

 Early Warning System

WB-P171080

CABO VERDE SECOND STATE-OWNED ENTERPRISES FISCAL  
MANAGEMENT DEVELOPMENT POLICY FINANCING



## Quick Facts

|                                |                             |
|--------------------------------|-----------------------------|
| <b>Countries</b>               | Cape Verde                  |
| <b>Financial Institutions</b>  | World Bank (WB)             |
| <b>Status</b>                  | Proposed                    |
| <b>Bank Risk Rating</b>        | U                           |
| <b>Voting Date</b>             | 2020-03-19                  |
| <b>Borrower</b>                | Government of Cabo Verde    |
| <b>Sectors</b>                 | Finance, Industry and Trade |
| <b>Investment Type(s)</b>      | Loan                        |
| <b>Investment Amount (USD)</b> | \$ 15.00 million            |
| <b>Project Cost (USD)</b>      | \$ 15.00 million            |



## Project Description

The program objectives in this operation are (i) reducing fiscal risks from state-owned enterprises (SOEs) while improving service delivery in infrastructures and (ii) strengthening accountability and effectiveness in fiscal management.

The series is structured around two interrelated policy areas:

- Pillar A aims to reduce fiscal risks from SOEs and improve the management of public assets in the transport, energy, housing and ICT sectors while promoting private sector involvement in the delivery of these key services for enhanced performance. Capitalization and direct subsidies and transfers to the TACV, IFH and ELECTRA fluctuate from year to year but averaged over 2 percent of GDP per year between 2014-2018. Concurrently, explicit guarantees to the same entities average 7 percent of GDP. There is also significant on-lending by the central government to ELECTRA and IFH, which is a source of contingent liabilities. The reforms supported by the series are expected to minimize fiscal exposure to these entities while improving the quality of air and maritime transportation and energy services. Overall, the program includes: (i) repositioning the role of the State in the provision of international air and maritime interisland transportation; (ii) reducing ELECTRA's commercial losses and revisiting tariffs to improve the financial position of the utility while supporting affordability of services for low-income households; (iii) restructuring the Casa Para Todos(CPT) social housing program to increase its performance and reduce related debt service risks; and (iv) adopting regional directives opening access to ICT wholesale broadband infrastructure, so as to boost sound competition and reduce cost of service.
- Pillar B support reforms which aim at strengthening accountability and effectiveness in budget and debt management. Building on the first operation on the series, key policy actions focus on: (i) implementing new budget and debt legislation for more effective and transparent management, clearly linking the medium-term fiscal framework with fiscal and debt targets; (ii) implementing legislation which strengthens the powers of the Court of Accounts - which is the supreme audit institution (SAI) responsible for the supervision of the legality of public expenditures and the audit of public accounts; (iii) enhancing tax transparency, streamlining tax exemptions and revoking undue exemptions ; and (iv) rationalizing public investment selection



## Investment Description

- World Bank (WB)



## Contact Information

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## ACCOUNTABILITY MECHANISM OF WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing [ipanel@worldbank.org](mailto:ipanel@worldbank.org). You can learn more about the Inspection Panel and how to file a complaint at: <http://ewebapps.worldbank.org/apps/ip/Pages/Home.aspx>.



## Bank Documents

- [Concept Program Information Document \(PID\) - CABO VERDE SECOND STATE-OWNED ENTERPRISES FISCAL MANAGE](#)  
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