CAPE VERDE'S TACV SECURES $11MN IN LOANS AS LOSSES CONTINUE

News / Finance

The **Cape Verdian** government has authorized the extension of two financial **loans** to struggling national carrier **TACV** - Cabo Verde Airlines (VR, Praia). An official government gazette published earlier this month says the Treasury will extend CVE950 million (USD9.26 million) in preferential loans to TACV while an additional EUR2 million (USD2.2 million) has been sourced from the Angolan Investment Bank (Banco Angolano de Investimentos - BAI).

The funds will be used to shore up the airline's working capital while allowing it to pay for the repair of various aircraft engines.

Saddled with CVE10 billion (USD97.46 million) in legacy debts, government has considered either privatizing the airline or undertaking a comprehensive restructuring of its operations to help turn it around. Though government publicly announced it was looking for strategic investors for TACV roughly a year ago, no takers have been wiling to commit to the loss-making airline. Among the prospective investors were Okay Airways (BK, Tianjin) and TAAG Angola Airlines (DT, Luanda) reports at the time suggested.

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During a meeting with the airline's pilot union last week, Cape Verdean Prime Minister José Maria Neves said despite the lack of commitment from abroad, government would continue to protect the carrier and its staff given its strategic importance to the archipelago, located some 500 kilometres off the coast of Senegal.

In the meantime, the findings of a government-sponsored audit will shortly be presented following which a decision on whether to pursue in-house restructuring will be undertaken, Neves added.

Founded in 1958, TACV operates an ATR42-500, two ATR72-500s, one B737-800, and one B757-200 on flights throughout the Cape Verde as well as to the United States, Netherlands, Guinea Bissau, Senegal, Brazil, Spain, Portugal, and France.

15 NOVEMBER 2015

SOURCE: CH AVIATION
ARTICLE LINK:
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