

Cabo Verde

FY24 Progress

Component: Spending

Module: SM II - Managing Public Finances

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Key Progress in FY24:

A capacity development (CD) mission supported the authorities in amending the public private partnership (PPP) legal framework and integrating climate-related analysis into PPP project appraisal, selection, procurement, and contract management procedures. Additionally, the CD mission helped the authorities draft the first version of the PPP Manual. The objective of the PPP Manual is to support the implementation of an effective PPP program that can attract private sector investment and participation in providing public infrastructure services, strengthen awareness and knowledge of the PPP decision-making process, standardize these processes, and contribute to the Government of Cabo Verde's national development priorities, including climate change objectives. To this end, the manual incorporates climate change considerations into the PPP project cycle with a specific focus on climate resilience.

The amended PPP legal framework and manual are a key reform measure that the authorities have committed to within the Resilience and Sustainability Facility (RSF) program.

The government's success in implementing the new PPP legal framework will depend heavily on strengthened capacity in all stages of the project cycle. Currently, skills for dealing with long-term and complex infrastructure projects such as PPPs remain very limited. Building climate change related capacity within all institutions involved in the PPP lifecycle is particularly essential to implement a solid climate-sensitive PPP framework.

Cross-cutting Priority Activity:

Climate Change: Cabo Verde has made extensive use of public-private partnership (PPP) arrangements. PPPs are likely to become increasingly important as a means of addressing climate-related investment needs, where the resources and expertise of both the public and private sectors must converge to tackle the existential challenges facing the island. In this context, the legal framework and manual are crucial for developing climate-sensitive PPPs particularly for transparency and allocating climate risk liabilities upfront between the government and PPP partners.

Coordination/Cooperation:

The activity has been developed in close collaboration with the World Bank (WB) which is also supporting the government in climate-sensitive public investment management.