



10-Apr-2023  
\_\_\_\_\_, 2023

H.E. Olavo Correia  
Vice-Prime Minister, Minister of Finance and Business Development and Minister of Digital  
Economy  
Ministerio das Financas  
Av. Amilcar Cabral  
Praia CP 30  
Cabo Verde

Re: Advance Agreement for Preparation of Proposed Improving  
Connectivity and Urban Infrastructure in Cabo Verde Project  
Preparation Advance No. IDA V4790

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Cabo Verde ("Recipient"), I am pleased to inform you that the International Development Association ("Bank") proposes to extend to the Recipient an advance out of the Bank's Project Preparation Facility in an amount not to exceed two million Dollars (\$2,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve living conditions through resilient road connectivity and urban and territorial infrastructure in targeted areas in the Recipient's territory. ("Project"), for the carrying out of which the Recipient has requested the Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the Bank. Upon receipt by the Bank of this countersigned copy, this Agreement shall become

effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the Bank, unless the Bank has established a later date for such purpose.

Very truly yours,

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Keiko Miwa**

By \_\_\_\_\_  
Keiko Miwa  
Country Director for Cabo Verde  
Africa Region

AGREED:

**REPUBLIC OF CABO VERDE**

By Olavo Avelino Garcia Correia  
Authorized Representative  
Name Olavo Avelino Garcia Correia  
Title Minister of finance  
Date 12-Apr-2023

Enclosures:

- (1) “Standard Conditions for Advances Made by the Bank under its Project Preparation Facility”, dated August 1, 2022; and
- (2) Disbursement and Financial Information Letter for the Advance of the same date as this Agreement, together with “Disbursement Guidelines for Investment Project Financing”, dated February 2017.

**PPA No. IDA V4790  
ANNEX**

**Article I  
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Section

- (a) “Anti-Corruption Guidelines” means, for purposes of paragraph 11 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January, 2011, and as of July 1, 2016.
- (b) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (c) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated [*insert date of negotiations*], as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments<sup>vi</sup> to be prepared thereunder.
- (d) “Environmental and Social Standards” or “ESSs” means, collectively:
  - (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
- (e) “Implementation Unit” or “PIU” or “UGPE” each means *Unidade de Gestão de Projetos Especiais*, each means the implementation unit of the Bank financed

Digital Cabo Verde Project (Credit Number 6792-CV ) dated December 8, 2020, the unit within the Ministry of Finance, established and operating pursuant to the Recipient's *Decreto-lei 57/2009 Artigo 17*, of December 14, 2009 and *Resolucao 81/2017* of July 28<sup>th</sup>, 2017, referred to in Section 2.03 of Annex to this Agreement, responsible for the day-to-day implementation of the Activities.

- (f) "Operating Costs" means the incremental operating expenses incurred on account of the implementation of the Activities, management and monitoring including on account of operation and maintenance costs of office and office equipment, office supplies, additional staff costs, travel and supervision costs, per diem, but excluding the salaries and indemnities of officials and public servants of the Recipient's civil service.
- (g) "PRRA" means Requalification, Rehabilitation and Accessibility Program.
- (h) "Procurement Regulations" means, for purposes of paragraph 50 of the Appendix to the Standard Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
- (i) "Standard Conditions" means the "Standard Conditions for Advances Made by the Bank under its Project Preparation Facility", dated August 1, 2022.
- (j) "Training" means the reasonable costs associated with training, study tours, seminars and workshops (other than for consultants' services), including: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.

## **Article II**

### **Execution of the Activities**

2.01. ***Description of the Activities.*** The Activities for which the Advance is provided consist of the following parts:

- (a) carrying out technical studies, including ESF reports, for 4 roads, desk work, workshops, meetings, training and field missions;
- (b) carrying out of environmental and social studies and preparation of Project safeguards documents;
- (c) (i) conducting an economic analysis; and (ii) structuring of procurement options for a pilot road for a public-private partnership approach;
- (d) carrying out urban redevelopment studies for select sites;
- (e) carrying out Waterfront Maritime development studies for select sites;

- (f) (i) carrying out a feasibility study for a standard travel-lift approach for fishery boats; and (ii) providing technical assistance aimed at improving transport and connectivity related matters (air, sea, land), including the Civil Aviation regulation through making recommendations, complementing and reviewing the proposed draft new regulation for Civil Aviation;
- (g) recruiting staff and consultants for the purpose of Project implementation; and
- (h) (i) providing technical assistance in the design of a methodology to assess the existing “PRRA” program; and (ii) establishing an approach for baseline to measure the Project’s impact.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the Implementation Unit within its Ministry of Finance, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the Anti-Corruption Guidelines.

2.03. ***Institutional and Other Arrangements.***

Without limitations upon the provisions of Section 2.02 above, the Recipient shall maintain the Implementation Unit (the “IU”) within the Ministry of Finance, throughout the implementation of the Activities, maintain the IU with functions, staffing and resources satisfactory to the Bank to implement the Activities. The IU shall be responsible for overall management and fiduciary aspects of Activities.

2.04. ***Environmental and Social Standards.***

- (a) The Recipient shall ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
- (b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
  - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (ii) sufficient funds are available to cover the costs of implementing the ESCP;
  - (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) Without limitation upon the provisions of paragraph (b) above, if 60 days prior to the Closing Date, the Bank determines that there are measures and actions specified in the

ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than 30 days before the Closing Date, prepare and present to the World Bank, an action plan satisfactory to the Bank on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Bank.

- (d) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (e) The Recipient shall ensure that:
  - (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, any case of sexual exploitation and abuse, sexual harassment and violence against minors, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (f) The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Activities-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

2.05. ***Monitoring, Reporting and Evaluation of the Activities.*** The Recipient shall ensure that each Activity Report is furnished to the Bank not later than forty-five 45 days after each calendar semester, covering the calendar semester.

### **Article III Withdrawal of the Advance**

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section, to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive/exclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities	2,000,000	100%
<b>TOTAL AMOUNT</b>	2,000,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is December 20, 2023.

#### **Article IV Terms of the Advance**

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent ( $\frac{3}{4}$  of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the

Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent ( $\frac{3}{4}$  of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

## **Article V**

### **Recipient's Representative; Addresses**

5.01. ***Recipient's Representative.*** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is the minister responsible for finance.

5.02. ***Recipient's Address.*** For purposes of Section 9.01 of the Standard Conditions: (a) the Recipient's Address is:

Minister of Finance  
Ministry of Finance  
Avenida Amilcar Cabral  
C.P. 30, Praia  
Cabo Verde

Telex:  
COORDENACAO      608-MCECV

Facsimile:  
(238) 61 38 97

5.03. ***Bank's Address.*** For purposes of Section 9.01 of the Standard Conditions: (a) the Bank's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Bank's Electronic Address is:

Telex:                      Facsimile:  
  
248423 (MCI) or      1-202-477-6391  
64145 (MCI)