Agreement Amending
Development Credit Agreement

(Road Sector Support Project)

between

REPUBLIC OF CAPE VERDE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 18, 2008
AGREEMENT AMENDING
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 18, 2008, between REPUBLIC OF CAPE VERDE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Road Sector Support Project) dated May 31, 2005 (the Development Credit Agreement) for the purpose of assisting in the financing of the Project described in Schedule 2 to the Development Credit Agreement (the Project); and

(B) the Borrower has requested the Association to provide additional assistance towards the financing of the Project in an amount in various currencies equivalent to three million one hundred thousand Special Drawing Rights (SDR 3,100,000).

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Amending Agreement.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I
Amendments to the Development Credit Agreement

Section 1.01. Section 1.01 of the Development Credit Agreement is amended to read as follows:

Section 1.01. Section 1.02. of the Development Credit Agreement is amended by adding a new paragraph (aa) to read as follows:

“(aa) “Amending Agreement” means this Agreement amending the Development Credit Agreement (Road Sector Support Project) between the Borrower and the Association, dated May 31, 2005.”

Section 1.02. Section 2.01. of the Development Credit Agreement is amended to read as follows:

“Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement,
an amount in various currencies equivalent to thirteen million Special Drawing Rights (SDR 13,000,000) (the Credit), consisting of: (i) an original amount in various currencies equivalent to nine million nine hundred thousand Special Drawing Rights (SDR 9,900,000) (the Initial Financing); and (ii) an additional amount in various currencies equivalent to three million one hundred thousand Special Drawing Rights (SDR 3,100,000) (the Additional Financing).”

Section 1.03. The following new paragraph (c) is added to Section 2.02 of the Development Credit Agreement:

“(c) Except as the Borrower and the Association shall otherwise agree, all amounts withdrawn from the Credit Account or made subject to a special commitment pursuant to Section 5.02 of the General Conditions shall be withdrawn from the Initial Financing until such Financing has been exhausted, and thereafter shall be from the Additional Financing.”

Section 1.04. A provision is added at the end of Section 2.04 (b) (i) of the Development Credit Agreement to read as follows:

“; provided, however, that the commitment charge on the Additional Financing shall accrue from a date sixty (60) days after the date of the Amending Agreement.”

Section 1.05. The word “Credit” referred to in Section 2.07 of the Development Credit Agreement is deleted and replaced with the words “Initial Financing”.

Section 1.06. Section 2.08 of the Development Credit Agreement is renumbered as Section 2.09, and a new Section 2.08 is added, to read as follows:

“Section 2.08. The Borrower shall repay the principal amount of the Additional Financing in semiannual installments payable on each May 15 and November 15, commencing November 15, 2018 and ending May 15, 2048. Each installment to and including the installment payable on May 15, 2028 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.”

Section 1.07. Schedule 1 to the Development Credit Agreement is hereby revised as indicated in the Annex to this Amending Agreement.

ARTICLE II
Effective Date; Termination
Section 2.01. This Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Amending Agreement has been duly authorized or ratified by all necessary governmental action.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required pursuant to Section 2.01 of this Amending Agreement.

Section 2.04. If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF CAPE VERDE

By: /s/ Fatima Veiga

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Colin Bruce

Authorized Representative
ANNEX

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Initial Financing and Additional Financing, the allocation of the amounts of the Initial Financing and Additional Financing to each Category, and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Initial Financing Allocated (Expressed in SDR Equivalent)</th>
<th>Amount of the Additional Financing Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works for Parts B.1; B.2; and B.3 of the Project</td>
<td>6,500,000</td>
<td>2,150,000</td>
<td>80%</td>
</tr>
<tr>
<td>(2) Goods for Parts A; B.1; B.2; and B.3 of the Project</td>
<td>500,000</td>
<td></td>
<td>100% of foreign expenditures 90% of local expenditures</td>
</tr>
<tr>
<td>(3) Consultants’ Services for Parts A; B.1; B.2; and B.3 of the Project (including Audits)</td>
<td>1,350,000</td>
<td>950,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training</td>
<td>450,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>100,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(6) Refunding of the Project Preparation Advance</td>
<td>1,000,000</td>
<td></td>
<td>Amount due pursuant to Section 2.02 (b) of this Agreement.</td>
</tr>
<tr>
<td>Total</td>
<td>9,900,000</td>
<td>3,100,000</td>
<td></td>
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