November 28, 2012

Her Excellency Cristina Duarte
Minister of Finance and Planning
Ministry of Finance and Planning
Praia, Republic of Cape Verde

REPUBLIC OF CAPE VERDE:
(Small and Medium Enterprise Capacity Building
and Economic Governance Project)
(Credit No. 4717 CV)
Amendment to the Financing Agreement

Excellency:

We refer to the Financing Agreement ("Agreement") dated June 2, 2010, between the Republic of Cape Verde ("Recipient") and the International Development Association ("Association") for the above mentioned Project. We also refer to your letter, dated June 4, 2012, requesting the Association to: (a) add "Works" as an additional disbursement category in Schedule 2 of the Agreement; (b) revise selected parts and include new activities under Parts A and B of the Project; and (c) add a new implementing agency for the Project.

We are pleased to inform you that the Association has agreed to your request and propose to amend the Agreement as follows:

(a) Part A in Schedule 1 (Description of Project) is amended to read as follows:

Part A: Enhancing SME Business Opportunities

1. (i) Scanning, indexing and digitizing of paper-based archives of property registries; (ii) development of information technology system; and (iii) procedures; carrying out of training of staff responsible for the implementation of such reforms and of members of the judiciary; and the establishment of an electronic system to register property.

2. Provision of: (i) Matching Grants to Beneficiaries to improve SME access to business training and business services, including bookkeeping, business planning and management services; (ii) support to the Chambers of Commerce for the management of the Matching Grants program, including Training, Operating Costs, and services for the implementation of an outreach campaign and monitoring and evaluation activities; and (iii) incremental support to the Chambers of Commerce to coordinate assistance to SMEs needing certification services.

3. Provision of services to Beneficiaries to improve SME access to business development services and deepen incubation under the National Incubation Network ("National Incubation Network") and support to ADEI for the management of the national incubation program.
(b) Part B.1 in Schedule 1 (Description of Project) is amended to read as follows:

1. Development and implementation of a program of actions aimed at strengthening the ability of: (a) the Agência Caboverdiana de Promoção de Investimentos; (b) the Directorate of Tourism in the Recipient’s Ministry of Economy, Growth and Competitiveness; and (c) the Ministry of Finance, in each case to formulate policies and to implement long-term planning of private sector investments, including establishment of a functional one-stop-shop for and capacity building for staff of the General Tourism Office, municipal governments, Chambers of Commerce and other entities linked to tourism promotion.

(c) Part C.1 in Schedule 1 (Description of the Project) is amended to read as follows:

1. Strengthening of the Project implementation capabilities of the PU for the carrying out of procurement and financial management, including carrying out small renovation of the PU office, as well as for the monitoring and evaluation of the Matching Grants.”

(d) Part A.1 in Section I of Schedule 2 (Implementation Arrangements) is revised to read as follows:

“1. MOF shall have responsibility for the overall implementation of the Project. The Recipient shall at all times, during implementation of the Project, ensure that the Business Development and Innovation Agency (“ADEI”) has the responsibility to carry out Part A (3) of the Project.”

(e) Section III A (Procurement) is amended to read as follows:

**Section III. Procurement**

**A. General**

1. **Goods.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Limited International Bidding</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
</tbody>
</table>

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
<tr>
<td>(e) Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.”

(f) The table in Section IV.A.2 of Schedule 2 (Withdrawal of the Proceeds of the Financing) is deleted in its entirety and is replaced with the Annex to this amendment letter.
(g) In Section I of the Appendix to the Agreement, a new paragraph 3 is added to read as follows; and the remaining paragraphs in said Section are renumbered accordingly:


All other provisions of the Agreement, except amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendments to the Agreement on behalf of the Recipient by countersigning and dating the two original copies of this letter and returning one countersigned original to us. Upon receipt by the Association of this countersigned copy, this amendment shall become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Vera Songwe
Country Director for Cape Verde
Africa Region

AGREED:

REPUBLIC OF CAPE VERDE

[Signature]
Justin Duarte
Authorized Representative
Minister of Finance
Date: 27.12.12
The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants' services (including audits), Operating Costs, Civil Works, and Training for the Project (other than under Part A.2(i) of the Project)</td>
<td>2,350,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, consultants’ services and Training under Part A.2 (i) of the Project</td>
<td>550,000</td>
<td>100% of amounts disbursed through Matching Grants</td>
</tr>
<tr>
<td>(3) Unallocated</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,000,000</td>
<td></td>
</tr>
</tbody>
</table>