,779	1,679	1,449	2,176
Foreign currency deposits	2,198	2,106	2,101	2,232	2,682	3,359
<i>Of which: emigrant deposits</i>	1,075	1,148	1,092	1,033	979	1,100
Memorandum items:						
Emigrant deposits (ratio to total deposits)	0.30	0.34	0.36	0.39	0.40	0.39
Other deposits (ratio to total deposits)	0.70	0.66	0.64	0.61	0.60	0.61
Composition of emigrant deposits	1.00	1.00	1.00	1.00	1.00	1.00
Local currency	0.91	0.93	0.94	0.95	0.96	0.96
Demand	0.11	0.11	0.11	0.10	0.10	0.12
Time	0.80	0.81	0.83	0.85	0.86	0.84
Foreign currency	0.09	0.07	0.06	0.05	0.04	0.04

Sources: Bank of Cape Verde, and staff estimates and projections.

Table 15. Cape Verde: Interest Rate Structure, 2001–05
(Annual average, percent)

	2001	2002	2003	2004	2005
Refinance rate	8.5	8.5	8.5	8.5	8.5
Average T-bill rates	9.7	8.3	5.9	6.5	4.1
91 days	9.5	7.9	5.8	6.2	4.2
182 days	10.3	8.0	5.8	6.4	4.1
364 days	9.2	9.0	6.2	6.9	4.1
Lending rates (average)	13.8	14.1	13.4	13.4	13.0
Up to 90 days	12.8	13.2	12.7	12.7	12.3
From 91 to 180 days	13.3	13.5	13.1	13.1	12.6
From 181 days to one year	13.6	13.9	13.3	13.4	12.9
From one to two years	14.4	15.1	14.3	14.2	13.7
From two to five years	14.2	14.6	13.6	13.6	13.1
More than five years	14.3	14.5	13.6	13.6	13.2
Time deposit rates					
Up to 60 days	6.1	6.2	5.1	4.7	4.4
From 61 to 90 days	4.3	4.6	4.1	4.0	3.6
From 91 to 180 days	4.7	4.9	3.9	3.5	3.3
From 181 days to one year	6.1	6.2	5.2	4.4	4.3
More than one year	7.5	7.5	6.2	5.7	5.3
Emigrants time deposit rates					
From 30 to 180 days	6.8	7.9	6.2	5.5	5.0
From 181 days to one year	9.0	8.7	7.2	6.6	5.7
More than one year	9.8	9.6	8.1	7.9	6.5

Source: Bank of Cape Verde.

Table 16. Cape Verde: Balance of Payments, 2001–05
(Millions of Cape Verde escudos, unless otherwise indicated)

	2001	2002	2003	2004	2005
Current account balance (including official transfers)	-7,352	-8,328	-8,790	-11,799	-3,980
Trade balance	-23,958	-27,693	-30,065	-33,656	-30,960
Exports, f.o.b.	4,577	4,909	5,150	5,093	7,891
Imports, f.o.b.	-28,535	-32,602	-35,215	-38,749	-38,851
Services (net)	1,254	1,285	1,347	2,743	5,149
Credit	15,981	18,554	19,736	21,096	23,668
<i>Of which:</i> tourism	6,539	6,881	8,306	8,496	9,566
Debit	-14,727	-17,270	-18,389	-18,353	-18,519
Income (net)	-577	-1,701	-1,258	-1,570	-2,966
<i>Of which:</i> Government interest payments	-478	-719	-514	-549	-551
Current transfers (net)	15,929	19,782	21,187	20,685	24,797
Official	2,501	4,159	4,776	4,697	4,090
Private	13,428	15,623	16,411	15,989	20,706
Capital and financial account (net)	8,970	12,233	7,204	9,584	7,173
Capital transfers	2,644	1,824	2,481	2,089	1,821
Direct investment (net)	2,079	1,126	1,531	1,812	1,708
Net official flows	-499	647	1,448	517	2,080
<i>Of which:</i> Amortization	-2,435	-2,182	-2,101	-2,403	-2,234
Other capital	3,410	8,085	2,281	5,166	1,763
Commercial banks	-2	15	-602	-536	-2,696
Emigrant deposit flows	3,108	3,457	3,111	2,938	3,227
Commercial credit (net)	663	2,577	-603	203	564
Other	-358	2,036	375	2,561	669
Net errors and omissions	621	685	1,052	5,541	1,808
Overall balance	2,239	4,590	-534	3,327	5,000
Financing	-2,239	-4,590	534	-3,327	-5,000
Gross international reserves (– =accumulation)	-2,331	-2,792	102	-3,338	-4,964
<i>Of which:</i> IMF (net)	0	354	291	127	380
Exceptional financing	93	-1,798	432	11	-36
Memorandum items:					
Current account (including official transfers) ¹	-10.6	-11.4	-11.1	-14.4	-4.6
Current account (excluding official transfers) ¹	-14.2	-17.2	-17.1	-20.1	-9.3
Overall balance ¹	3.2	6.3	-0.7	4.1	5.7
Gross international reserves	5,238	8,391	8,173	11,296	16,260
In months of next year's import of goods and service	1.3	1.9	1.7	2.4	3.0
External public debt	39,202	41,068	45,724	44,362	48,303
Exchange rate per U.S. dollar (average)	123.2	117.2	97.7	88.8	88.7

Sources: Bank of Cape Verde, and staff estimates and projections.

¹ Percent of GDP.

Table 17. Cape Verde: Merchandise Exports, 2001–2005
(Millions of Cape Verde escudos)

	2001	2002	2003	2004	2005
Agricultural products	10.9	0.0	3.4	0.0	0.0
Fish and crustaceans	37.7	58.8	48.2	109.0	635.0
Fish (including tuna)	27.0	20.1	8.9	41.6	600.6
Canned	9.2	4.0	6.6	5.4	4.9
Frozen	17.3	12.9	0.9	35.2	159.3
Fresh	0.5	3.2	1.4	1.0	436.4
Shellfish and lobster	10.7	38.7	39.3	67.4	34.4
Hides and skin	2.9	57.0	1.6	0.0	0.0
Shoes and shoe parts	511.2	445.4	381.8	415.9	245.0
Miscellaneous	1456.8	645.7	801.1	809.4	691.4
Clothing	606.5	574.5	674.1	766.3	614.3
Electronic components	26.4	11.3	0.0	0.0	0.0
Other	12.3	59.9	127.0	43.1	77.1
Total national exports	1207.8	1234.7	1236.0	1334.3	1571.4
Total reexports	2955.1	3315.4	3574.1	3517.4	6039.2
Total exports	4162.9	4550.1	4810.1	4851.7	7610.6

Sources: Bank of Cape Verde, Directorate of Customs, National Statistics Institute, and staff estimates.

Table 18. Cape Verde: Merchandise Imports, c.i.f., 2001–2005

(Millions of Cape Verde escudos, unless otherwise indicated)

	2001	2002	2003	2004	2005
Consumer goods	12,571	12,732	13,403	14,503	16,042
Primary food products	1,356	1,809	1,847	1,497	1,717
Intermediate food products	7,132	6,565	7,006	8,370	8,819
Transport materials	1,418	1,167	1,269	1,068	1,177
Other durable goods	753	1,008	1,024	1,355	1,871
Other semidurable goods	775	919	906	867	843
Other nondurable goods	1,137	1,265	1,353	1,345	1,615
Intermediary goods	6,027	7,535	7,137	8,554	9,553
Primary food products	195	208	198	710	284
Intermediate food products	89	134	127	124	214
Other primary products	111	81	92	95	117
Agricultural products	16	11	18	21	21
Finished food products	124	134	135	144	118
Shoe products	103	142	97	125	135
Other industrial products	235	293	301	277	345
Construction materials	2,326	3,025	3,069	3,915	4,578
Of which: cement	976	1,164	1,315	1,467	1,737
metal	714	1,034	1,170	1,424	1,473
Wood products	783	676	964	893	1,017
Electrical materials	659	1,401	614	642	769
Other intermediate products	1,205	1,253	1,418	1,426	1,748
Parts and accessories for transport materials	181	178	104	182	207
Capital goods	4,560	6,220	4,647	5,172	6,536
Machines	2,589	2,944	2,218	2,883	3,296
Of which: Agriculture	13	27	10	40	20
Industry	105	182	263	126	318
Construction	160	98	122	209	222
Telecommunication	162	118	124	298	203
Transportation	1,349	2,112	2,006	1,942	2,770
Cars	0	494	321	321	277
Air planes	2	0	1	0	0
Ships	22	415	355	540	1,170
Tractors	423	933	1,068	778	915
Engines	623	1,164	424	347	470
Petroleum imports	1,520	1,635	4,329	2,862	2,691
Of which: fuel oil	274	192	515	607	549
diesel oil	882	950	2,355	1,359	1,891
gasoline	154	319	268	262	251
kerosene	0	11	0	0	0
Other imports	5,297	4,147	4,697	3,237	3,422
Total merchandise imports, c.i.f.	29,974	32,269	34,213	34,326	38,245
Total merchandise imports, f.o.b.	28,535	32,583	33,403	31,293	34,749
Ratio of imports c.i.f. to imports f.o.b. ¹	105	99	102	110	110

Source: Cape Verde authorities.

¹ In percent.

Table 19. Cape Verde: International Trade in Services, 2001–05

(Millions of Cape Verde escudos)

	2001	2002	2003	2004	2005
Total services (net)	1,253.6	1,284.6	1,346.6	2,742.8	5,247.9
Credit	15,980.7	18,554.2	19,735.8	21,095.7	23,767.2
Transport	6,244.0	8,674.3	8,108.6	8,792.5	9,399.7
Sea	399.0	205.8	191.6	330.2	600.5
Air	5,844.9	8,468.5	7,917.0	8,462.3	8,799.1
Travel	6,621.5	7,007.4	8,453.9	8,725.3	9,963.2
Business	82.4	126.7	147.8	229.4	397.2
Personal	6,539.1	6,880.7	8,306.1	8,495.9	9,566.0
Tourism	6,539.1	6,880.7	8,306.1	8,495.6	9,565.9
Communications	1,334.3	1,474.4	1,425.3	1,516.4	1,677.8
Construction	19.9	7.4	8.0	0.0	0.0
Insurance	304.1	36.2	115.4	153.5	145.3
Financial services	4.4	8.5	14.2	5.5	58.3
Information services	11.5	3.3	4.2	9.1	1.5
Royalties and licences	16.1	68.5	7.2	0.0	0.0
Other	1,424.9	1,274.3	1,598.9	1,893.4	2,521.4
Debit	-14,727.1	-17,269.5	-18,389.2	-18,352.9	-18,519.3
Transport	-6,183.8	-8,001.1	-8,787.4	-8,083.1	-8,686.5
Sea	-3,090.7	-3,216.3	-3,092.6	-2,939.4	-3,484.5
Air	-3,093.1	-4,784.8	-5,694.8	-5,143.7	-5,202.0
Travel	-5,877.4	-6,690.3	-7,079.8	-6,899.8	-5,953.6
Business	-647.5	-866.1	-913.3	-645.5	-1,030.0
Personal	-5,229.9	-5,824.2	-6,166.5	-6,254.3	-4,923.6
Tourism	-4,005.6	-4,312.1	-4,438.8	-3,913.4	-3,489.8
Communications	-524.7	-560.1	-338.5	-257.5	-298.0
Construction	0.0	-0.2	0.0	0.0	-0.3
Insurance	-455.0	-524.0	-510.1	-641.5	-672.1
Financial services	-342.4	-86.3	-185.6	-226.0	-346.4
Information services	-240.1	-289.1	-289.2	-336.4	-420.1
Royalties and licences	-16.6	-23.2	-4.5	-23.1	-6.1
Other	-1,086.9	-1,095.4	-1,194.0	-1,885.5	-2,136.2

Source: Bank of Cape Verde.

Table 20. Cape Verde: Direction of Trade, 2001–05
(Percent of total)

	2001	2002	2003	2004	2005
Exports	100.0	100.0	100.0	100.0	100.0
France	0.1	21.9	25.9	1.1	1.2
Germany	0.6	0.8	1.9	1.7	2.8
Netherlands	0.2	0.1	0.5	0.2	1.5
Italy	0.0	0.3	0.2	0.1	1.4
Portugal	79.1	36.2	31.5	59.0	34.5
Spain	0.2	0.1	0.2	0.7	39.6
United Kingdom	0.1	24.9	17.0	11.3	3.7
United States	17.7	7.8	18.5	17.1	9.5
Other	2.0	7.9	4.3	8.7	5.7
Imports	100.0	100.0	100.0	100.0	100.0
Belgium	3.8	3.0	3.9	3.4	4.6
Brazil	2.3	1.8	2.7	4.1	4.3
China, P.R.	0.9	0.6	0.8	0.7	1.2
Côte d'Ivoire	0.8	2.8	1.3	0.4	2.3
France	3.3	3.4	4.2	2.5	4.8
Germany	3.2	5.5	2.2	1.8	1.6
Italy	3.1	3.5	3.2	4.2	8.0
Netherlands	7.3	6.8	9.1	8.4	7.0
Portugal	45.8	46.3	47.2	42.1	41.4
Senegal	0.4	1.9	0.5	0.4	0.4
Spain	4.2	3.7	3.6	5.3	5.5
United Kingdom	1.7	2.9	2.9	1.4	1.8
United States	3.2	3.2	2.8	12.4	2.2
Other	20.1	14.8	15.6	12.9	15.0

Source: Direction of Trade Statistics, IMF.

Table 21. External Trade with CEDEAO Countries, 2001-05
(Millions of Cape Verde escudos)

	2001		2002		2003		2004		2005	
	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
Total	409.0	14.3	556.7	46.6	1,436.7	17.0	688.7	12.5	758.3	7.1
Benin	0.0	0.0	31.3	0.0	0.0	0.0	0.0	0.0	38.7	0.0
Côte d'Ivoire	243.8	0.0	201.1	0.0	907.0	0.0	327.3	0.0	302.9	0.0
Ghana	3.0	0.0	0.5	0.0	47.1	0.0	60.6	0.0	75.5	0.0
Gambia, The	5.3	0.0	2.2	0.0	1.3	0.0	0.0	0.0	0.0	0.5
Guinea-Bissau	5.3	0.0	6.1	5.3	2.5	0.5	11.6	7.8	4.1	3.6
Guinea Conakry	0.0	0.0	1.0	2.0	0.0	0.0	0.0	1.5	23.5	3.0
Liberia	0.0	0.0	0.0	0.0	50.2	0.0	0.0	0.0	161.8	0.0
Mali	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Mauritania	0.0	7.0	0.0	24.4	0.0	11.9	0.0	0.0	0.0	0.0
Nigeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Senegal	151.6	7.3	314.6	14.9	428.6	4.6	288.1	3.2	151.8	0.0
Sierra Leone	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Togo	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0
Total external trade	28,803.0	1,210.8	32,269.4	1,234.7	34,235.2	1,236.1	34,308.6	1,333.3	38,913.3	1,571.6
countries in the total external trade (percent)	1.4	1.2	1.7	3.8	4.2	1.4	2.0	0.9	1.9	0.5

Source: General Directorate of Customs (DGA).

Table 22. Cape Verde: Primary Income from Abroad, 2001–05
(Millions of Cape Verde escudos)

	2001	2002	2003	2004	2005
Total primary income (net)	-576.7	-1,701.3	-1,258.4	-1,570.4	-2965.7
Credit	831.0	834.3	1,599.2	1,601.7	1649.2
Investment income	684.8	788.5	1,582.7	1,567.3	1636.6
<i>Of which:</i> Trust Fund	402.5	503.4	508.4	638.6	363.3
Compensation of employees	146.2	45.8	16.5	34.4	12.5
Debit	-1,407.7	-2,535.5	-2,857.5	-3,172.1	-4614.9
Investment income	-1,373.1	-2,504.5	-2,803.9	-3,117.6	-4502.7
Government interest	-478.1	-719.3	-514.4	-549.4	-550.8
Other investment income	-895.0	-1,785.2	-2,289.5	-2,568.2	-3,951.9
Compensation of employees	-34.6	-31.0	-53.7	-54.5	-112.2

Source: Bank of Cape Verde.

Table 23. Cape Verde: Private and Government Transfers, 2001–05
(Millions of Cape Verde escudos)

	2001	2002	2003	2004	2005
Current transfers (net)	15,928.8	19,781.9	21,187.1	20,685.4	24796.7
Private (net)	13,428.1	15,623.0	16,410.9	15,988.6	20706.4
Credit	16,478.5	18,022.7	18,096.9	19,713.8	23286.4
Emigrant remittances	8,851.8	9,126.8	9,514.0	8,750.8	11018.4
Other transfers	7,626.6	8,896.0	8,582.8	10,963.1	12268.1
Debit	-3,050.4	-2,399.7	-1,685.9	-3,725.2	-2580.1
Remittances	-352.9	-571.7	-646.5	-1,005.4	-346.8
Other	-2,697.4	-1,828.0	-1,039.4	-2,719.8	-2233.3
Official (net)	2,500.7	4,158.9	4,776.2	4,696.8	4090.3
Credit	2,584.0	4,209.7	4,877.8	4,803.9	4271.1
Foreign exchange	1,947.1	2,138.6	3,104.2	3,388.1	3379.2
Food	391.9	925.4	867.0	590.5	177.3
Other ¹	245.0	1,145.7	906.6	825.4	714.7
Debit	-83.3	-50.8	-101.6	-107.1	-180.8

Source: Bank of Cape Verde.

¹ Includes unclassified food and equipment aid.

Table 24. Cape Verde: Government External Debt, 2001-2005

(Millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005
Total	298.7	383.0	506.5	548.0	503.9
Multilaterals	222.9	292.0	381.1	426.7	395.6
IMF	0.0	3.3	7.6	9.6	12.7
IDA	100.3	142.8	194.1	222.5	213.9
Others	122.6	145.9	179.4	194.6	169.0
Official Bilaterals	68.2	76.6	104.6	101.5	93.9
Paris Club	40.3	46.8	72.1	68.8	65.3
Non-Paris Club	17.0	18.7	22.3	24.9	23.8
Commercial	7.6	14.3	20.7	19.7	14.4
Multilateral	222.9	292.0	381.1	426.7	395.6
AfDF ¹	77.5	94.9	118.6	129.9	114.7
IDA	100.3	142.8	194.1	222.5	213.9
IMF	0.0	3.3	7.6	9.6	12.7
BADEA ¹	16.0	19.8	25.0	28.3	23.9
AfDB ¹	0.2	0.1	0.0	0.0	0.0
EIB ¹	7.6	6.8	6.9	5.9	4.1
OPEC ¹	6.0	5.7	6.7	6.5	5.8
IFAD ¹	7.7	10.0	12.5	14.1	12.4
Saudi Fund ¹	0.4	0.3	0.0	0.0	0.0
NDF ¹	2.2	2.6	3.3	3.5	3.0
NTF ¹	5.0	5.6	6.4	6.4	5.2
Bilateral	74.6	84.0	113.5	109.7	99.6
Government	57.4	65.6	94.5	93.7	89.1
China	12.7	15.1	18.2	19.7	17.0
Kuwait	4.3	3.6	4.1	5.2	6.8
Portugal	24.5	29.2	34.4	32.2	33.8
South Africa	...	...	...	...	...
Abu Dhabi	0.1	0.0	0.0	0.0	0.0
Germany	9.5	10.3	11.1	10.6	8.0
Russia	0.0	0.0	17.8	17.8	17.8
Export credit agencies	17.1	18.4	19.0	16.0	10.5
Caisse Général des Dépôts	4.2	5.1	4.2	2.7	0.9
ICO (Spain)	6.2	7.3	8.8	8.2	5.7
CACEX (Brazil)	2.3	2.7	3.3	3.6	3.1
SOMEK (Portugal)	4.4	3.2	2.7	1.6	0.8
Private companies	7.6	14.3	20.7	19.7	14.4
Banco Espirito Santo	7.6	14.3	20.7	19.7	14.4
MSF (Portugal)	...	...	...	...	...
Total (excluding arrears)	305.1	390.3	515.3	556.1	509.6
Stock of external debt arrears	14.5	7.5	17.2	0.0	0.0
Total (including arrears)	319.5	397.9	532.5	556.1	509.6

Source: Ministry of Finance and Public Administration.

¹ AfDF = African Development Fund; BADEA = Arab Bank for Economic Development for Africa; AfDB = African Development Bank; EIB = European Investment Bank;

OPEC = Organization of Petroleum Exporting Countries; IFAD = International Fund for Agricultural Development;

Saudi Fund = Saudi Fund for Development; NDF = Nordic Development Fund; and NTF = Nigeria Trust Fund.

Table 25. Cape Verde: Summary of the Tax System
(As of end-2004)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1. Single income tax (Imposto Único sobre Rendimentos or, IUR; Decree-Law 1/96 of 1/15/96; Law 1/V/96 of 6/20/96; Law 16/V/96 of 12/30/96; and, Law 1116/V/99 of 12/20/99).	<p>Taxpayers</p> <p>The IUR applies to the following:</p> <ul style="list-style-type: none"> • all national or foreign companies, whether commercial or civil in commercial form, partnerships, joint-stock companies, cooperatives, public enterprises, and corporate persons under public or private law, with headquarters or actual management on Cape Verdean territory; • individuals engaged in import or export activities with turnover exceeding CVEsc 5 million a year; • unincorporated entities resident in Cape Verde (e.g., unsettled estates, legal entities declared invalid, unincorporated civil companies, commercial companies, or civil companies in commercial form); and • individuals or corporations not resident in Cape Verde, as long as they produce or earn any income in Cape Verde. 	<p>Exemptions</p> <p>The following exemptions apply:</p> <ul style="list-style-type: none"> • The state, municipalities, and any of their services or establishments are exempt, even if identified as individual taxpayers, provided that they do not engage in commercial, industrial, agricultural, fishing, or service-providing activities. • Social welfare institutions and labor unions or associations are exempt regarding the activities for which they were legally established, and provided that they do not engage in commercial, industrial, agricultural, service-providing, or capital investment activities. • The Bank of Cape Verde is exempt from payment on the income earned from operations that it carries out as General Cashier of the Treasury and related activities. • Also exempt are associations legally established to perform cultural, recreational, or sporting activities and which meet all the following conditions: there are no distributed profits; and no member of their corporate bodies has a direct or indirect interest in their operating profit. 	<p>The following rates apply:</p> <ul style="list-style-type: none"> • 20 percent for enterprises subject to pre-assessment; • 30 percent for enterprises subject to direct assessment (except for financial institutions, for which a rate of 30 percent applies); • 20 percent on interest from term deposits; • 15 percent on other capital income (dividends, profit sharing, advances on profits, and gambling profits); and • 20 percent on profits earned by nonresidents (on billing volume). <p>Note: The rates will be published in the State Budget Law.</p>

Table 25. Cape Verde: Summary of the Tax System
(As of end-2004)

Tax	Nature of Tax	Exemptions and Deductions	Rates
		<p>Interest from emigrants' term deposits and TCMFs are exempt.</p> <ul style="list-style-type: none"> • The income of (a legally established) agricultural, fishing, housing, education, or handicraft production cooperative is exempt, provided that at least three-fourths of its workers are members and none owns more than 10 percent of the cooperative's equity capital, and that turnover does not exceed CVEsc 10 million. • Fishing, artisanal, or industrial activities are exempt, provided that annual turnover does not exceed CVEsc 3 million. • Income from treasury securities is exempt. 	
		<p>Personal tax base</p> <p>Insofar as it applies to individual income, the IUR is chargeable on overall annual income in the following categories:</p> <ul style="list-style-type: none"> • Category A comprises income from property; • Category B covers commercial and industrial income, including capital gains, provision of services, and agricultural and fishing income; • Category C constitutes capital income and other income such as that from gaming, lotteries, and mutual betting; and 	<p>The following are also exempt</p> <ul style="list-style-type: none"> • annual income of CVEsc 150,000 or less; • staff of diplomatic or consular missions; • foreign staff of foreign organizations; • clerics, when exercising their spiritual mission; • salaries or other income paid to employees and workers on leave for treatment abroad;

Table 25. Cape Verde: Summary of the Tax System
(As of end-2004)

Tax	Nature of Tax	Exemptions and Deductions	Rates																		
		<ul style="list-style-type: none"> family allowances granted under law; cost allowances up to the limits set by law; cash shortage allowances up to 10 percent of monthly salary; occasional medical or hospital allowances, and retirement pensions up to CVEsc 960,000 a year; and severance payments arising from contract rescission or extinction of public employment, if agreed between the employer and the worker. 																			
	<ul style="list-style-type: none"> Category D comprises wage and salary income, including reserve and retirement pensions, alimony, and fixed-term, life, or other kinds of annuities. 																				
	<p>Assessment methods</p> <p>Three assessment methods are used:</p> <ul style="list-style-type: none"> Under self-assessment (<i>método declarativo</i>), a return is submitted by the taxpayer or, in cases of tax substitution, by the entity legally required to do so. Pre-assessment (<i>método de estimativa</i>) is applied to all individuals not considered to be companies for tax purposes as envisioned in the industry schedule (<i>Tabela Geral das Indústrias</i>). The taxable base is determined on a presumptive basis, taking into account the turnover and kind of business, or normal production and market conditions if returns are not filed. Under direct assessment (<i>método de verificação</i>), the taxable base is based on the taxpayer's filed return, 																				
			<p style="text-align: center;">IUR Annual Calculation Schedule (Individuals)</p> <table border="1"> <thead> <tr> <th>Overall annual income (In Cape Verde escudos)</th> <th>Marginal Rate (In percent)</th> <th>Average Rate</th> </tr> </thead> <tbody> <tr> <td>Less than 300,000</td> <td>15.0</td> <td>15.0</td> </tr> <tr> <td>300,001 – 630,000</td> <td>20.0</td> <td>17.6</td> </tr> <tr> <td>630,001 – 1,260,000</td> <td>27.5</td> <td>22.6</td> </tr> <tr> <td>1,260,001 – 1,890,000</td> <td>35.0</td> <td>26.7</td> </tr> <tr> <td>More than 1,890,000</td> <td>45.0</td> <td>...</td> </tr> </tbody> </table>	Overall annual income (In Cape Verde escudos)	Marginal Rate (In percent)	Average Rate	Less than 300,000	15.0	15.0	300,001 – 630,000	20.0	17.6	630,001 – 1,260,000	27.5	22.6	1,260,001 – 1,890,000	35.0	26.7	More than 1,890,000	45.0	...
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		<p>Deductions</p> <p>The following deductions apply: up to CVEsc 160,000 for single, widowed, or divorced individuals; CVEsc 210,000 for single-income married couples; CVEsc 330,000 for married couples with two or more incomes; CVEsc 80,000 for individuals resident abroad; CVEsc 25,000 for each child, up to a maximum of CVEsc 100,000; and 80 percent of receipts from housing rental, up to a maximum of CVEsc 144,000.</p> <p>Also deductible are interest and charges on home purchase or improvement loans, up to a maximum of CVEsc 144,000;</p>																			

Table 25. Cape Verde: Summary of the Tax System
(As of end-2004)

Tax	Nature of Tax	Exemptions and Deductions	Rates
	<p>which derives from the accounting data.</p> <p>The tax due in accordance with these methods is paid in two installments.</p>	<p>pension allowances that the taxpayer is required to pay, up to a maximum of CVEsc 240,000; 40 percent of income from liberal professions, up to a maximum of CVEsc 80,000; mandatory social security or union contributions paid by industrial or commercial workers; life, health, or accident insurance premiums, up to a maximum of CVEsc 30,000; and grants to schools, homes for the aged and childcare centers, up to a maximum of CVEsc 240,000.</p>	
		<p>50 percent of health expenses, CVEsc 50,000 every two years for purchase of computer equipment, and interest on loans for payment of health expenditures are deductible.</p>	
		<p>Wages and salaries subject to IUR; rents subject to real estate tax; fees paid to perform any activity; contributions to unions and union funds; and insurance premiums and trade association fees are deductible.</p>	
		<p>There is a 10 percent abatement of tax payable by eligible companies that used Cape Verdean merchant ships to carry at least 50 percent of their imports during the base year, and an amount equal to the discount rate plus 2 percent is applied to tax obligations settled in advance.</p>	

Table 25. Cape Verde: Summary of the Tax System
(As of end-2004)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<p>2. Value Added Tax (Imposto Sobre o Valor Acrescentado, IVA; Law 14/VI/2002 of 09/19/2002, Law 21/VI/2003 of 07/14/03, Law 33/VI/03 of 09/15/03)</p>	<p>Levied on value added, using the invoice-credit method: VAT is levied on domestic sales of goods and services and on imports, with deductions for VAT paid on inputs to production of taxable goods.</p> <p>A special regime is in place for VAT applied to administered prices (electricity, water, telecommunication, transports and combustibles).</p> <p>Threshold of 180 thousand per year.</p>	<p>Zero rated: exports of taxable goods and services.</p> <p>Exemptions</p> <p>Animal, agricultural, fishing products and forestry (e.g. meat, fish, milk, cheese, eggs, vegetables, fruit, cereals); medical services; education and training; social protection; sports and recreation; scientific and cultural activities (e.g. courses, conferences, seminars, theater, music, film, arts etc); postal services; intellectual property; newspapers and books; political, religious, humanitarian and patriotic activities; pharmaceutical products including veterinary for therapeutic purpose and prophylaxis; financial service such as insurance; postal stamps; gambling; real estate subject to the Real Estate Tax; rental of property; funerary services; trash removal; public radio and television.</p>	<p>15 percent except for lodging, restaurants and hotel establishment services where the tax rate is 6 percent.</p>
<p>3. Special Consumption Tax (Imposto sobre Consumos Especiais, ICE; Law 14/VI/2002 of 09/19/2002; Law 48/VI/2004 of 07/26/2004)</p>	<p>Ad valorem excise duty applied to consumption and imports. Tax is applied to tobacco, alcoholic beverages, beauty and luxury products, fuel, old vehicles, arts.</p> <p>Duties are levied on most imported</p>	<p>Exemptions</p> <p>Products related to diplomatic and consular relations and to international organizations; exports and raw materials used as a basis for production of medical, sanitary, scientific and laboratory products; goods subject to customs regulation.</p>	<p>10 percent except for alcoholic beverages where 30 percent is levied and</p> <p>Vehicles older than: 4 years - 30 percent 6 years - 60 percent 10 years - 150 percent</p> <p>Tractors older than: 4 years – 10 percent 6 years – 20 percent 10 years – 60 percent</p> <p>5, 10, 20, 30, 40 and 50 percent</p>

Table 25. Cape Verde: Summary of the Tax System
(As of end-2004)

Tax	Nature of Tax	Exemptions and Deductions	Rates
4. Customs Duties (Direitos de Importação, DI; Law 14/VI/2002)	goods, generally ad valorem on the c.i.f value, except for		
5. Real estate tax (Law 1543/63, amended by Law 61/IV/92 of 12/30/92; and Law 94/IV/93 of 12/31/93).	Charged on rural and urban property, whether rented or owner occupied. It is based on the rent charged or on the annual rental value established by the permanent valuation committee. The tax due is paid in one or two equal installments.	<p>Exemptions</p> <p>Government buildings, including those occupied by economic coordination agencies; buildings belonging to local and administrative institutions that do not produce rent or ground rent; buildings occupied by hospitals, shelters, or other social welfare institutions; buildings used for religious services; public interest institutions; rent-exempt schools; facilities of sports associations; diplomatic or consular buildings; private secondary school buildings worth more than CVEsc 1 million if situated in Praia or Mindelo or those worth more than CVEsc 500,000 elsewhere in the country, for 15 years; finished buildings, for 6 years (rental) or 10 years (owner occupied), from the completion of construction; nonproductive rural properties; rural properties used for certain crops, for 10-20 years from the start of cultivation; and rural buildings with yearly rent below CVEsc 5,000 and urban buildings with yearly rent below CVEsc 100,000.</p>	A rate of 3 percent is applied to both rural and urban buildings.

Table 25. Cape Verde: Summary of the Tax System
(As of end-2004)

Tax	Nature of Tax	Exemptions and Deductions	Rates																																								
		Deductions																																									
		For urban properties, 15 percent of rental value is deductible as maintenance expense.																																									
		For rural properties, normal expenses with cultivation, maintenance, and sale of products. Also deductible are improvements to rural buildings, construction of and improvements to rural buildings, and administration, fertilizer, seeds, wages, and some inputs. Taxable income shall be no less than 40 percent of the gross income obtained from agricultural activity.																																									
6. Municipal vehicle tax (Law 61/IV/92 of 12/30/92; and Ministerial Order 1/93 of 1/20/93).	Levied yearly on motor vehicles.	All exemptions have been abolished.	<p>Up to 5 yrs 5-10 yrs > 10 yrs (Cape Verde escudos) Automobiles</p> <table border="1"> <tr> <td>Up to 1,000</td> <td>900</td> <td>500</td> <td>300</td> </tr> <tr> <td>1,001 - 1,300</td> <td>1,200</td> <td>800</td> <td>400</td> </tr> <tr> <td>1,301 - 1,750</td> <td>1,600</td> <td>1,100</td> <td>500</td> </tr> <tr> <td>1,751 - 2,600</td> <td>3,800</td> <td>1,800</td> <td>900</td> </tr> <tr> <td>2,601 - 3,500</td> <td>5,400</td> <td>2,700</td> <td>1,400</td> </tr> <tr> <td>Over 3,500</td> <td>8,400</td> <td>4,200</td> <td>2,100</td> </tr> </table> <p>Motorcycles</p> <table border="1"> <tr> <td>51 - 180</td> <td>400</td> <td>300</td> <td>200</td> </tr> <tr> <td>181 - 350</td> <td>600</td> <td>400</td> <td>200</td> </tr> <tr> <td>351 - 750</td> <td>900</td> <td>600</td> <td>300</td> </tr> <tr> <td>Over 750</td> <td>1,600</td> <td>900</td> <td>500</td> </tr> </table>	Up to 1,000	900	500	300	1,001 - 1,300	1,200	800	400	1,301 - 1,750	1,600	1,100	500	1,751 - 2,600	3,800	1,800	900	2,601 - 3,500	5,400	2,700	1,400	Over 3,500	8,400	4,200	2,100	51 - 180	400	300	200	181 - 350	600	400	200	351 - 750	900	600	300	Over 750	1,600	900	500
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