

Early Warning System

WB-P165631

Cabo Verde DPO

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Quick Facts

Countries	Cape Verde
Financial Institutions	World Bank (WB)
Status	Approved
Bank Risk Rating	U
Voting Date	2018-08-30
Borrower	REPUBLIC OF CABO VERDE
Sectors	Finance, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	$ 20.00 million
Project Cost (USD)	$ 20.00 million

Project Description

According to bank documents, the project objective is to reduce fiscal risks and enhance fiscal management in support of sustainable private-sector led growth. The design of the DPF series responds directly to the macro-fiscal vulnerabilities which weigh on the government's efforts to boost growth and shared prosperity. This operation supports the authorities in their efforts to stem the debt generation process – both in the central government and state-owned enterprises (SOEs) - by revisiting the role of the State in the provision of infrastructure services, improving the legislative framework supporting budget and debt management, and enhancing the alignment of national investment planning with growth objectives. Support to engender greater private sector activities in the country features strongly in the DPF series, notably through important reforms in the transport sector. This selectivity was based on the combination of the government's priorities, the findings of the recent Systematic Country Diagnostic and other analytical work in Cabo Verde.

To support the government's reform agenda in the areas of fiscal risks management and strengthening efficiency and accountability in support of fiscal consolidation, the series is organized around two pillars:

1. Pillar A covers key reforms to reduce fiscal risks from SOEs while supporting private sector-led provision of infrastracture services. The government aims to reduce capitalization, direct subsidies and transfers to SOEs. Concurrently, direct guarantees to the sector will also be reduced, limiting central government's exposure to the sector. Notable reforms include introducing greater private sector participation in the transport sector as well as improving the management of government companies and assets.
2. Pillar B covers reforms to strengthen efficiency and accountability in fiscal management in support of fiscal consolidation. The government aims to:
    i. boost tax revenues through streamlining tax exemptions and revoking undue exemptions;
    ii. rationalize expenditure;
    iii. enact new legislation to create the enabling environment for modern debt management to strengthen the existing budget management practices; and,
    iv. enact legislation which strengthens the powers of the Court of Accounts to improve transparency and accountability.

Investment Description

- World Bank (WB)

Contact Information

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Implementing Agency:
Ministry of Finance
Republic of Cabo Verde

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Bank Documents

- Cabo Verde - First Development Policy Financing on Fiscal Management and Growth (English) [Original Source]