Cape Verde: Public Sector Reform and Capacity Building

Cape Verde was the first single party state to hold pluralistic elections in the African subcontinent in 1991. This process provided extraordinary momentum for reforms. The principal objective of the Public Sector Reform and capacity Building project, declared effective in 1994, was to support the government’s broader program to transform and modernize key public institutions, the laws supporting them, and the personnel staffing them, thereby helping sustain the overall economic and social reform program which the government had initiated.

Impact on the ground
The project had a major impact on the debate on governance issues. Commitment to project objectives permeated all levels of government as well as the private sector.

- Two-thirds of the civil servants completed training courses; this was accompanied by a strengthening of the local training institution. Some 427 persons were part of the first phase of an Early Retirement Program (ERP); a successful pilot led to the early voluntary departure of 311 civil servants. However, the government did not implement the second phase of the ERP, and the Voluntary Departure Program did not secure adequate donor funding to be continued.

- New local and public finance laws were passed in 1998 to regulate fiscal decentralization and accountability.

- Delegation of revenue generation and financing authority to the municipalities was implemented, as well as the transfer of key civil servants from the central to local governments.

- Inter-municipal technical support offices were established covering 12 municipalities and integrating some 270 civil servants.

- A National Institute of Statistics was established which has produced revised national accounts. The institute has a stronger capacity and mandate to co-ordinate statistical analysis across government agencies.

- A management information system for a Pluri-annual Public Investment Program has been installed.

- A debt management system using the Commonwealth Secretariat Debt Reporting system was set up.

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• A legal framework for planning is under preparation to integrate investment and recurrent budgets at the central and local levels.

• Economic management is now firmly governed by laws, including the law on the budget preparation process and execution, the public procurement law, the laws on domestic debt reduction, and the related overseas trust fund, the emergency and economic development fund law, and the protocol regulating currency convertibility arrangements with Portugal.

• Legal and judicial reform and modernization of the justice system has been promoted through the drafting of legislation and regulations to promote private sector development; a pilot Family and Labor Court was created.

• Under the public procurement component, steps taken included the enactment of legislation on the harmonization of institutional procedures to improve public procurement, selective revision of procurement legislation, and training for staff of the Public Procurement and Assets Management Department and departments of administrative services in ministries.

Lessons learned

• Strong government commitment to reform increases the probability that a substantial portion of the project reform objectives will be met, if not always in the exact form anticipated at appraisal. However, the Bank should not overestimate the capacity of a willing and committed government to carry out complex reforms.

• A communication strategy that targets not only potential resistance pockets (civil servants fearing retrenchment), but also beneficiaries (involvement of stakeholders in discussing new laws) is essential.

• Project complexity is not always a problem if the project is adequately supervised and flexible in design.

• For improved economic management, it is necessary to address budget formulation and execution and to emphasize issues of transparency and accountability.

• Capacity building efforts must be linked to monitorable performance. If a monitoring and evaluation system is not established sufficiently early, the absence of benchmarks will undermine the evaluation of the project.

*This Infobrief is excerpted largely from Implementation Completion Report No. 21648 and the OED's Evaluation Summary. For more information, please e-mail Helene Grandvoinnet: Hgrandvoinnet@worldbank.org*