Board Meeting of December 23, 1997
Statement by Sun Vithespongse

**Cape Verde: Country Assistance Strategy and Economic Reforms Support Operation Credit**

1. We welcome this opportunity of discussing CAS document and Economic Reforms Support Operation Credit to Cape Verde. We commend the staff for preparing this candid, frank and informative document. We would also like to congratulate the government and the people for successfully emerging Cape Verde as one of the top performers of the Sub-Saharan Africa Region in socio-economic development. Nevertheless, Cape Verde has enormous upfront socio-economic problems such as poverty, unemployment, food security, huge stock of debt, etc., which need immediate plan of action. Cape Verde needs support from the donor/lender communities in its efforts to integrate the country into the world economy. We appreciate the government’s vision and economic reform program as outlined in the National Development Plan (NDP). However, as rightly stated in the CAS document, NDP’s strategy in the public investment and the public/private partnership issue have to be carefully reassessed.

2. We also support the Bank Group’s strategy and the assistance program as proposed in the CAS. However, I have a few comments:

   First, the CAS recognizes the difficult physical environment and underdeveloped infrastructure in Cape Verde, and the government has given priority to this sector, but the Bank’s strategy does not offer any kind of intervention in this sector. I would appreciate staff’s clarification on this.

   Second, I would also appreciate staff’s clarification on the CAS’s assumption of near future government savings which, I believe, seem over optimistic in the light of huge government debt and borrowings.

   Third, I would also like to hear from the staff on the magnitude of vulnerability of remittances.

   Finally, we support the credit in the amount of SDR 21.80 million to the Republic of Cape Verde for an Economic Reforms Support Operation.
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