

DISBURSEMENT AGREEMENT

by and among

THE MILLENNIUM CHALLENGE CORPORATION,

**THE MINISTRY OF FINANCE AND PLANNING, ON BEHALF OF THE
GOVERNMENT OF THE REPUBLIC OF CAPE VERDE,**

and

**MCA-CAPE VERDE
(when MCA-Cape Verde duly executes this Agreement)**

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Exhibit A: Form of MCC Disbursement Request

Schedule 1: Conditions Precedent

DISBURSEMENT AGREEMENT

This DISBURSEMENT AGREEMENT (the “*Agreement*”) is made this 17th day of October, 2005 by and among the Millennium Challenge Corporation, a United States Government corporation (“*MCC*”), the Ministry of Finance and Planning (the “*Ministry*”), on behalf of the Government of the Republic of Cape Verde (the “*Government*”), and MCA-Cape Verde, an independent unit established under the laws of Cape Verde (“*MCA-Cape Verde*”). MCC, the Ministry and MCA-Cape Verde (when it duly executes this Agreement) are sometimes referred to herein individually as a “*Party*” and together as the “*Parties*. All capitalized terms that are used but not defined herein shall have the meaning given such terms in that certain Millennium Challenge Compact by and between the United States of America, acting through MCC, and the Government signed in Praia, Cape Verde on July 4, 2005 (the “*Compact*”).

RECITALS

WHEREAS, the Compact sets forth the general terms and conditions on which the United States, through MCC, will provide MCC Funding to the Government to use to implement the Program in the Republic of Cape Verde (“*Cape Verde*”) and achieve the Compact Goal and Objectives contemplated by the Compact;

WHEREAS, prior to the Entry into Force, the Government must deliver to MCC an executed copy of this Agreement, in form and substance satisfactory to MCC, which further specifies the terms and conditions on which MCC Disbursements and Re-Disbursements will be made in furtherance of the Compact;

WHEREAS, prior to the payment of any MCC Disbursement or Re-Disbursement, the Ministry and MCA-Cape Verde, on behalf of the Government, must satisfy, or cause or ensure the satisfaction of, the terms and conditions specified in this Agreement and other relevant Supplemental Agreements; and

WHEREAS, the Parties wish to enter into this Agreement to further specify the terms and conditions on which MCC Disbursements and Re-Disbursements are made in furtherance of the Compact;

WHEREAS, the Government is in the process of forming and organizing MCA-Cape Verde to oversee and manage the implementation of the Compact on behalf of the Government; and

WHEREAS, the Government desires to have the Ministry exercise the rights and perform the obligations of MCA-Cape Verde on an interim basis until MCA-Cape Verde duly executes this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

ARTICLE I.

DISBURSEMENTS

Section 1.1 Disbursements.

(a) MCC Disbursements.

(i) MCA-Cape Verde shall submit MCC Disbursement Requests, in the form attached hereto as Exhibit A, to MCC for MCC Disbursements under the Compact. MCA-Cape Verde shall ensure that any request for an MCC Disbursement shall be in accordance with the terms and conditions set forth in the Compact, this Agreement and any other Supplemental Agreement between the Government (or Government Affiliate) and MCC or between two or more of the Parties (together, the "**Compact Documents**"). MCC Disbursement Requests may be made on a quarterly basis, or at such other interval as the Parties may otherwise agree from time to time (each such period of time, a "**Disbursement Period**"), and shall be submitted to MCC no later than 20 days prior to the commencement of the Disbursement Period during which the proceeds of the MCC Disbursement are to be applied.

(ii) Upon receipt of an MCC Disbursement Request, MCC shall determine the appropriate amount of the MCC Disbursement for the subsequent Disbursement Period, which disbursement, in whole or in part, shall be (A) calculated on the basis of, among other things, the progress under the Implementation Plan and in the implementation of the Compact, (B) subject to the satisfaction, waiver or deferral of applicable terms of and conditions to such MCC Disbursement in this Agreement or any other Compact Document, and (C) compliance with any other terms and conditions in this Agreement or any other Compact Document. MCC reserves the right, in its sole discretion, to reduce the amount of any MCC Disbursement in accordance with Section 3.7 of this Agreement, Sections 2.1(a)(ii) and 2.2(b) of the Compact or other applicable provisions of any Compact Document entered into by MCC.

(iii) MCC shall make each MCC Disbursement in U.S. Dollars to a Permitted Account in accordance with the procedures and requirements set forth in the Fiscal Agent Agreement, the Bank Agreement (or such other documentation establishing a Permitted Account as contemplated herein) and any other Compact Documents. MCA-Cape Verde shall provide in writing to MCC the wire transfer instructions for the Permitted Account no later than ten (10) business days prior to the initial MCC Disbursement. In the event the Permitted Account changes during the Compact Term or such wire transfer instructions otherwise change, MCA-Cape Verde shall provide in writing to MCC any modifications to the wire transfer instructions then on file with MCC no later than ten (10) business days prior to the relevant MCC Disbursement.

(b) Re-Disbursements.

(i) Requests for payment of Re-Disbursements shall be submitted to the Fiscal Agent in the form and substance required by the Fiscal Agent in the Fiscal Agent Agreement, Fiscal Accountability Plan and otherwise in accordance with the terms of this

Agreement or any other Compact Document, including subject to the requirements set forth in the Governing Documents or the Procurement Agreement.

(ii) MCA-Cape Verde shall ensure that the Fiscal Agent authorizes payment of, and the Bank pays from the applicable Permitted Account(s) directly to the applicable party, any valid Re-Disbursement amount, in accordance with the procedures and requirements set forth in Fiscal Agent Agreement, Fiscal Accountability Plan, Bank Agreement and any other relevant Compact Documents.

(iii) Any Re-Disbursements shall be subject to the satisfaction of the applicable terms and conditions of such Re-Disbursement set out in this Agreement or any Compact Document, including Section 3.7.

Section 1.2 Limitations on Use of MCC Funding. MCA-Cape Verde shall ensure that the use or treatment of MCC Funding shall be subject to the limitations on the use or treatment of MCC Funding set out in the Compact, including Section 2.3 therein. Unless the Parties otherwise agree in writing, no financial commitment involving MCC Funding shall be made, no obligation of MCC Funding shall be incurred, and no MCC Disbursement or Re-Disbursement shall be made or MCC Disbursement Request submitted, for an activity or expenditure, unless the expense is provided for in the Financial Plan and unless uncommitted funds exist in the balance of the Financial Plan for the relevant period.

Section 1.3 Working Capital. There shall be at the beginning of each Disbursement Period an amount not to exceed five hundred thousand U.S. Dollars (USD\$500,000) in the aggregate of the Permitted Accounts, such amount to be reserved for working capital of the Program (“*Working Capital*”). In the event that the Working Capital amount in the Permitted Accounts is below the Working Capital limit set forth in the preceding sentence, the MCC Disbursement Request may include a request for replenishment of the Working Capital amount equal to the difference between the Working Capital amount and the total aggregate amount of Working Capital then in the Permitted Accounts, which request shall include an accounting for the expenditures of Working Capital since the initial disbursement of Working Capital or the most recent prior request for replenishment of the Working Capital amount, whichever is later.

ARTICLE II.

REPRESENTATIONS

Section 2.1 Ministry Representations as of Effective Date. The Ministry hereby provides, on behalf of itself and the Government, the following representations to MCC as of the Effective Date (as defined in Section 4.21):

(a) Powers; Authorization. The Ministry has the power and authority to execute, deliver and perform its obligations, and, pursuant to Section 4.1, any obligations of MCA-Cape Verde under this Agreement and each other agreement, certificate, or instrument contemplated hereby. The execution, delivery and performance by the Ministry of this Agreement and the transactions contemplated herein (i) have been duly authorized by all necessary action on the part of the Government and (ii) will not violate (a) any applicable law or regulation or (b) any

obligation of the Government, any Government Affiliate, including the Ministry and MCA-Cape Verde, or any other Permitted Designee. No other action, consent, approval, registration or filing with or any other action by any governmental authority is required in connection with the effectiveness of this Agreement or the execution and performance of this Agreement by the Ministry. This Agreement and the Compact are valid and binding agreements and legally enforceable obligations of the Government, including the Ministry.

Section 2.2 MCA-Cape Verde Representations Prior to MCC Disbursements. MCA-Cape Verde shall provide the following representations to MCC as of the date it executes this Agreement and as of the date of each MCC Disbursement Request, each of which representations MCA-Cape Verde shall confirm with all other necessary Government Affiliates prior to providing such representations to MCC:

(a) Powers; Authorization. MCA-Cape Verde is an independent unit administratively housed within the Ministry of Finance and Planning, duly organized, validly existing and in good standing under the laws of the Republic of Cape Verde. MCA-Cape Verde has the power and authority to execute, deliver and perform its obligations under this Agreement and each other agreement, certificate, or instrument contemplated hereby. The execution, delivery and performance by MCA-Cape Verde of this Agreement and the transactions contemplated herein (i) have been duly authorized by all necessary action on the part of the Government and MCA-Cape Verde, (ii) will not violate (a) any applicable law or regulation or (b) any obligation of the Government, any Government Affiliate, including the Ministry and MCA-Cape Verde, or any other Permitted Designee. No other action, consent, approval, registration or filing with or any other action by any governmental authority is required in connection with the effectiveness of this Agreement or the execution and performance of this Agreement by MCA-Cape Verde. This Agreement and the Compact are valid and binding agreements and legally enforceable obligations of the Government, including MCA-Cape Verde.

(b) Government Assurances. The assurances in paragraphs (a) through (d) of Section 3.4 of the Compact are true, correct and complete in all material respects as if made by the Government herein.

(c) Government Contributions. The Government has contributed such cash or other resources or made such payments as required by Section 2.2, Section 2.3(e), Section 2.5, Section 3.9 and Section 5.8 of the Compact, Section 3(b) of Annex I of the Compact, Annex II of the Compact, or by any other relevant provision of any Compact Document.

(d) No Liens. To the knowledge of MCA-Cape Verde, there are no liens or encumbrances of any kind on any Program Asset or Permitted Account.

(e) No Material Adverse Change. Since the date of the execution of the Compact, there has been: (i) no material breach or default of any assurance, representation, covenant or other obligation of the Government, any Government Affiliate (including the Ministry and MCA-Cape Verde), or any other Permitted Designee under any Compact Document or Supplemental Agreements to which it is a party or, to the knowledge of MCA-Cape Verde, any other Supplemental Agreements; (ii) substantial compliance by the Government, all Government Affiliates (including the Ministry and MCA-Cape Verde), any other Permitted Designee, and, to

the knowledge of MCA-Cape Verde, all Providers with the terms and provisions set forth in the Compact Documents applicable to such party, including Section 2.3 of the Compact; (iii) no material adverse change in the legal formation document or status of MCA-Cape Verde; (iv) no material modification, amendment, alteration, rescission, termination or suspension of any Supplemental Agreement other than as disclosed in writing to, and approved where necessary by, MCC; (v) no act, event or omission that has occurred nor any action pending or threatened that had or reasonably could be expected to have a material adverse change in or material adverse effect on: (A) the business, ministries, departments, property, operations, management, or condition, financial or otherwise, of the Government or any Government Affiliate (including the Ministry and MCA-Cape Verde) or, to the knowledge of MCA-Cape Verde, any other Permitted Designee, as it relates to any Compact Document, (B) the ability of the Government, any Government Affiliate (including the Ministry and MCA-Cape Verde) or any other Permitted Designee or, to the knowledge of MCA-Cape Verde, any Provider to perform any of its obligations in furtherance of the Compact or under any Supplemental Agreement or to exercise any of its rights under the Compact or any Supplemental Agreement, (C) the validity or enforceability of the Compact or any Supplemental Agreement, or (D) the Program, any MCC Funding, Accrued Interest, Program Asset or any Permitted Account or on the likelihood of successful implementation of the Compact consistent with the Compact terms (clauses (i) through (v) collectively referred to herein as a "***Material Adverse Change***").

(f) **No Untrue Statements or Material Omissions.** None of the representations and warranties made to MCC by the Government, any Government Affiliate (including MCA-Cape Verde), any other Permitted Designee, and to the knowledge of MCA-Cape Verde, any other Provider, the assurances by the Government made to MCC in any Compact Document, and the statements contained in any agreement, report, financial statement, communication or other document furnished by or on behalf of the Government, any Government Affiliate (including MCA-Cape Verde), any other Permitted Designee or, to the knowledge of MCA-Cape Verde, any other Provider to MCC in connection with any Compact Document (i) contains any untrue statement of material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading as of the time when made or delivered or (ii) omits any fact known to the Government, any Government Affiliate (including MCA-Cape Verde), or any other Permitted Designee, that if disclosed would (A) alter in any material respect the information delivered or (B) likely have a material adverse effect on the ability of the Government, any Government Affiliate (including MCA-Cape Verde) or any other Permitted Designee to effectively implement, or ensure the effective implementation of, the Program or any Project or to otherwise carry out its responsibilities or obligations under or in furtherance of the Compact or any other Compact Document.

(g) **No Programmatic or Other Variance.** MCA-Cape Verde is not aware of any fact or other information indicating that achievement of the Compact Goal and Objectives within the Compact Term (or satisfaction in a timely manner of the requirements of any component of the Implementation Plan or any Compact Document (including with respect to any conditions precedent for future MCC Disbursements) material to the achievement of the Compact Goal and Objectives within such period of time) is unlikely.

ARTICLE III.

CONDITIONS PRECEDENT

Section 3.1 Deliveries Prior to Initial Disbursement. Prior to, and as condition precedent to, the initial MCC Disbursement, the Ministry shall deliver, or ensure delivery of, the following documents to MCC:

- (a) A certificate, satisfactory to MCC, issued by the Ministry of Finance and Planning evidencing, among other things, (A) the tax exempt status of the MCC Funding, naming MCA-Cape Verde as permitted holder and certifying it has taken such other actions as may be necessary in the administration of the tax exemption contemplated by Section 2.3(e) of the Compact and (B) the designation of a Ministry representative to serve as the liaison with other Government agencies in the administration of such tax exemptions and any other matters as may be necessary for the effective implementation of the Compact;
- (b) Each of:
 - (i) The Fiscal Agent Agreement, which is duly signed by all of the parties thereto and is in full force and effect as of the date of the initial MCC Disbursement, without any alteration or suspension of any kind, [assignable to MCA-Cape Verde];
 - (ii) The Bank Agreement or such other documentation, acceptable to MCC, for the establishment of the Special Account and the Local Account, which is duly signed by all of the parties thereto and is in full force and effect as of the date of the initial MCC Disbursement, without any alteration or suspension of any kind, [assignable to MCA-Cape Verde];
 - (iii) A Procurement Review Commission Charter (which shall satisfy the requirements for a Procurement Review Commission Agreement as defined in the Compact), along with evidence that (A) the Procurement Review Commission has been established and (B) the members of the Procurement Review Commission have been duly nominated and appointed;
 - (iv) The Financial Plan for the Program and each Project, which (i) includes the Multi-Year Financial Plan, the annual Detailed Financial Plan for Year 1, and the quarterly Detailed Financial Plan for the first quarter of Year 1, (ii) is duly adopted by the Ministry acting in place of MCA-Cape Verde, and (ii) is in full force and effect as of the date of the initial MCC Disbursement, without any alteration or suspension of any kind;
 - (v) An interim Fiscal Accountability Plan, which is duly adopted by the Ministry and approved by MCC and is in full force and effect as of the date of the initial MCC Disbursement, without any alteration or suspension of any kind, with evidence of such interim Fiscal Accountability Plan being so adopted;
 - (vi) Evidence of the establishment of a baseline for allocation of domestic resources by providing a report, in accordance with the methodology agreed upon by the Parties, of actual national budget expenditures under the most recent available execution of actual

national budget or equivalent law of all resources, including the annual budget, extra-budgetary or off-budget funds, and state-owned enterprises that conduct activities for a public purpose.

- (c) MCC approval of the Detailed Financial Plan submitted pursuant to paragraph (b)(iv);
- (d) Evidence of the establishment of the Special Account and Local Account at the National Bank, acceptable to MCC;
- (e) An opinion of counsel to the Government acceptable to MCC, in form and substance acceptable to MCC; and
- (f) Such other documents required in this Agreement and other Compact Documents.

Section 3.2 Deliveries Prior to the Expiration of the Initial Operating Period. Prior to the expiration of Initial Operating Period, as a condition precedent to the MCC Disbursement immediately following the expiration of the Initial Operating Period and in no event later than as a condition precedent to the third quarter in the first year of the Compact Term, MCA-Cape Verde shall deliver, or ensure delivery of, the following documents to MCC:

- (a) Initial Operating Period Expiration Certificate. A certificate signed by the Managing Director and the Chairman of the Steering Committee dated as of such MCC Disbursement Request and satisfactory to MCC in form and substance, certifying that, other than as specifically provided therein:
 - (i) Attached thereto are true, accurate and complete copies of the following documents, in form and substance satisfactory to MCC, which MCC may post on its website or otherwise make publicly available, together with the following certifications as to such documents made by the Chairman of the Steering Committee and the Managing Director of MCA-Cape Verde:

- (1) This Agreement is a valid and binding agreement and a legally enforceable obligation of MCA-Cape Verde and MCA-Cape Verde has the full power and authority and has been authorized by all necessary action and approvals to execute, deliver and perform its obligations under this Agreement and each other agreement, certificate, or instrument contemplated hereby, and this execution, delivery, and performance by MCA-Cape Verde does not violate any applicable law, regulation or obligation of MCA-Cape Verde;
- (2) Each consent, license, approval, registration, permit, sanction, filing, registration, disclosure, consultation and other authorization (collectively, the “**Permits**”) necessary or appropriate in connection with the due execution and delivery of, and performance by, MCA-Cape Verde of its obligations hereunder and under any Compact Document has been obtained, is in full force and effect and is non-appealable;

- (3) The Governing Documents, including any internal regulations, bylaws or similar organizational resolutions or documents, and which are in full force and effect as of the date of the applicable MCC Disbursement Request, without any alteration or suspension of any kind, and such other documents, and any amendments thereto, evidencing that MCA-Cape Verde is (i) duly formed, organized and in good standing under the laws of Cape Verde and in accordance with the Compact and (ii) authorized to perform those Government Responsibilities and any rights and other obligations and responsibilities of the Government as may be designated to be carried out by MCA-Cape Verde in the Compact, this Agreement or any other Supplemental Agreement;
- (4) Evidence, satisfactory to MCC, that the Procurement Agreement has been duly executed by MCA-Cape Verde;
- (5) Evidence that the Fiscal Agent Agreement has been duly executed by MCA-Cape Verde;
- (6) Evidence, satisfactory to MCC, that the Bank Agreement (or other documentation acceptable to MCC) has been duly executed by MCA-Cape Verde;
- (7) Evidence, satisfactory to MCC, that the Procurement Review Commission Charter has been duly adopted and executed by MCA-Cape Verde;
- (8) An Employment Agreement between the Managing Director and MCA-Cape Verde, which is duly approved by the Steering Committee of MCA-Cape Verde and MCC, is duly signed by all of the parties thereto, and is in full force and effect as of the date of the applicable MCC Disbursement;
- (9) Evidence that the Financial Plan for the Program and each Project, which provided pursuant to Section 3.1 in connection with the initial MCC Disbursement Request was duly ratified and adopted by MCA-Cape Verde, without any alteration or suspension of any kind;
- (10) The Fiscal Accountability Plan, which is duly adopted by MCA-Cape Verde and approved by MCC and is in full force and effect as of the date of the Quarter 2 MCC Disbursement, without any alteration or suspension of any kind and evidence that the interim Fiscal Accountability Plan delivered prior to the initial Re-Disbursement was duly ratified and adopted by MCA-Cape Verde;
- (11) The Procurement Plan, which is duly adopted by MCA-Cape Verde and approved by MCC and is in full force and effect as of

the date of the Quarter 2 MCC Disbursement, without any alteration or suspension of any kind and evidence that the interim Procurement Plan delivered pursuant to Section 3.1 was duly ratified and adopted by MCA-Cape Verde;

- (12) The Procurement Guidelines has been duly adopted by the Steering Committee, without any alteration of any kind;
- (13) The M&E Plan has been duly adopted by the Steering Committee and approved by MCC, without any alteration of any kind;
- (14) Evidence of insurance obtained by the Government pursuant to Section 3.9 of the Compact and evidence of insurance obtained by MCA-Cape Verde.
- (15) Certificate issued by the Ministry of Finance and Planning regarding the tax exempt status of MCC Funding and Program Assets and naming MCA-Cape Verde as a permitted holder.

(ii) Attaches a written statement as to the incumbency and specimen signature of the Chairman and Managing Director of MCA-Cape Verde, executed by a duly authorized representative of MCA-Cape Verde other than the Chairman and the Managing Director;

(b) A copy of this Agreement duly executed by MCA-Cape Verde;

(c) An opinion of counsel to MCA-Cape Verde acceptable to MCC, dated as of the date of the applicable MCC Disbursement, in form and substance acceptable to MCC; and

(d) Such other documents required in this Agreement and other Compact Documents.

Section 3.3 Deliveries Prior to Each MCC Disbursement. Prior to, and as condition precedent to, each MCC Disbursement, MCA-Cape Verde shall deliver the following documents to MCC, in form and substance satisfactory to MCC:

(a) MCC Disbursement Request. A completed MCC Disbursement Request, in the form attached hereto as Exhibit A and otherwise satisfactory to MCC in form and content, which shall (i) be signed by the Managing Director of MCA-Cape Verde and certified by the Chairman of the Steering Committee, (ii) signed by the Fiscal Agent with respect to certain sections, and (iii) include the information required therein and the following supporting documentation, each of which shall be in form and substance satisfactory to MCC:

(i) Implementation Plan. Each of the following component documents of the Implementation Plan, to the extent that MCA-Cape Verde has not previously provided such documents to MCC:

- (1) The Detailed Financial Plan for the Disbursement Period to be covered by such MCC Disbursement Request, together with a description and justification, by each activity, of what will be

accomplished with the MCC Funding being requested during the Disbursement Period to be covered by such MCC Disbursement Request;

- (2) The Work Plan(s) for each activity to be funded by the MCC Disbursement to be covered by such MCC Disbursement Request;
- (3) Any other component documents of the Implementation Plan for the Disbursement Period to be covered by such MCC Disbursement Request;
- (4) Any proposed modification (together with a justification) to the Multi-Year Financial Plan, annual Detailed Financial Plan, Program and Project Work Plans, M&E Plan or other component documents of the Implementation Plan that is necessary or appropriate to accurately reflect the proposed implementation of the Program or satisfy in a timely manner of the requirements of any component of the Implementation Plan or any Compact Document, and if MCC approves such modification, the applicable component of the Implementation Plan shall be modified to reflect the approved modification; and
- (5) Any proposed waiver or deferral (together with a justification) of any condition precedent to the MCC Disbursement and Re-Disbursements in the Disbursement Period to which such MCC Disbursement Request applies (whether such conditions precedent are set forth in this Agreement or another document), and if MCC approves such waiver or deferral, the document where such condition precedent is specified shall be modified to reflect the approved waiver or deferral.

(ii) Management Discussion and Analysis. Other than with respect to the first two quarterly MCC Disbursements following the Entry into Force, one or more reports approved by the Steering Committee of MCA-Cape Verde that (A) compares the actual results or outputs of any Re-Disbursements made in the second most recent Disbursement Period to the Work Plans, M&E Plan, and any other component of the Implementation Plan relevant to such Disbursement Period and for the year to date, (B) describes the procurement activity during the second most recent Disbursement Period and how such procurement activity compares to the Procurement Plan for such Disbursement Period; and (C) satisfies any other reporting requirements related to MCC Disbursements or otherwise required under any Compact Document;

(b) MCA-Cape Verde Certificate. A certificate signed by the Chairman and the Managing Director of MCA-Cape Verde (“*MCA-Cape Verde Certificate*”), dated as of the date of such MCC Disbursement Request and satisfactory to MCC in form and substance, certifying that, other than as specifically provided therein:

(i) Attached thereto is a true, correct and complete copy of the resolution duly adopted by the Steering Committee of MCA-Cape Verde authorizing the execution and delivery of the MCC Disbursement Request to MCC;

(ii) (A) All of the representations made by MCA Cape Verde in Section 2.2 are true, correct and complete in all material respects as though made on the date of such MCC Disbursement Request and (B) no material default has occurred and is continuing;

(1) Under the Compact Documents or the Supplemental Agreements to which it is a party; or

(2) To the knowledge of the MCA-Cape Verde, under any other Supplemental Agreements;

(iii) The expenditure for each of the items included in the MCC Disbursement Request is provided for in the Financial Plan (as modified from time to time pursuant to the Governing Documents and delivered to MCC) and uncommitted funds exist in the balance of the Financial Plan for each such expenditure;

(iv) Attached thereto is a true, correct and complete copy of each Supplemental Agreement, including all amendments thereto, to which the Government, any Government Affiliate or MCA-Cape Verde has become a party since the Entry into Force and which have not been previously provided to MCC;

(v) Attached thereto is a true, correct and complete list of each Permit necessary in connection with the performance by MCA-Cape Verde of its obligations hereunder and under any Compact Document during the Disbursement Period covered by such MCC Disbursement Request, and each such Permit is validly issued and in full force and effect;

(vi) The documents attached to the MCA-Cape Verde Certificate and all Supplemental Agreements previously provided to MCC have not been modified, rescinded or amended and are in full force and effect;

(vii) Activities to be funded with the MCC Funding being requested by such MCC Disbursement Request will not violate Section 2.3 of the Compact and, as of the date of such MCC Disbursement Request, the MCC Funding, Accrued Interest or Program Assets have been or will be strictly used or applied in accordance with this Agreement, the Compact and all Supplemental Agreements;

(viii) There are no liens or encumbrances of any kind on any material Program Asset or any Permitted Account;

(ix) MCA-Cape Verde has maintained since the last MCC Disbursement a standard of 30 days to pay valid invoices and delivered to MCC satisfactory evidence of such prompt payment;

(x) Procurement actions have been posted on the MCA-Cape Verde Website for the previous Disbursement Period in accordance with the Procurement Guidelines; and

(xi) All reports (including financial reports) and other documents have been posted on the MCA-Cape Verde Website as required by Annex I of the Compact.

With respect to the initial MCC Disbursement, this MCA-Cape Verde Certificate may be delivered by the Ministry, in form and substance acceptable to MCC, with respect to clause (ii)(A) and clauses (iii), (iv), (vi), (viii), (xi) and clause (x)(with respect to any procurement to date) as if each were made by the Ministry and the Ministry shall certify that the Ministry has taken all necessary action to authorize and approve the execution and delivery of the MCC Disbursement Request and the execution and delivery of the MCC Disbursement Request by the Ministry is duly authorized, and the Ministry is duly authorized to act in all respects in the place of MCA-Cape Verde in connection with the initial MCC Disbursement.

(c) Fiscal Agent Certificate.

(i) A certificate, satisfactory to MCC in form and substance, signed by a duly authorized representative of the Fiscal Agent and dated as of the date of such MCC Disbursement Request ("***Fiscal Agent Certificate***") certifying that (1) the financial information regarding the Permitted Account(s) and statements of cash expenditures contained in the MCC Disbursement Request are true, correct and complete, together with an accounting of all Re-Disbursements made during the second most recent Disbursement Period (except there shall be no such certification required with respect to the initial and second MCC Disbursement Request), (2) all Taxes paid in the second most recent Disbursement Period have been reimbursed by the Government in accordance with the Compact and as specified in any Supplemental Agreement, and (3) as to such other matters or other certifications as may be required by the Fiscal Agent Agreement or other relevant Supplemental Agreement.

(ii) In connection with the initial MCC Disbursement, the Fiscal Agent Certificate shall also include a certification that (1) the execution, delivery and performance by the Fiscal Agent, including as signatory under the Bank Agreement (or as applicable such other documentation establishing a Permitted Account as contemplated herein) and the Fiscal Agent Agreement, has been duly authorized and the Fiscal Agent's compliance therewith and obligations therein are legal, valid and binding obligations of the Fiscal Agent, (2) the Permitted Accounts are duly established in accordance with the Compact and two or more senior authorized representatives of the Fiscal Agent have, or will have prior to any Re-Disbursement from such account, signatory authority on such accounts, and (3) the Fiscal Agent has, or will have by the time specified in the Fiscal Agent Agreement, engaged and in place in Cape Verde the relevant staff designated to perform the services required under the Fiscal Agent Agreement as of the date of the Fiscal Agent Certificate.

Section 3.4 Deliveries on Semi-Annual Basis. MCA-Cape Verde shall deliver the following documents to MCC on a semi-annual basis, in form and substance satisfactory to MCC, under the MCA-Cape Verde Certificate, certifying that such documents are true, correct and complete in all material respects, the timely delivery of which shall be a condition precedent to any MCC Disbursement for the quarter indicated:

- (a) A performance review report on compliance with the Environmental Guidelines (as amended from time to time) and environmental and social safeguards described in the Compact and related documents (Quarter 4, Years 1-5; Quarter 2, Years 2-5);
- (b) An audit report (financial audit) in accordance with the Compact and Audit Plan for the prior six (6) month period, to the extent the Audit Plan requires semi-annual financial audits, ending in the expiration of the second most recent Disbursement Period (Quarter 4, Years 1-5; Quarter 2, Years 2-5);
- (c) A performance review report on compliance with the Fiscal Accountability Plan for the six (6) month period ending on the expiration of the second most recent Disbursement Period conducted as part of the Audit Plan. (Quarter 4, Years 1-5; Quarter 2, Years 2-5);
- (d) A performance review report on compliance with the Procurement Guidelines for the six (6) month period ending in the expiration of the second most recent Disbursement Period conducted as part of the Audit Plan. (Quarter 4, Years 1-5; Quarter 2, Years 2-5);
- (e) An updated Procurement Plan that forecasts the upcoming eighteen month procurement activities under the Program; and
- (f) Evidence, satisfactory to MCC, that any insurance required under Section 3.9 of the Compact (effective as of the entry into force of the Compact) or under Section 3(d)(ii)(4) of Annex I of the Compact (effective as of the date of formation of MCA-Cape Verde or such other date as the Parties may otherwise agree) has been obtained and maintained.

Section 3.5 Deliveries on Annual Basis. MCA-Cape Verde shall deliver, or cause the delivery of, the following documents to MCC on an annual basis, in form and substance satisfactory to MCC, under the MCA-Cape Verde Certificate, certifying that such documents are true, correct and complete in all material respects, the timely delivery of which shall be a condition precedent to any MCC Disbursement for the quarter indicated:

- (a) An annual Detailed Financial Plan for the Program and each Project for the upcoming year, including estimated quarterly drawdown rates, together with a description and justification, by each activity, of what will be accomplished with the MCC Funding being requested during such annual period (Quarter 4, Years 1-4);
- (b) An audit report in accordance with the Compact and Audit Plan for the prior year (in the quarters established in the Audit Plan). Upon MCC's request, MCA-Cape Verde shall ensure simultaneous delivery by the Auditor of the audit report to MCA-Cape Verde, MCC and the Inspector General;
- (c) Any other reports generated based on first quarter annual reporting requirements specified in the Compact or any Supplemental Agreement (Quarter 2, Years 2-5);
- (d) A report, in accordance with the methodology agreed upon by the Parties, of the execution of the national budget expenditures of all resources, including the annual budget, extra-budgetary or off-budget funds, and state-owned enterprises that conduct activities of a

public purpose (submitted within ten (10) days after the final accounts for the previous year are completed);

(e) Evidence that the Government has reflected the financial activity of the Program in the budget documents of the Republic of Cape Verde on a multi-year basis (Quarter 2, Years 2-5);

(f) Evidence of fulfillment of all applicable requirements under the M&E Plan, including any data quality reviews. (Quarter 4, Years 1-4);

(g) Evidence of review and approval of the M&E Plan by the Steering Committee (Quarter 4, Years 1-4); and

(h) (A) Certified copies of Steering Committee minutes and resolutions and other charter documents adopted in the prior year, (B) certified copies of any Stakeholders' Committee minutes or material communications in the prior year, (C) evidence MCA-Cape Verde is in good standing in Cape Verde, and (D) certified copies evidencing the adoption of any modifications to Governing Documents or other charter documents mutually agreed upon by the Parties.

Section 3.6 Other Conditions Precedent to MCC Disbursements. Prior to, and as a condition precedent to, any MCC Disbursement, MCA-Cape Verde shall satisfy, as MCC determines in its sole discretion, any conditions relevant to such MCC Disbursement set forth in Schedule 1 (Conditions Precedent to Project Activities) attached hereto, in any component document of the Implementation Plan, and each of the following conditions; *provided*, that paragraphs (c) through (g) shall not apply to the initial MCC Disbursement:

(a) Activities to be funded with proceeds of the MCC Disbursement Request will not violate any applicable law, regulation or obligation of MCA-Cape Verde, including Section 2.3 of the Compact, and the MCC Funding, Accrued Interest, or Program Assets have been used or applied strictly in accordance with this Agreement, the Compact and all Supplemental Agreements;

(b) There has been no material negative finding in any Fiscal Agent or Audit reports delivered pursuant to Sections 3.4 or 3.5 or otherwise delivered to MCC;

(c) There has been satisfactory progress on the Work Plans for any relevant Projects or Project Activities related to such MCC Disbursement, including actual compliance with any additional conditions precedent to such disbursement set forth therein and substantial compliance with the requirements of such Work Plans, including any applicable reporting requirements for the relevant Disbursement Period;

(d) There has been satisfactory progress on the M&E Plan for the Program, relevant Project or Project Activity, including actual compliance with the targets set forth in the M&E Plan and substantial compliance with the other requirements of such M&E Plan, including any applicable reporting requirements for the relevant Disbursement Period;

(e) There has been satisfactory compliance with the Procurement Plan, including any applicable reporting requirements under the Procurement Agreement for the relevant Disbursement Period;

(f) There has been satisfactory compliance with the Audit Plan, including any applicable reporting and auditing requirements under the Audit Agreement for the relevant Disbursement Period;

(g) MCA-Cape Verde has provided a satisfactory written response to any audit findings that have been issued prior to 30 days before the date of the MCC Disbursement Request;

(h) Any necessary preceding steps in the sequence for any Project Activity as provided in Schedule 1 have been satisfactorily completed for each such activity for which funding is requested and no material adverse change in any of the preceding steps or activities has occurred, each in MCC's sole determination;

(i) MCA-Cape Verde has delivered to MCC any reports required under Section 3.12 of the Compact or any other Compact Document;

(j) A Material Adverse Change has not occurred;

(k) All Taxes paid in connection with the Program during the prior quarter have been reimbursed by the Government in full in accordance with Section 2.3(e) of the Compact;

(l) The Government has satisfied in full any of its payment obligations, including any insurance, indemnification or other obligations, and made any contributions of resources owed by the Government under any Compact Documents;

(m) MCA-Cape Verde has notified MCC of any material modification, alteration, rescission, termination or suspension of any document or any statement contained in any certificate delivered with or at the time of the MCC Disbursement Request, such that if any such certificate or document were delivered as of the date of the MCC Disbursement it would be true, correct and complete; and

(n) MCC has not determined, in its sole discretion, that an act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, MCC Funding in accordance with Section 5.4(b) of the Compact.

Section 3.7 Conditions Precedent to Re-Disbursements. Prior to, and as condition precedent to, any Re-Disbursement, MCA-Cape Verde shall ensure that (i) the relevant Outside Project Manager, Implementing Entity or other Provider as provided in the Governing Documents or Procurement Agreement has (A) obtained, and provided adequate documentary evidence of, any necessary approvals for such Re-Disbursement as provided in the Governing Documents, Procurement Agreement, Fiscal Accountability Plan or other applicable Supplemental Agreement, (B) satisfied any relevant conditions for such Re-Disbursement as provided in this Agreement or any applicable Supplemental Agreement; and (C) delivered any required documents to the Fiscal Agent as required under the Fiscal Agent Agreement, Fiscal

Accountability Plan or any other Supplemental Agreement; and (ii) payment of such Re-Disbursement would not be inconsistent with or in violation of any of the conditions precedent or other conditions set forth in this Agreement relevant to such activities or period, including those set forth on Schedule 1 attached hereto or this Article 3.

Section 3.8 Failure to Satisfy Conditions Precedent.

(a) MCC may reduce the amount of any MCC Disbursement by an amount equal to the amount requested for any Program (including administrative or monitoring and evaluation), Project, Project Activity, or sub-activity for which the relevant condition precedent(s) has not been satisfied, waived or deferred.

(b) In the event of failure to meet a condition precedent, MCC shall not have an obligation to make an MCC Disbursement unless such condition is waived in whole or in part by MCC or such failure is cured to the satisfaction of MCC. Any such waiver or acceptance of a cure shall be at MCC's sole discretion.

(c) Notwithstanding Section 3.7(b), MCC may defer all or part of a condition precedent rather than waive it, in which case the condition must be met by the expiration of the deferral period stated in the notice delivered by MCC to MCA-Cape Verde as a condition precedent to the next stated applicable MCC Disbursement and in no event shall the condition be deemed waived.

(d) Consistent with Section 2.5(c) of the Compact, if MCC determines that any activity or failure to act violates, or may violate, Article II of the Compact, this Agreement or any other Compact Documents, MCC may refuse any further MCC Disbursements for or conditioned upon such activity, and may take any action to prevent any Re-Disbursement related to such activity.

Section 3.9 Annual Supplement to this Agreement. Prior to the annual anniversary of the Entry into Force of the Compact, the Parties shall agree in writing to a detailed quarterly breakdown of the conditions precedent and any other modifications or adjustments to the conditions precedent for the next four quarters and this Agreement shall be amended to add such quarterly schedules or any other modifications or adjustments as a supplement to Schedule 1.

ARTICLE IV.

GENERAL PROVISIONS

Section 4.1 Initial Operating Period. Notwithstanding any other provision of this Agreement, during the earlier of the first 180 days following Entry into Force or MCA-Cape Verde duly executes this Agreement (the "**Initial Operating Period**"), (i) any authorization, certification or other action required to be taken by, or obligation of, the Chairman of the Steering Committee may be taken by, and shall become obligations of, the Principal Representative of the Government; (ii) any certificates or other actions required to be taken by, or obligations of, the Managing Director or any officer of MCA-Cape Verde may be taken by, and shall become obligations of, the Principal Representative of the Ministry or to such other position as may be

delegated by the Principal Representative of the Ministry in accordance with the applicable designations, delegations, certifications or other instruments, and (iii) any actions required of MCA-Cape Verde may be taken by, and shall become an obligation of, the Ministry; *provided, however*, in no event shall the Office of the Treasury of the Ministry be authorized to act and shall not act or deliver any certificate, instrument, agreement or other document in any manner in place of MCA-Cape Verde. All references in this Agreement to MCA-Cape Verde shall be deemed to refer to the Ministry during the Initial Operating Period, unless otherwise explicitly stated herein.

Section 4.2 Communications. Any notice, request, document or other communication required, permitted, or submitted by a Party to another Party under this Agreement shall be (i) in writing, (ii) in English, and (iii) deemed duly given: (a) upon personal delivery to the Party or Parties to be notified; (b) when sent by confirmed facsimile or electronic mail, if sent during normal business hours of the recipient Party or Parties, if not, then on the next business day; or (c) two (2) business days after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt to the Party or Parties to be notified at the address indicated below, or at such other address as such Party may designate:

To MCC:

Millennium Challenge Corporation

Attention: Vice President for Country Programs, with a copy to the General Counsel
875 Fifteenth Street, NW

Washington, DC 20005

United States of America

Facsimile: (202) 521-3700

Email: VPCountryPrograms@mcc.gov (Vice President for Country Programs);

VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Ministry, on behalf of itself and the Government:

Ministry of Finance and Planning

Attention: Minister of Finance and Planning

Avenida Amilcar Cabral, CP30

Praia, Republic of Cape Verde

Facsimile: (238) 261-3897

Phone: (238) 260-7644

E-mail: Ministro.Financas.Planeamento@gov1.gov.cv

To MCA-Cape Verde:

At the address that MCA-Cape Verde provides to MCC upon its entry into this Agreement.

Section 4.3 Amendments. The Parties may amend this Agreement by entering into a written amendment to this Agreement signed by the Principal Representatives of the Parties; *provided,*

that prior to entry into this Agreement by MCA-Cape Verde, this Agreement may be amended by written agreement of MCC and the Ministry.

Section 4.4 Publicity. Subject to Section 5.17 of the Compact, MCA-Cape Verde shall post, or cause to be posted, a copy of this Agreement and each MCC Disbursement Request on the MCA-Cape Verde Website and provide such other appropriate publicity to this Agreement that MCC requests.

Section 4.5 Nonwaiver of Remedies. The Parties agree that no delay or omission to exercise any right, power or remedy accruing to any Party, upon any breach, default or noncompliance by another Party under this Agreement or any other Compact Document, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. The Parties further agree that any waiver, permit, consent or approval of any kind or character on any Party's part of any breach, default or noncompliance under this Agreement or any other Compact Document or any waiver on such Party's part of any provisions or conditions of this Agreement or any other Compact Document must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or any other Compact Document, by law, or otherwise afforded to any Party, shall be cumulative and not alternative.

Section 4.6 Attachments. Any Exhibit, Schedule or other attachment expressly attached hereto (together, the "Attachments") is incorporated herein by reference and shall constitute an integral part of this Agreement.

Section 4.7 Inconsistencies. In the event of any conflict or inconsistency between this Agreement and the Compact, the terms of the Compact shall prevail. In the event of any conflict or inconsistency between this Agreement and any other Supplemental Agreement, the terms of this Agreement shall prevail.

Section 4.8 Headings. The Section and Subsection headings used in this Agreement are included for convenience only and are not to be considered in construing or interpreting this Agreement.

Section 4.9 Severability. If one or more provisions of this Agreement is held to be unenforceable under any applicable law, such provision(s) shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

Section 4.10 Interpretation; Definitions. Any reference to the term "including" in this Agreement shall be deemed to mean "including without limitation" except as expressly provided otherwise. Any reference to "business days" shall mean any day that is business day in Washington, D.C. and Praia, Cape Verde. Phrases such as "acceptable to," "to the satisfaction of," "at the discretion of" and phrases of similar import authorize and permit the relevant Party to approve, disapprove, act, or decline to act it such Party's sole discretion.

Section 4.11 Counterparts; Signatures. This Agreement may be executed in one or more counterpart signatures and, each when so executed and delivered, shall be an original instrument,

but such counterparts together shall constitute a single agreement. Except as the Parties may otherwise agree in writing from time to time, a signature delivered by facsimile or electronic mail in accordance with Section 4.2 shall be deemed an original signature, and the Parties hereby waive any objection to such signature or to the validity of the underlying agreement, instrument or document on the basis of the signature's legal effect, validity or enforceability solely because it is in facsimile or electronic form. Such signature shall be accepted by the receiving Party or Parties as an original signature and shall be binding on the Party delivering such signature.

Section 4.12 Assignment. MCC may assign, delegate or contract its rights and obligations, in whole or in part, under this Agreement to any Affiliate, agent, or representative of MCC, to the full extent permitted by the laws of the United States of America, without the prior consent of MCA-Cape Verde. MCC shall provide written notice to MCA-Cape Verde upon the effectiveness of such assignment, delegation or contract. Neither the Ministry nor MCA-Cape Verde may assign, delegate or contract its rights and obligations under this Agreement without the prior written consent of MCC. In accordance with Section 3.2(c) of the Compact, MCC hereby consents to the designation of the Ministry and MCA-Cape Verde to act on behalf of the Government in connection with this Agreement consistent with the Designated Rights and Responsibilities designated by the Government to the Ministry or MCA-Cape Verde, respectively, on or before the date hereof, so long as such designation is not modified or revoked.

Section 4.13 Entire Agreement. Except as otherwise expressly provided in the Compact or as may be subsequently agreed by the Parties in writing from time to time, this Agreement, including all Attachments, and all certificates, documents or agreements executed and delivered in connection with and in furtherance of this Agreement, when executed and delivered, shall constitute the entire agreement of the Parties with respect to the subject matter hereof, superseding and extinguishing all prior agreements, understandings and representations and warranties relating to the subject matter hereof.

Section 4.14 Termination; Suspension.

(a) MCC may terminate this Agreement in its entirety by giving MCA-Cape Verde thirty (30) days' written notice.

(b) Notwithstanding any other provision of this Agreement or any other Supplemental Agreement between MCC and the Government (or any Government Affiliate), MCC may suspend or terminate this Agreement, in whole or in part, and any obligation or sub-obligation related thereto, or suspend or withhold any MCC Disbursement or portion thereof, upon giving MCA-Cape Verde written notice, if MCC determines that:

(i) The Compact has expired or has been suspended or terminated in whole or in part in accordance with Section 5.4 of the Compact; *provided, however*, this Agreement shall remain in effect for ninety (90) days following the termination or expiration of the Compact or such other period as may be determined by MCC in accordance with Section 4.21;

(ii) Any Supplemental Agreement has been suspended or terminated in whole or in part, and such termination or suspension will have a material adverse effect on the purpose of this Agreement or the ability of the Government, MCA-Cape Verde, another Permitted

Designee or any Provider to implement any of their respective obligations and responsibilities under the Compact Documents;

(iii) The Government, any Government Affiliate (including MCA-Cape Verde) or other Permitted Designee, in MCC's sole opinion, has materially breached one or more of its representations or any other covenants, obligations or responsibilities under the Compact Documents;

(iv) Any event that would be a basis for termination or suspension of a Supplemental Agreement in accordance with Section 5.4 of the Compact has occurred; and

(v) There has occurred, in MCC's sole opinion, a failure to meet a condition precedent or series of conditions precedent to MCC Disbursement(s) as set out in and in accordance with this Agreement or any other Compact Document.

(c) Notwithstanding any expiration or termination of this Agreement, the following shall survive: Article II (including any representations made pursuant to a Disbursement Request), Sections 1.2, 4.2, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 4.13, 4.14, 4.15, 4.16, 4.18, 4.19, 4.20, and 4.21.

Section 4.15 MCC Status. The Parties recognize and agree that MCC is a United States government corporation acting on behalf of the United States Government in the implementation of the Compact. As such, MCC has no liability under this Agreement, is immune from any action or proceeding arising under or relating to this Agreement, and the Ministry and MCA-Cape Verde each hereby waives and releases all claims related to any such liability. In matters arising under or relating to this Agreement, MCC is not subject to the jurisdiction of the courts or any other juridical or other body of Cape Verde.

Section 4.16 Representatives. For all purposes relevant to this Agreement, the Ministry shall be represented by the individual holding the position of, or acting as, the Minister of Finance and Planning of the Ministry of Finance and Planning ("Ministry Principal Representative"), MCC shall be represented by the individual holding the position of, or acting as, Vice President for Country Programs (the "MCC Principal Representative"), and MCA-Cape Verde shall be represented by the individual holding the position of, or acting as, Managing Director (the "MCA-Cape Verde Principal Representative"), each of whom, by written notice, may designate one or more additional representatives (each, an "Additional Representative") for all purposes other than signing amendments to this Agreement. The Ministry hereby designates the Chief of the Office of the Minister of Finance and Planning as an Additional Representative of the Ministry. The names of the Ministry Principal Representative, the MCC Representative, the Managing Director and any Additional Representatives of each shall be provided, with specimen signatures, to each of the other Parties pursuant to Section 4.2 and the Parties may accept as duly authorized any instrument signed by such representatives relating to the implementation of this Agreement, until receipt of written notice of revocation of their authority. MCC or the Government may change its Principal Representative under this Agreement to a new representative of equivalent or higher rank and seniority upon written notice to the other Parties, which notice shall include the specimen signature of such new Principal Representative.

Section 4.17 Reports. Any report required as a condition precedent to an MCC Disbursement shall be provided to MCC in form and substance acceptable to MCC and otherwise meeting the reporting specifications for such report and in a timely manner to afford reasonable and appropriate review of such reports and no later than 30 days after the end of the time period covered by such report (or such other time period to which the Parties expressly agree).

Section 4.18 Information. MCC shall have the right to use any information or data provided in any MCC Disbursement Request or report provided to MCC for the purpose of satisfying MCC reporting requirements or in any other manner.

Section 4.19 Compact Document Requirements. The Ministry and MCA-Cape Verde shall comply with all applicable terms and conditions and fulfill all applicable Government Responsibilities in the other Compact Documents, including Paragraphs (a), (b), (c), (d) and (f) of Section 3.8 of the Compact and any other audit or reporting requirements.

Section 4.20 Consultation. Any Party may, at any time, request consultations relating to the interpretation or implementation of this Agreement between the Parties. Such consultations shall begin at the earliest possible date. The request for consultations shall designate a representative for the requesting Party with the authority to enter consultations and the other Parties shall endeavor to designate a representative of equal or comparable rank. If such representatives are unable to resolve the matter within 20 days from the commencement of the consultations then each Party shall forward the consultation to the Principal Representative or such other representative of comparable or higher rank. The consultations shall last no longer than 45 days from date of commencement. If the matter is not resolved within such time period, MCC may terminate this Agreement pursuant to Section 4.14(a). The Parties shall enter any such consultations guided by the principle of achieving the Compact Goal in a timely and cost-effective manner.

Section 4.21 Effective Date; Term. This Agreement shall (i) become effective and enter into force as of the date hereof upon the signature of duly authorized representatives of MCC and the Ministry (the “*Effective Date*”) and (ii) end ninety (90) days following the termination or expiration of the Compact; *provided, however*, that this Agreement may be effective for no more than 180 days prior to the execution of this Agreement by the MCA-Cape Verde Principal Representative; *provided, further*, that the term of this Agreement may be extended for a period that is longer than ninety (90) days following the termination or expiration of the Compact if MCC determines that Re-Disbursements related to obligations incurred prior to the expiration or termination of the Compact remain to be paid.

[Signature page begins on the next page.]

IN WITNESS WHEREOF, MCC and the Ministry, each acting through its duly authorized representative, have caused this Agreement to be executed in their names and delivered as of the date first written above.

MILLENNIUM CHALLENGE
CORPORATION

MINISTRY OF FINANCE AND
PLANNING, ON BEHALF OF THE
GOVERNMENT OF THE REPUBLIC OF
CAPE VERDE

By: _____ / s /
Name: John Hewko
Title: Vice President for Country Programs

By: _____ / s /
Name: João António Pinto Coelho Serra
Title: Minister of Finance and Planning

MCA-Cape Verde, acting through its duly authorized representative, has joined this Agreement and shall be subject to its provisions as of the date first written below.

MCA-CAPE VERDE

By: _____ / s /
Name: Laurent Mendi Brito
Title: Managing Director of MCA-Cape Verde
Date: March 10, 2005

EXHIBIT A
FORM OF MCC DISBURSEMENT REQUEST

Section 1. Request Summary	
Country	Cape Verde
Projects	
Compact Date/ Entry into Force	July 4, 2005 /
Compact Number (noted on exchange of letters required for entry into force of the Compact under Section 1.3 of the Compact)	
Management Entity	MCA-Cape Verde
Fiscal Agent	General Directorate of the Treasury
Request Date	
Disbursement Period Beginning Date	
Disbursement Period End Date	
Disbursement Request Number	
Currency	US Dollars
Exchange Rate used to calculate U.S. Dollar equivalent of any local currency balance for purposes of this MCC Disbursement Request	
<p>A. Disbursement Request: The undersigned hereby requests the Millennium Challenge Corporation to disburse funds under the Compact by and between the Government of the Republic of Cape Verde and the United States, acting through the Millennium Challenge Corporation, dated the date first mentioned above and entered into force as of [] (the "Compact") as follows:</p>	
1. Cash requested from the Millennium Challenge Corporation (amount in USD):	[US\$]
2. Amount requested in words (in USD):	[US Dollars]
<p>B. Compliance. The undersigned confirms that the MCC Disbursement requested hereby is in accordance with the terms and conditions set forth in the Compact, the Disbursement Agreement (defined below), and each Compact Document (as defined in the Disbursement Agreement), including the limitations on the use or treatment of MCC Funding set out in Section 2.3 of the Compact.</p>	
<p>C. Authorization: The undersigned acknowledges that funds disbursed in accordance with this request will be deposited in a Permitted Account as specified pursuant to Section 1(a)(iii) of the Disbursement Agreement by and between the Ministry of Finance and Planning, on behalf of the Government of the Republic of Cape Verde, the Millennium Challenge Corporation, and MCA-Cape Verde dated as of [], 2005 (the "Disbursement Agreement").</p>	
<p>D. Certificates. Attached hereto are the MCA-Cape Verde Certificate and the Fiscal Agent Certificate, each duly executed by the authorized representative and otherwise as required under Article III and attaching true, correct and complete copies of all requisite attachments.</p>	

By: _____

Name:

Title:

As authorized representative of MCA-Cape Verde and as the Managing Director of MCA-Cape Verde

Date: _____

Certified by:

By: _____

Name:

Title:

As the Chairman of Steering Committee of MCA-Cape Verde

General Directorate of the Treasury, on behalf of the Ministry of Finance and Planning, as the Fiscal Agent

By: _____

Name:

Title: General Director of the Treasury

As duly authorized representative of the General Directorate of the Treasury, Ministry of Finance and Planning

Date: _____

Signing for the purposes only of Sections 2(B)-(F) and Sections 3 - 5.

Section 2. Programmatic and Financial Progress Update

A. Program and Project Progress Reports required in the M&E Plan, Work Plans and other Components of the Implementation Plan

B. Total Program Financial Plan Adjustment Request Form

Main Activity Sub-activity	Original Program Multi-Year Financial Plan in Compact	Current Approved Multi-Year Financial Plan (From Sch. C)	Proposed Adjustments		Proposed Adjusted Multi-Year Financial Plan 2+3-4
			Increase	Decrease	
1-Watershed Management and Agricultural Support	10,848,630	-	3	4	5
1.1-Watershed Management	6,800,249	-	-	-	-
1.2-Agribusiness Development	3,598,380	-	-	-	-
1.3-Credit	450,000	-	-	-	-
2-Infrastructure	78,760,208	-	-	-	-
2.1-Port	53,740,208	-	-	-	-
2.2-Roads and Bridges	25,020,000	-	-	-	-
3-Private Sector Development	7,200,000	-	-	-	-
3.1-Partnership to Mobilize Investment	5,000,000	-	-	-	-
3.2-Financial Sector Reform	2,200,000	-	-	-	-
4-Monitoring and Evaluation	4,889,036	-	-	-	-
5-Program Administration and Control	8,380,614	-	-	-	-
5.1-Program Administration	5,852,120	-	-	-	-
5.2-Fiscal and Procurement Agents	976,024	-	-	-	-
5.3-Enhanced Transparency Initiative	1,052,470	-	-	-	-
5.4-Audits	500,000	-	-	-	-
Grand Total	110,078,488	-	-	-	-

C. Summary of Budget Adjustments to Date

Main Activity Sub-activity	Original Program Multi-Year Financial Plan in Compact	(Date) Adjustment Reported/ Approved	(Date) Adjustment Reported/ Approved	(Date) Adjustment Reported/ Approved	Current Approved Multi-Year Financial Plan 1 +/- Adjustments
1-Watershed Management and Agricultural Support	10,848,630	-	-	-	-
1.1-Watershed Management	6,800,249				
1.2-Agribusiness Development	3,598,380				
1.3-Credit	450,000				
2-Infrastructure	78,760,208				
2.1-Port	53,740,208				
2.2-Roads and Bridges	25,020,000				
3-Private Sector Development	7,200,000	-	-	-	-
3.1-Partnership to Mobilize Investment	5,000,000				
3.2-Financial Sector Reform	2,200,000				
4-Monitoring and Evaluation	4,889,036				
5-Program Administration and Control	8,380,614	-	-	-	-
5.1-Program Administration	5,852,120				
5.2-Fiscal and Procurement Agents	976,024				
5.3-Enhanced Transparency Initiative	1,052,470				
5.4-Audits	500,000				
Grand Total	110,078,488	-	-	-	-

D. Quarterly Financial Plan Adjustment Request Form

Main Activity Sub-activity	Current Approved Cumulative Quarterly Financial Plan Through Current Period	Proposed Adjustments to Cumulative Quarterly Financial Plan Through Next Period		Proposed Cumulative Quarterly Financial Plan Through Next Period
		Increase	Decrease	
1-Watershed Management and Agricultural Support		1	2	3
1.1-Watershed Management			-	4
1.2-Agribusiness Development			-	
1.3-Credit			-	
2-Infrastructure				
2.1-Port				
2.2-Roads and Bridges				
3-Private Sector Development			-	-
3.1-Partnership to Mobilize Investment			-	
3.2-Financial Sector Reform			-	
4-Monitoring and Evaluation				
5-Program Administration and Control			-	-
5.1-Program Administration			-	
5.2-Fiscal and Procurement Agents			-	
5.3-Enhanced Transparency Initiative			-	
5.4-Audits			-	
Grand Total		-	-	-

E. Commitment and Expenditure Report

Main Activity	Cumulative Actual Re-disbursements as of the Beginning of the Current Period	Projected Re-disbursements for the Current Period	Projected Cumulative Re-disbursement Through the Current Period (1+2)	Projected Unliquidated Commitments as of the End of the Current Period (1+2)	Projected Cum. Commitments and Re-disbursements as of the End of Current Period	Current year Financial Plan	Proposed Multi-year Financial Plan	Projected Balance Multi-year Financial Plan-End of Current Period (6-5)
1-Watershed Management and Agricultural Support	-	-	-	-	-	-	-	-
1.1-Watershed Management	1	2	3	4	5	6	7	
1.2-Agribusiness Development								
1.3-Credit								
2-Infrastructure								
2.1-Port								
2.2-Roads and Bridges								
3-Private Sector Development		-	-	-	-	-	-	-
3.1-Partnership to Mobilize Investment								
3.2-Financial Sector Reform								
4-Monitoring and Evaluation								
5-Program Administration and Control		-	-	-	-	-	-	-
5.1-Program Administration								
5.2-Fiscal and Procurement Agents								
5.3-Enhanced Transparency Initiative								
5.4-Audits								
Grand Total		-	-	-	-	-	-	-

F. Projected Program Cash Requirements for Next Disbursement Period

Main Activity Sub-activity	Projected Cumulative Re-disbursement Through the Current Period (Sch. E, Col 3)	Projected Cash Requirements for the Next Disbursement Period	Projected Re- disbursement Through the Next Disbursement Period (1+2)
1-Watershed Management and Agricultural Support	1	2	3
1.1-Watershed Management	-	-	-
1.2-Agribusiness Development			
1.3-Credit			
2-Infrastructure			
2.1-Port			
2.2-Roads and Bridges			
3-Private Sector Development	-	-	-
3.1-Partnership to Mobilize Investment			
3.2-Financial Sector Reform			
4-Monitoring and Evaluation			
5-Program Administration and Control	-	-	-
5.1-Program Administration			
5.2-Fiscal and Procurement Agents			
5.3-Enhanced Transparency Initiative			
5.4-Audits			
Grand Total	-	-	-

Section 3. Cash Reconciliation

Date _____

1. Cash Balance From Beginning of Current Period	
2. a. Add: MCC Disbursement Received and Date Received	
2. b. Interest Earned and Received	
2. c. Amount and Source of Other Cash Received	
3. Total Sources of Cash This Period, Lines 2.a + 2.b + 2.c	
4. Total Cash Available, Lines 1 + 3	\$ -
5. a. Less: Total Program Re-Disbursements	
5. b. Interest Returned to the US Government	
6. Total Uses of Cash This Period, Lines 5.a + 5.b	
7. Cash Balance at End of Disbursement Period, Lines 4 - 6	\$ -

Section 4. Disbursement Request

1. Total Forecasted Program Cash Requirements - Sch F, Col 2	
2. Interest to be Returned to the US Government Next Period	
3 Working Capital Balance	500.000,00
4. Total, Lines 1 + 2 + 3	\$ 500.000,00
5. Cash Balance at End of Current Period - Section 3, Line 7	
6. Disbursement Request From MCC 4 - 5	\$ 500.000,00

Section 5. Interest Summary

1. Cumulative Interest Earned and Received as of Beginning of Current Period

2. Interest Earned and Received During the Current Period

3. Total Interest and Earned as of End of This Period, Lines 1 + 2	\$ -
4. Cumulative Interest Returned as of Beginning of Current Period	
5. Interest Returned The Current Period	
6. Total Cumulative Interest Returned During the Current Peirod, Lines 4 + 5	
7. Interest Due to Be Returned, Line 3 - 6	\$ -

Section 6. Conditions Precedent (Including Expected Performance Milestones)

Country	Cape Verde
Projects	
Compact Date/Entry of Force	July 4, 2005 /
Compact Number (noted on exchange of letters for entry into force of the Compact)	
Management Entity	MCA-Cape Verde
Fiscal Agent	General Directorate of the Treasury, Ministry of Finance and Planning
Request Date	
Disbursement Period Beginning Date	
Disbursement Period End Date	
Disbursement Request Number	
Currency	US Dollars
Exchange Rate used to calculate U.S. Dollar equivalent of any local currency balance for purposes of this MCC Disbursement Request	
Conditions Precedent and Key Milestones	

EXHIBIT A-10

CV Disbursement Agreement (final)

Program/Project Activity ¹ (references to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period ²	Status	Verification (source)	Notes Regarding Conditions Precedent- sequencing of condition precedent set forth on Schedule 1 for purposes of completing this Section 6.			
						Year []		Completed	Explanations of Variance, Proposed Cures and/or Requests for waiver or deferral
						Q[]	missed	[Attach Proposed Revisions to Schedule 1, if any]	
				On-Schedule					

¹ Table will follow the list of activities and conditions precedent set forth on Schedule 1 for purposes of completing this Section 6.
² Column will display relevant Disbursement Period applicable to the MCC Disbursement Request and notations regarding the conditions precedent for that Disbursement Period.

EXHIBIT A-11

CV Disbursement Agreement (final)

Disbursement Agreement - Schedule 1

Conditions Precedent

In addition to any other conditions precedent set forth in the Compact Documents, the Implementation Plan or any other Supplemental Agreement, as a condition precedent to each disbursement for the Program, a Project and any Project Activity identified below, the Government (GoCV), MCA-Cape Verde (MCA-CV) and other Permitted Designees, as appropriate, shall satisfy, as MCC determines in its sole discretion, each condition precedent set forth below that corresponds to such disbursement prior to the quarter shaded (or event specified) for such disbursement. Except as expressly specified below, each document required as a condition precedent herein shall be in form and substance acceptable to MCC. Disbursements in Years 2-5 shall be subject to conditions precedent set forth in the Implementation Plan, Compact Documents, and amendments to this Agreement, including any annual amplified supplements to this Schedule 1.

Program/Project/ Project Activity (reference to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period				
			Year 1		Year 2		
			Q1	Q2	Q3	Q4	Year 3
Program							
Program Administration, Monitoring and Evaluation, all Projects and Project Activities	Conditions precedent set forth in § 3.1 of the Disbursement Agreement have been satisfied.		X				
	Conditions precedent set forth in § 3.2 of the Disbursement Agreement have been satisfied.	Prior to the expiration of the Initial Operating Period	TBD	TBD	TBD		
	Conditions precedent set forth in § 3.3, 3.5 and 3.6 of the Disbursement Agreement have been satisfied, as applicable to the relevant Disbursement Period.		X	X	X	X	X
	MCA-Cape Verde has satisfied each of the conditions precedent set forth in §3.4 of the Disbursement Agreement, as applicable to the relevant Disbursement Period.				X	X	X
	MCC is satisfied that each component document of the Implementation Plan (including the Detailed Financial Plan, Fiscal Accountability Plan, Procurement Plan, and Work Plans as applicable) is current and updated (except with respect to Quarter 1 in which an interim Fiscal Accountability Plan shall meet the condition for a Fiscal Accountability Plan).	Satisfaction of this condition precedent is required for each MCC Disbursement.	X	X	X	X	X
	The Government of Cape Verde will request as a matter of national interest that requires urgent resolution of the National Assembly that the passage of a harmonized public procurement law, with a supporting regulatory framework, following the principles of a responsible, accountable, competitive system with the ability to redress complaints and disputes as contained in the Procurement bill placed on the legislative agenda.	Prior to any MCC Disbursement or Redisbursement for training under procurement management	TBD	TBD	TBD	TBD	
	The Government of Cape Verde shall establish a long-term and include in its national budget funds to support, at least in part, a program for the establishment of local procurement training capacity (facilities and personnel) which will be sustainable without donor funding within a period of five years.						
All Projects	Managing Director for MCA-Cape Verde selected and engaged, or in the event the position is vacant, MCA-CV is actively recruiting	Prior to any MCC Disbursement or Redisbursement for training under procurement management	TBD	TBD	TBD	TBD	
All Projects, and all Project Activities, as described in Schedules 1-3 of Annex I of the Compact			X	X	X	X	X

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numeric target

Schedule 1.1

Program/Project/ Activity (referenced to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period				
			Year 1		Year 2		Year 3
			Q1	Q2	Q3	Q4	
Senior Economist and M&E Analyst for MCA-Cape Verde selected and engaged, or in the event the position is vacant, MCA-CV is actively recruiting			X	X	X	X	X
Data Quality Reviewer engaged (pursuant to the M&E Plan)					X		
Report from Data Quality Review submitted to MCC in the beginning of year two and year four, in accordance to the M&E Plan.					X		
Semi-annual report, satisfactory to MCC, describing how the activities funded under the Compact are being carried out in compliance with MCC Environmental Guidelines (as amended from time to time) and the environmental and social safeguards described in the Compact and related documents.					X	X	X
Interim Evaluation(s), as described in the M&E Plan, complete and submitted to MCC by Year four of the Compact.					X		
Independent evaluation(s), as described in the M&E Plan, engaged by year five or such other time as may be specified in writing by MCC to complete the final impact evaluation(s).					X		
Watershed Management and Agricultural Support Project - Schedule 1 to Annex I							
All Watershed Management and Agricultural Support Project Activities, as described in Schedule 1	Watershed Project Manager for MCA-Cape Verde is selected and remains engaged, or in the event the position is vacant, MCA-CV is actively recruiting.		X	X	X	X	X
Environmental and Social Assessment Manager is selected and remains engaged or in the event the position is vacant, MCA-CV is actively recruiting.			X	X	X	X	X
MCC is satisfied that each component document of the Implementation Plan (including the Detailed Financial Plan, Procurement Plan, Work Plans and M&E Plans) is current and updated.		Satisfaction of this condition precedent is required for each MCC Disbursement or Re-Disbursement for any aspect of the Project and any Project Activity.	TBD	X	X	X	X
The Implementing Entities are selected by MCA-Cape Verde, approved by MCC, engaged and remain in place during implementation of Project.		Prior to any Re-Disbursement and for each quarter thereafter, and for each quarter thereafter,	TBD	X	X	X	X
Watershed Management and Soil Conservation - Schedule 1 Section 2 (a)							
Water Management - Construction of physical infrastructure. Schedule 1 Section 2 (a) (ii).	The agriculture baseline survey data collection for indicators relevant to these activities is completed.	Prior to the construction of any physical infrastructure	TBD	TBD	TBD	X	X
MCA-Cape Verde will have (i) on file all necessary permits (environmental and other) validly issued and in full effect, (ii) the relevant Environmental Management Plan (EMP) for each watershed area in place.		Prior to the construction of any physical infrastructure	TBD	TBD	TBD	X	X
MCA-Cape Verde will present a report, satisfactory to MCC, verifying that relevant environmental baseline data has been gathered for each watershed area		Prior to the construction of any physical infrastructure	TBD	TBD	TBD	X	X
Completed baseline measurement of the aquifer levels in each watershed area in Year 1 and continued monitoring in subsequent years.				X	X	X	X

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numeric target.

Schedule 1.2

Program/Project/ Activity	Condition Precedent (References to schedule in Program Annex)	Notes (including sequencing of condition precedent)	Implementation Period								
			Q1	Q2	Q3	Q4	Year 1	Year 2	Year 3	Year 4	Year 5
Receipt by MCA-CV of documentation of the methods for consistent follow-up monitoring, including: - Frequency and time of year to take follow-up measurements; - Data gathering techniques and responsible entities.	Community-based water resource management plans developed for each of the three watershed areas, and implemented and continued compliance, satisfactory to MCC, in subsequent years.	The Government has implemented and is maintaining a water fee system (including a building as necessary or advisable municipal capacity and regulatory systems) satisfactory to MCC (i) in accordance with fee schedule, which schedule includes a fee paid by users, covers operating, delivery, and maintenance costs, reflects the scarcity of water resources in the country, and is transparent and (ii) utilizing a formula for an annual adjustment in the fee rate based on consistent measurement of the changes in the water table and otherwise acceptable to MCC.			X			X	X	X	
Area irrigated with drip irrigation (cumulative hectares): Santo Antao*		The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					1-11	11-27	27-44	44-51	
Area irrigated with drip irrigation (cumulative hectares): Sao Nicolau*		The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					8-12	12-18	18-28	28-40	
Area irrigated with drip irrigation (cumulative hectares): Fogo*		The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					1-4	4-12	12-22	22-31	
Area treated with soil conservation and water capturing infrastructure (hectares): Santo Antao*		The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					21-25	25-30	30-35	35	
Area treated with soil conservation and water capturing infrastructure (hectares): Sao Nicolau*		The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					116-140	140-166	166-192	192	

TBD = Quarter To Be Determined relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numerical target.

Program/Project/ Project Activity (references to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period				
			Year 1 Q1	Q2	Q3	Q4	Year 2 Year 3 Year 4 Year 5
Agri-Business Development Services - Schedule 1 Section 2 (b)	Area treated with soil conservation and water capturing infrastructure (hectares); Fogo*	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					164-192-234-270
Agribusiness Development - Schedule 1 Section 2(b)	Post-Compact Term sustainability plans, acceptable to MCC, developed by the Ministry of Agriculture for all sub-activities under the Agribusiness Development Project Activity						
Agribusiness Development - Establishment of demonstration farms, extension training centers and technical assistance. Schedule 1, Sections 2(b)(i), 2(b)(ii), 2(b)(v), 2(b)(vi), 2(b)(vii), and 2(b)(viii)	The agriculture baseline survey data collection for indicators relevant to these activities is completed.	Prior to any MCC Disbursement or Re-Disbursement or commencing any of the sub-activities referenced	TBD	TBD	TBD	X	X-X
Agribusiness Development - Training of, and outreach to, farmers by extension workers through the extension centers. Schedule 1 Section 2 (b) (ii)	The Ministry of Environment, Agriculture and Fisheries has developed a "fee for services" policy (satisfactory to MCC), charging fees for training, quality inspections, and certifications in Year 2, and implemented in subsequent years.					X	X-X
Agribusiness Development - Construction and operation of low-technology packing sheds in each of the Watershed Areas. Schedule 1 Section 2 (b) (vii)	The Ministry of Environment, Agriculture and Fisheries has implemented and is maintaining a "fee for services" policy (satisfactory to MCC), charging fees for training, quality inspections, and certifications					X	X-X
Agribusiness Development -Establishment of a research center in Santo Antão to support the institutional research capacity of the Ministry of Environment, Agriculture and Fisheries (in particular the National Institute of Agriculture Research and Development). Schedule 1 Section 2 (b)(iv)	The Government has eliminated regulatory and legal obstacles to movement of inspected and certified horticultural products, including taking all necessary regulatory or other actions to lift the embargo on exports of horticultural products from Santo Antão					X	

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numeric target.

Schedule 1.4

Program/Project/ Activity (referenced in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period					
			Year 1			Year 2	Year 3	Year 4
			Q1	Q2	Q3	Q4		
Agribusiness Development - Construction and operation of low-technology packing sheds in each of the Watershed Areas. Schedule 1 Section 2 (b) (vii)	The Ministry of Environment, Agriculture and Fisheries developed a management plan for the transfer of ownership and management to the private sector of the packing sheds.							X
Access to Credit - Schedule 1 Section 2 (c)								
Credit Activity – Provision of credit for drip irrigation, working capital and agribusiness investments and technical assistance to increase the capacity of financial institutions in the provision of financial services. Schedule 1, Section 2(c)	The Ministry of Environment, Agriculture and Fisheries developed a management plan for service delivery selected, with Micro-Finance Institutions (MFIs) for service delivery selected, with MCC approval. After credit providers have been selected by MCA-Cape Verde, all baselines and targets for the applicable indicators in the M&E Plan completed with adequate documentation and verified by MCC.	Prior to any MCC Disbursement or Re-Disbursement is made for the extension of credit under the Credit Activity	TBD	TBD	X	X	X	X
Financial portfolio and audit reports submitted by MFIs to MCA-Cape Verde and satisfactory performance.	The MCA-Cape Verde adopts operating procedures for delivery and monitoring of financial services and criteria for loans-to-grant administration and awards submitted and approved by MCC.	X						
MFI portfolio default rate.	Targets are to be determined following the selection of MFIs					X	X	X
MCA-Cape Verde shall present to MCC (i) the results of each MFI's portfolio performance statistics, (ii) the findings of the most recent audits regarding these activities, and (iii) MCA-Cape Verde's recommendations regarding the conversion of loans to grants, for MCC approval.	Prior to conversion of loans to grants.					X		
Credit Activity - Loans to farmers through local banks and micro-finance institutions (MFIs). Schedule 1 Section 2(c)(i)	MCA-Cape Verde will have (i) on file all necessary permits (environmental and other) validly issued and in full effect and (ii) the relevant Environmental Management Plan (EMP) for each watershed area in place	Prior to any MCC Disbursement or Re-disbursement for credit activities for the construction of any physical infrastructure	TBD	TBD	TBD	X	X	X
Community-based water resource management plans developed for each of the three watershed areas in Year 1 and continued implementation and compliance in subsequent years.						X	X	X

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numeric target.

Schedule 1.5

Program/Project/ Activity (referenced in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period					
			Year 1		Year 2			
			Q1	Q2	Q3	Q4	Year 3	Year 4
	The Government has implemented and is maintaining a water fee system satisfactory to MCC (i) in accordance with fee schedule, which schedule includes a fee paid by users, covers operating, delivery, and maintenance costs, reflects the scarcity of water resources in the country, and is transparent and (ii) utilizing a formula for an annual adjustment in the fee rate based on consistent measurement of the changes in the water table and otherwise acceptable to MCC						X	X
	Area irrigated with drip irrigation (cumulative hectares): Santo Antão*	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					1-11	11-27
	Area irrigated with drip irrigation (cumulative hectares): São Nicolau*	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					8-12	12-18
	Area irrigated with drip irrigation (cumulative hectares): Fogo*	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.					1-4	4-12
Infrastructure Project - Schedule 2 to Annex I								
All Infrastructure Project Activities	Infrastructure Project Manager selected and engaged, or in the event the position is vacant, MCA-CV is actively recruiting			X	X	X	X	X
	Environmental and Social Assessment Manager selected and engaged, or in the event the position is vacant, MCA-CV is actively recruiting			X	X	X	X	X
	Each component document of the Implementation Plan (including the Detailed Financial Plan, Procurement Plan, Works Plans and M&E Plans) is current and updated for the applicable Project Activity.	Satisfaction of this condition precedent is required for each MCC Disbursement or Re-Disbursement for any aspect of the Project and any Project Activity.	TBD	X	X	X	X	X
	Implementing Entities are selected by MCA-Cape Verde and approved by MCC, engaged and remain in place during implementation of Project.	Prior to any Re-Disbursement and for each quarter thereafter,	TBD	X	X	X	X	X
Port Activity	All Port Activity Schedule 2(a) Completion, satisfactory to MCC, of an environmental audit						X	X
Port of Praia Upgrade - Phase 1								

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numeric target

Program/Project/ Project Activity (references to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period					
			Year 1	Year 2	Year 3	Year 4	Year 5	
Q1	Q2	Q3	Q4					
Port of Praia Upgrade, Schedule 2 Section 2(a)(1)	Completion of ongoing customs modernization program including simplification of tariff structure, improved access control at customs facilities, information technology improvements, improved organizational structure and implementation of customs code.				X			
Port of Praia Upgrade - Phase 1 - Preparatory Studies, Schedule 2, Section 2(a)(i)(1)	MCA-Cape Verde has engaged firm(s) approved by MCC to complete the applicable study or assessment, such engagement following a procurement acceptable to MCC.	Prior to any MCC Disbursement or Re-Disbursement	TBD	TBD	X			
Port of Praia Upgrade - Phase 1 - Cargo Village, Schedule 2, Section 2(a)(i)(2)	MCA-Cape Verde has developed an HIV/AIDS awareness program satisfactory to MCC and there is continued implementation, satisfactory to MCC, of the program.	Prior to any MCC Disbursement for, or commencement of, construction, and continued compliance thereafter;	TBD	TBD	X	X	X	X
	In the event that it is determined that an EIA is required for Cargo Village in accordance with Schedule 2 Section 2(a)(i), (i) the EIA must be conducted, satisfactory to MCC, and completed and (ii) there must be a determination by MCC of consistency with Environmental Guidelines.	Prior to any MCC Disbursement for Re-Disbursement for this Sub-Activity	TBD	TBD	X	X	X	X
	An EMMP for the Port (including water side, land side and fishing port) has been developed in Year 1 and continued implementation satisfactory to MCC including full implementation of health and safety measures.	Prior to MCC Disbursements or Re-Disbursements for or commencing these activities, and each quarter thereafter	TBD	TBD	X	X	X	X
	MCA-Cape Verde has engaged firm(s), approved by MCC, to develop the Cargo Village, such engagement following a procurement acceptable to MCC.	Prior to any MCC Disbursements or Re-Disbursements for applicable study or assessment in this sub-activity	TBD	TBD	X			
	An agreement, satisfactory to MCC, has been entered into for access to a suitable site for the development of the Cargo Village	Prior to any MCC Disbursements or Re-Disbursements, for this Sub-Activity	TBD	TBD	TBD	TBD	TBD	TBD
Port of Praia Upgrade - Phase 1 - Quay 2 Improvements Schedule 2, Section 2(a)(i)(3)	MCA-Cape Verde has developed an HIV/AIDS awareness program satisfactory to MCC and there is continued implementation, satisfactory to MCC, of the program.	Prior to any Re-Disbursement for, or commencement of, construction, and continued compliance thereafter;	TBD	TBD	X	X	X	X
	In the event that it is determined that an EIA is required for Quay 2 improvements, in accordance with Schedule 2 Section 2(a)(i), (i) the EIA must be conducted, satisfactory to MCC, and completed and (ii) there must be a determination by MCC of consistency with Environmental Guidelines.	Prior to any MCC Disbursement for Re-Disbursement for this Sub-Activity	TBD	TBD	TBD	TBD	TBD	
	An EMMP for the Port (including water side, land side and fishing port) has been developed and continued implementation satisfactory to MCC including full implementation of health and safety measures.	Prior to MCC Disbursements or Re-Disbursements for or commencing these activities, and each quarter thereafter	TBD	TBD	X	X	X	X
	The relevant studies and assessments described in Schedule 2 (a)(i)(1) have been completed, satisfactory to MCC	Prior to MCC Disbursements or Re-Disbursements for or commencing these activities	TBD	TBD	X			

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numeric target.

Program/Project/ Project Activity (references to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period								
			Year 1	Q1	Q2	Q3	Q4	Year 2	Year 3	Year 4	Year 5
	MCA-Cape Verde has engaged firm(s) acceptable to MCC for the Quay 2 improvements, following a procurement satisfactory to MCC.	Prior to any MCC Disbursements or Re-Disbursements for this sub-activity	TBD	TBD	TBD	TBD	X				
Port of Praia Upgrade - Phase 1 - Access Road Schedule 2, Section 2(a)(i)(4)	MCA-Cape Verde has developed an HIV/AIDS awareness program satisfactory to MCC and there is continued implementation, satisfactory to MCC, of the program	Prior to any Re-Disbursement for, or commencement of, construction, and continued compliance thereafter,	TBD	TBD	X	X	X	X	X	X	
	An EMMP for the Port (including water side, land side and fishing port) has been developed and continued implementation satisfactory to MCC including full implementation of health and safety measures.	Prior to MCC Disbursements or Re-Disbursements for or commencing these activities and each quarter thereafter	TBD	TBD	TBD	TBD	X	X	X	X	
	The relevant studies and assessments described in Schedule 2 (a)(i)(1) have been completed, satisfactory to MCC.	Prior to MCC Disbursements or Re-Disbursements for or commencing these activities	TBD	TBD	TBD	TBD	X				
	MCA-Cape Verde shall obtain written commitment by the Government of Cape Verde to fund necessary mitigation and remediation costs related to this sub-activity identified in the EIA (conducted pursuant to Section 2(a)(i)(1)) in excess of the budgeted amount in the Detailed Financial Plan for such costs. Timing is dependent on the completion of the EIA satisfactory to MCC.	Prior to commencement of sub-activity	TBD	TBD	TBD	TBD	X				
	The feasibility studies (described in Schedule 2, Section 2(a)(i)(1)(C)), (i) the EIA (described in Schedule 2, Section 2(a)(i)(1)(D)) and the engineering and design of the access road (described in Schedule 2 Section 2(a)(i)(1)(E)) must be conducted, satisfactory to MCC, and completed and (ii) there must be a determination by MCC of the technical and economic feasibility, consistency with Environmental Guidelines as amended from time to time, and satisfactory design to MCC.	Prior to any MCC Disbursement or Re-Disbursement for this sub-activity	TBD	TBD	TBD	TBD	X				
	Environmental and other permits obtained, validly issued and in full effect							X			
	Continued compliance with project-specific environmental management plans (EMP)							X	X	X	X
	MCA-Cape Verde has engaged firm(s) acceptable to MCC for the development of the access road, following a procurement satisfactory to MCC.	Prior to any MCC Disbursements or Re-disbursements for this sub-activity	TBD	TBD	TBD	TBD	X				
Port of Praia Upgrade - Phase 1 - Detached Breakwater (Schedule 2, Section 2(a)(i)(5)	MCA-Cape Verde has developed an HIV/AIDS awareness program satisfactory to MCC and there is continued implementation, satisfactory to MCC, of the program	Prior to any Re-Disbursement for, or commencement of, construction, and continued compliance thereafter,	TBD	TBD	X	X	X	X	X	X	
	An EMMP for the Port (including water side, land side and fishing port) has been developed and continued implementation satisfactory to MCC including full implementation of health and safety measures.	Prior to MCC Disbursements or Re-Disbursements for or commencing these activities and each quarter thereafter	TBD	TBD	TBD	TBD	X	X	X	X	
	The relevant studies and assessments described in Schedule 2 (a)(i)(1) have been completed, satisfactory to MCC	Prior to MCC Disbursements or Re-Disbursements for or commencing these activities	TBD	TBD	TBD	TBD	X				

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numeric target.

Schedule 1.8

Program/Project/Activity (referenced in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period				
			Year 1	Year 2	Year 3	Year 4	Year 5
			TBD	TBD	TBD	TBD	TBD
	MCA-Cape Verde shall obtain written commitment by the Government of Cape Verde to fund necessary mitigation and remediation costs related to this sub-activity as identified in the EIA (conducted pursuant to Section 2(a)(i)(C)) in excess of the budgeted amount in the Detailed Financial Plan for such costs. Timing is dependent on the completion of the EIA satisfactory to MCC.	Prior to commencement of sub-activity					
	Environmental and other permits obtained, validly issued and in full effect.			X			
	Continued compliance with project-specific environmental management plans (EMP).	Prior to any MCC Disbursement or Re-Disbursement for this sub-activity.			X	X	X
	The feasibility studies (described in Schedule 2 Section 2(a)(i)(C)), (i) the EIA (described in Schedule 2 Section 2(a)(i)(D)) and the engineering and design of the breakwater (described in Schedule 2 Section 2(a)(i)(E)) must be conducted, satisfactory to MCC, and completed and (ii) there must be a determination by MCC of the technical and economic feasibility, consistency with Environmental Guidelines as amended from time to time, and satisfactory design to MCC.		TBD	TBD	TBD	X	
	MCA-Cape Verde has engaged, and continued engagement of, firm(s) acceptable to MCC for the development of the breakwater, following a procurement satisfactory to MCC.	Prior to any MCC Disbursements or Re-Disbursements for this activity, and quarters thereafter as designated.	TBD	TBD	TBD	X	
Phase 2	Port of Praia Upgrade - Phase 2 - Infrastructure Expansion and Project Management, Schedule 2, Section 2(a)(ii)	Prior to any MCC Disbursements or Re-Disbursements for this activity or commencement of this activity					
	Written commitment of funding by the Government of Cape Verde or other satisfactory funding source (e.g. , regional development bank, export credit agency, etc.) for amounts in excess of budgeted amount in the Detailed Financial Plan.			X			
	MCA-Cape Verde has engaged Outside Project Manager, following a procurement acceptable to MCC, and remain engaged during implementation of Project.	Prior to any MCC Disbursements or Re-Disbursements for applicable sub-activity, and each quarter thereafter	TBD	TBD	TBD	X	X
	Regulatory and institutional aspects completed for the creation of a regulatory authority which will be responsible for the technical and economic regulation of the ports and maritime sectors and for establishment and supervision of standards of service in terms of price, quality, security, and competition.			X			
	Creation of regulatory authority that will be responsible for the technical and economic regulation of ports and maritime sectors.				X		
	Publication of the Expression of Interest (EOI) for privatization of the Port.				X		

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

* Condition will be deemed to have been satisfied if results are within 10% of stated numeric target.

Schedule 1.9

Program/Project/ Project Activity (referenced to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period				
			Year 1	Year 2	Year 3	Year 4	Year 5
		Q1	Q2	Q3	Q4		
	Shortlisted bidders for privatization of the Port receive an information memorandum for investors as well as a draft technical bidding package.				X		
	One or several bidders is/are invited for negotiations for port operator.			X			
	Completion of the privatization transaction as called for in the Action Plan (May 2005 Port Privatization Action Plan) agreed to between the Government of Cape Verde and the World Bank.			X			
	Reorganization of ENAPOR (current state entity that administers and operates the Port) to create a port authority (public owned corporation) having responsibility for ownership and management of port infrastructure, provision of services in areas of port infrastructure, strategic and operational planning for the harbor, security maintenance and ports environmental protection and provision through concession, licenses, contracts, or leasing of participation of private sector operators in the operations of the ports.				X		
	An EINMP for the Port (including water side, land side and fishing port) has been developed and continued implementation satisfactory to MCC including full implementation of health and safety measures.	Prior to any MCC Disbursements or Re-Disbursements for this activity and each quarter thereafter	TBD	TBD	TBD	X	X
	MCA-Cape Verde has developed an HIV/AIDS awareness program, satisfactory to MCC, and there is continued implementation, satisfactory to MCC, of such program	Prior to issuance of the RFPs for these activities, and each quarter thereafter					
	The relevant studies and assessments described in Schedule 2 Section 2(a)(i)(1) must be conducted satisfactory to MCC.	Prior to any MCC Disbursements or Re-Disbursements for this activity or commencement of this activity	TBD	TBD	TBD	TBD	TBD
	The feasibility studies (described in Schedule 2 Section 2(a)(i)(1)(C)), (i) the EIA (described in Schedule 2 Section 2(a)(i)(1)(D)) and the engineering and design of the long-term expansion (described in Schedule 2 Section 2(a)(i)(1)(E)) must be conducted ,satisfactory to MCC.	Prior to issuance of the RFPs for the works described in Schedule 2 Section 2(a)(ii)	TBD	TBD	TBD	TBD	X
	Continued compliance with project-specific environmental management plans (EMP)				X	X	X
	Continued implementation, satisfactory to MCC, of HIV/AIDS awareness program				X	X	X
	Written commitment by the Government of Cape Verde delivered to MCC to fund necessary mitigation and remediation costs related to this sub-activity as identified in the EIA (conducted pursuant to section 2 (a)(ii)) in excess of the budgeted amount in the Detailed Financial Plan for such costs.				X		
	Environmental and other permits obtained for the Port expansion described in Schedule 2 Section 2(a)(ii), validly issued and in full effect.				X		

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

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Schedule 1.10

Program/Project/ Activity (referenced in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period					
			Year 1	Year 2	Year 3	Year 4	Year 5	
		Q1	Q2	Q3	Q4			
	Expansion plan evaluated by independent evaluator and determined to result in Port being in compliance with applicable international port security standards if implemented in accordance with plan.					X		
	Completion, satisfactory to MCC, of the offsite cargo terminal described in Schedule 2 Section 2(a)(i)(2) and Quay 2 improvements described in Schedule 2 Section 2(a)(i)(3)					X		
	Completion, satisfactory to MCC, of access road (described in Schedule 2 Section 2(a)(i)(4))					X		
	Completion, satisfactory to MCC, of breakwater (described in Schedule 2 Section 2(a)(i)(5))					X		
	MCA-Cape Verde has engaged firm(s) acceptable to MCC for the expansion of the port, following a procurement satisfactory to MCC.	Prior to any MCC Disbursements or Re-Disbursements for this sub activity	TBD	TBD	TBD	X		
	Tons of general cargo handled per hour.*	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.				22-25	25-30	30-35
	Containers handled per hour.*	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.				8.66-9	9-10	10-11
Roads Upgrade and Construction								
Roads and Bridges - Schedule 2, Section 2(b)	By no later than December 31, 2005, establish the Road Maintenance Fund with a structure and functions acceptable to MCC and in accordance with the Transport Sector Letter.				X			
	Government adopted legislation establishing user fees (e.g., fuel levy or tax, levy on heavy vehicles)				X			
	Government has fully funds the Road Maintenance Fund with no less than CVE 300,000,000 to meet the maintenance needs of the country's road network, funded through a combination of fuel import tax (existing) and the national budget.				X			
	Government has fully funds the Fund with no less than CVE 300,000,000 and thereafter gradually increased, in accordance with the schedule agreed upon by the Parties, the financing of the Fund to meet the maintenance needs of the country's road network, through collection of user fees (fuel levy or tax, levy on heavy vehicles).				X			
	The Road Maintenance Fund is operational and annual road maintenance budgets established and managed, in accordance with the Transport Sector Letter.				X			
	Annual road maintenance plans are implemented by the Road Agency within the planned execution period and within budget				X			
					X			

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

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Program/Project/ Project Activity (references to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period					
			Year 1		Year 2		Year 3	
			Q1	Q2	Q3	Q4		
Carry out an early implementation review (in conjunction with the World Bank) as of May 31, 2006 to review the effectiveness of the institutional arrangements for road planning and management						X		
By September 30, 2006, present a sector strategy and implementation plan acceptable to the World Bank and MCC covering air, maritime and port transport and institutions, including public-private partnership options				X				
The satisfactory completion of the capacity building for the road sub-sector through the World Bank program				X				
Government implemented pilot performance-based road maintenance and management contracts					X			
The Road Agency completes the National Road Plan Implementation, satisfactory to MCC, of resettlement-related compensation where relevant	Prior to any Re-Disbursements for, or commencement of, construction of the applicable road or bridge, and continued compliance thereafter	TBD	TBD	TBD	TBD	X	TBD	TBD
Completion, satisfactory to MCC, of an environmental audit					X			
Roads and Bridges - Road Rehabilitation on Santiago. Schedule 2, Section 2(b)(i)	Contract for construction for the works for the roads in Santiago pursuant to a procurement satisfactory to MCC and receive MCC approval of contract			X				
Contract for the supervisory contracts for the roads in Santiago pursuant to a procurement satisfactory to MCC and receive MCC approval of contract		X						
Percentage of rehabilitation work phases completed*	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.				10% - 55%	55% - 100%		
Roads and Bridges - Road Rehabilitation on Santiago Schedule 2, Section 2(b)(i)(1) - (5)	Continued compliance with road-specific EMPS applicable to the sub-activity described in Schedule 2, Section 2(b)(i)(1) through (5)			X	X	X	X	X
MCA-Cape Verde has obtained the relevant environmental and other required permits validly issued and in full effect for each applicable road	Prior to commencing construction of applicable road and each quarter thereafter	TBD	TBD	X	X	X		
MCA-Cape Verde has developed an HIV/AIDS awareness program satisfactory to MCC and there is continued implementation, satisfactory to MCC, of the program	Prior to any Re-Disbursement for, or commencement of, construction of the applicable road, and continued compliance thereafter,	TBD	TBD	X	X	X		
Roads and Bridges - Bridge Construction and related works on Santo Antao Schedule 2, Section 2(b)(ii)	Contract for construction for the works for the bridges in Santo Antao, pursuant to procurement satisfactory to MCC, and receive MCC approval of contract			X				

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

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Schedule 1.12

Program/Project/ Activity (references to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period				
			Year 1		Year 2		
			Q1	Q2	Q3	Q4	
	Contract for supervisory contracts for the bridges in Santo Antao, pursuant to a procurement satisfactory to MCC, and receive MCC approval of contract			X			
	Percentage of rehabilitation work phases completed*	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.				30% - 65%	65% - 100%
Roads and Bridges - Bridge Construction and related works on Santo Antao Schedule 2, Section 2(b)(ii)(1)-(2)	Continued compliance with bridge-specific EMPS applicable to the sub-activity described in Schedule 2 Section 2(b)(ii)(1) through (2)				X	X	X
	MCA-Cape Verde has obtained the relevant environmental and other required permits validly issued and in full effect for each applicable bridge	Prior to commencing construction of applicable bridge and each quarter thereafter	TBD	TBD	X	X	X
	MCA-Cape Verde has developed an HIV/AIDS awareness program satisfactory to MCC and there is continued implementation, satisfactory to MCC, of the program	Prior to any Re-Disbursement for, or commencement of, construction of the applicable bridge, and continued compliance thereafter,	TBD	TBD	X	X	X
Private Sector Development Project All Private Sector Development Activities	Private Sector Development Project Manager for MCA-Cape Verde is selected and engaged, or in the event position is vacant, MCA-Cape Verde is actively recruiting.		X	X	X	X	X
	Each component document of the Implementation Plan (including the Detailed Financial Plan, Fiscal Accountability Plan, Procurement Plan, Works Plans and M&E Plans) is current and updated.	Satisfaction of this condition precedent is required for each MCC Disbursement or Re-Disbursement for any aspect of the Project and any Project Activity.	X	X	X	X	X
	Implementing Entity selected by MCA-Cape Verde and approved by MCC, engaged and remain in place through implementation.	Prior to any Re-Disbursement and each quarter thereafter,	TBD	X	X	X	X
Partnership to Mobilize Investment	Government provides necessary funding for the PIU to ensure proper day-to-day operations and appropriate oversight of this Project Activity	Prior to any Re-Disbursement and for each quarter thereafter,	TBD	TBD	TBD	X	X
Partnership to Mobilize Investment - Schedule 3 Section 2 (a)	A written commitment by the Government to fund a management structure (i.e., PIU of World Bank Growth and Competitiveness Project (GCP)) when GCP ends on February 28, 2008, and it is absorbed into the Ministry of Economy, Growth, and Competitiveness					X	
	Consultation with MCA-CV Stakeholders Committee for the development of potential investments.				X	X	

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Program/Project/ Project Activity (references to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period				
			Year 1	Year 2	Year 3	Year 4	Year 5
			Q1	Q2	Q3	Q4	
Partnership to Mobilize Investment - Selection of Selected Activities. Schedule 3 Section 2(a)(iii)	Investment Guidelines developed, and approved by MCC.	Prior to selection of investment (i.e., Selected Activities)	TBD	TBD	TBD	X	
	Procedures for evaluation and selection of activities to be financed developed, and approved by MCC.	Prior to selection of investment (i.e., Selected Activities)	TBD	TBD	TBD	X	
	Review Committee established for evaluation of proposed investments and procedures for determining composition, replacement of members and other matters related to the Review Committee developed and approved by MCC.	Prior to selection of investment (i.e., Selected Activities)	TBD	TBD	TBD	X	
Partnership to Mobilize Investment - Investments in Selected Activities. Schedule 3 Section 2 (a)(iv)	Satisfactory completion of Phases I - III, as determined by MCC.	Prior to any MCC Disbursement for this activity for Phase IV	TBD	TBD	TBD	TBD	X
	MCA-Cape Verde approval of the portfolio of Selected Activities from which MCC shall approve those to be implemented ("Investment Plan").	Prior to any MCC Disbursement for this activity for Phase IV	TBD	TBD	TBD	X	
	MCC approval of Selected Activities to be funded by MCC within the Investment Plan.	Prior to any MCC Disbursement for this activity for Phase IV	TBD	TBD	TBD	TBD	X
	Co-financing identified and secured and maintained as necessary for the implementation of any proposed investment.	Prior to any MCC Disbursement for applicable Selected Activity and each quarter thereafter as applicable	TBD	TBD	TBD	TBD	TBD
	All baselines and targets for the indicators in the Compact M&E Plan, and any additional indicators, are completed with adequate documentation and verified by MCC.					X	
	Continued compliance, satisfactory to MCC, with the Investment Guidelines	Prior to any MCC Disbursement or Re-Disbursement for a Selected Activity,	TBD	TBD	TBD	TBD	TBD
	If the success and implementation of an investment (i.e., Selected Activity) approved by MCC is dependent upon the implementation of policy or legal reforms or procedural changes that are not being funded by MCC, the Government shall take all necessary or advisable action to adopt or implement such reform and changes.	Prior to any MCC Disbursement or Re-Disbursement for a Selected Activity,	TBD	TBD	TBD	TBD	TBD
Financial Sector Reform							
Financial Sector Reform - MF1	The enactment of the legislation that brings non-bank credit providers under Bank of Cape Verde regulation is a condition for contracting with technical assistance providers.	Prior to any MCC Disbursement or Re-Disbursement for this sub-activity	TBD	TBD	X		
Technical Assistance - increase access to financial services. Schedule 3 Section 2 (b) (i)	MCA-Cape Verde submits to MCC for approval the short list of MFIs selected based on business plans to receive the technical assistance.				X		
	MCA-Cape Verde submits a detailed description, satisfactory to MCC, of the technical assistance to be provided, to whom and how.				X		

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Program/Project/ Activity (references to schedule in Program Annex)	Condition Precedent	Notes (including sequencing of condition precedent)	Implementation Period				
			Year 1		Year 2		Year 3
			Q1	Q2	Q3	Q4	X
	Adoption by MFIs of international best practices and performance standards for reporting, as determined by Consultative Group for Assistance to the Poorest ("CGAP")					X	X
	The purchase and distribution of a Management Information System is submitted on the business plan describing the preferred software and a plan of implementation, including training				X		
	Volume of deposits in MFI as percentage of total deposits: * (to be further identified by quarter)	The first target should be met by Q1 of each year and the second target should be met by the end of Q4 of each year. The targets will be further identified by quarter.				0.5% - 1% ^b	1% - 2%
Financial Sector Reform - Primary Market for Government Securities - improve financial intermediation. Schedule 3 Section 2 (b) (ii)	Rules and procedures for an expanded primary market, designed to include domestic investors, approved and implemented		X				
	First expanded primary auction held				X		
	Percentage of government security stock held outside of financial institutions and government agencies: %* (to be further identified by quarter)	The first target should be met by Q1 of year 3 and the second target should be met by the end of Q4 of year 3. The targets will be further identified by quarter.				2% - 4%	

Disbursement Agreement Schedule 1 (final)

TBD = Quarter To Be Determined, relevant condition applies prior to the event specified or in the sequence as noted

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Schedule 1.15