



Cape Verde Ninth Poverty Reduction Support Credit (P147015)

AFRICA | Cabo Verde | Macro Economics & Fiscal Management Global Practice |
IBRD/IDA | Development Policy Lending | FY 2015 | Seq No: 1 | ARCHIVED on 23-Jun-2016 | ISR24028 |

Implementing Agencies:

Key Dates

Key Project Dates

Bank Approval Date:16-Jun-2015

Effectiveness Date:03-Sep-2015

Planned Mid Term Review Date:--

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2015

Revised Closing Date:31-Dec-2015

Program Development Objectives

Program Development Objective (from Program Document)

The operation cover actions under two pillars: (i) Enhancing macro-fiscal stability; and (ii) strengthening Cabo Verde's competitiveness. The development objective of the first pillar is to strengthen Cabo Verde's fiscal position, rebuilding fiscal space, and thus securing macro-fiscal sustainability. The development objectives of the second pillar are to enable the private sector and strengthen Cabo Verde's economic growth potential. Both macro-fiscal stability and private sector-led growth are necessary conditions to eradicate poverty and boost shared prosperity.

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Moderately Satisfactory
Overall Implementation Progress (IP)	--	● Moderately Satisfactory
Overall Risk Rating	--	● Moderate

Implementation Status and Key Decisions

The government has made important progress on key policy and institutional reforms supported under this PSRC series. However, more needs to be done in a few areas to achieve the results agreed. The work on SOEs and investment climate are two areas of concern.



Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Moderate	--	● Moderate
Macroeconomic	● High	--	● High



Sector Strategies and Policies	● Low	--	● Low
Technical Design of Project or Program	● Low	--	● Low
Institutional Capacity for Implementation and Sustainability	● Moderate	--	● Moderate
Fiduciary	● Low	--	● Low
Environment and Social	● Moderate	--	● Moderate
Stakeholders	● Low	--	● Low
Other	--	--	--
Overall	● Moderate	--	● Moderate

Results

Results Indicators

► Domestic revenue to GDP ratio (%) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	21.60	--	26.40	23.00
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The growth in revenues reflected the impact of revenue measures introduced in 2013 and 2014. This included, among other things, standardizing the VAT at 15 percent across all sectors and broadened the VAT base to include previously exempted sectors, such as water, energy, communications, and road transportation services.

► Overall deficit to GDP ratio (%) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.3	--	3.7	lower than 7
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The rapid improvement in the deficit is attributable to faster than expected increase in revenues, as well as, continued rationalization of public investment. Public investment of the central government has been falling since 2013.



► Total financing including on-lending to SOEs to GDP ratio (%) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	14.4	--	3.5	lower than 10
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

This result reflect both a contraction in demand given the improved performance of some of the larger SOEs (due in part to the introduction of performance based management contracts with some entities), as well as fall in supply from central government given limited resources. They also recently passed legislation strengthening the oversight capacity of the Ministry of Finance for the SOEs sector.

► Percentage of ministries and government entities in the single treasury account (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	95.00	100.00
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The authorities are on track to meet the target with the remaining entities (mainly the assembly, embassies, military and the office of the president) to be included by end 2016.

► Percentage of sector ministries implementing programmatic-based budgeting (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	100.00	100.00
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The preparation of the 2015 and 2016 budgets were consistent with programmatic-based budgeting framework. However, a timeline for the resubmission of the supporting legislation to parliament for discussion is not available.



► Percentage of new public investment projects in the budget appraised by NIS (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0	--	0	Higher than 50 percent
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The NIS system is unlikely to be operational before the 2018 budget. The authorities have secured the services of a Canadian firm to assist with development of the system. A draft manual has already been prepared. On the side of the government, there is no formal unit in place to maintain the system when the consultancy ends.

► Consolidated net results of the five major SOEs (in CVE millions) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	-1583	--	positive	positive
Date	31-Dec-2012	--	31-Dec-2014	--

Comments

The consolidated results for 2015 is not yet available. However, preliminary information (including TACV) suggests the net results for 2015 will be negative.

► Contingent liabilities of SOEs (in CVE billion) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	18.2	--	13.4	lower than 15
Date	31-Dec-2012	--	31-Dec-2014	31-Dec-2016

Comments

The results for 2015 are not yet available.



► Number of SOEs with result-based management contracts (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	--	6.00	5.00
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The authorities are moving to increase the number of companies with result-based management contract.

► Electra net result (in million CVE) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	-823.5	--	negative	positive
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

Preliminary information from the authorities indicate that ELECTRA recorded a loss in 2015. The result was largely influenced by the performance on the island of Santiago.

► Electra technical and commercial losses as a share of total energy generation (%) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	28.7	--	24.9	lower than 20
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

ELECTRA is receiving support from the Bank to improve its overall operational efficiency.



► Roads in good and fair conditions as a share of total roads (%) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	--	65.00	80.00
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

In 2015, the government built and repaired a number of roads. The island of Santiago was one of the main beneficiaries.

► TACV's net results (in million of CVE) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	-3211.5	--	-2748	higher than -1000
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

TACV made a profit for the first time in 2014, due to a one-off sale of its ground handling services to ASA , but returned to a loss in 2015

► TACV's cabin factor (%) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	60	--	65	70
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

Cabin factor improved on account inter-island flights with Boa Vista, Sal and Sao Filipe among popular destinations.



► ASA revenue (in million CVE) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5598	--	4698	higher than 6000
Date	31-Dec-2012	--	31-Dec-2014	31-Dec-2016

Comments

The results for 2015 are not yet available.

► Number of ports with Public Private Participation arrangements in place (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0	--	0	3
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The authorities are in the process of finalizing arrangements to concession three of the countries ports to a West African port management firm.

► Time to import (days) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	18	--	20	Lower than 15 days
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The authorities have been implementing measures to reverse the recent increase in the number of days to import.



▶ Time to export (days) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	19	--	20	Lower than 12 days
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

▶ Number of investment projects processed through the single window for investment (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0	--	more than 100	30
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The authorities have initiated more than 100 projects through the single window. However, only 3 have completed the process.

▶ Tourism board established (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The recently installed government is planning to have this in place in coming months.

▶ Capital adequacy ratio (Basel 1) for the overall financial sector (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	12.5	--	16	higher than 12 percent
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

The central bank has been implementing measures to improve the set of financial soundness indicators (asset quality, capital, etc.).



► Non-Performing Loans (NPL) as a share of total loans (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	14.8	--	16.5	Lower than 15
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

Reducing NPLs has been a challenge. However, the authorities are exploring options to improve delinquent loan recovery rates (linked to enhancement of insolvency proceedings)

► Number of beneficiaries of TVET program (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1500	--	Higher than 4000	higher than 5000
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

TVET has become a major avenue for training and retooling for jobs mainly in the tourism sector.

► Percentage of new projects with EIA audited by DGA (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10	--	60	70
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Comments

Environment is a major asset of Cape Verde and the basis upon which the economy grows. This has been recognized by the national authorities who have been strengthening the efforts to improve effective environmental governance and management. All projects



processed through the single window have the EIA audited by the DGA.

► Number of protected areas with legal definition published in the Official Bulletin (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3	--	44	higher than 40
Date	31-Dec-2012	--	31-Dec-2015	31-Dec-2016

Overall Comments

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P147015	IDA-56810	Closed	XDR	7.20	7.20	0.00	7.20	0.00	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P147015	IDA-56810	Closed	16-Jun-2015	26-Jun-2015	03-Sep-2015	31-Dec-2015	31-Dec-2015

Tranches

Restructuring History

There has been no restructuring to date.



Related Operations

P127411-CV-DPL 4-PRSC VIII ,P146619-Poverty Reduction Support Credit II ,P149963-Second Economic Reform Support Operation ,P151502-Poverty Reduction Support Credit III ,P158698-Third Social Protection System Support (SPS-3) ,P160236-Second Programmatic Energy and Water Sector Reforms DPL
