Her Excellency Cristina Duarte  
Minister of Finance  
Ministry of Finance  
Praia, Cape Verde]  

Re: Cape Verde: Proposed Reform and Recovery of the Energy Sector  
Project (P115464)  
Preparation Advance No. P4550-CV  
Amendment to the Letter Agreement

Excellency:

Pursuant to your request, dated December 17, 2010, for certain amendments to the Letter Agreement (“Agreement”) between the Republic of Cape Verde (“Recipient”) and the International Development Association/International Bank for Reconstruction and Development (“World Bank”), dated January 6, 2010, for the above mentioned Project Preparation Facility Advance (the Advance), I am pleased to inform you that the World Bank agrees to your request and proposes to:

1) amend Section 2.01 of the Annex to the Agreement to read as follows:

“2.01. Description of the Activities. The Activities for which the Advance is being made consist of the following parts:

a. Feasibility study of the proposed investments in electric power and water supply systems (US$225,000), namely:
   - 2 x 11MW HFO of power generation capacity in Palmarejo, Santiago Island;
   - 2 x 5.5MW HFO of power generation capacity on Sao Vicente Island; and
   - Additional water storage in Praia.

b. Review of the economic regulation in Cape Verde: Relevance and Coverage (US$25,000).

c. Institutional Reform of ELECTRA (US$115,000).

d. Operational and Commercial Performance of ELECTRA (US$35,000).
e. Environmental and Social Assessment of the project (US$70,000).

f. Comprehensive investment plan in the electricity and water sectors (US$20,000).

g. Audit of the Project Preparation Facility (US$10,000)."

2) amend Section 3.03 of the Annex to the Agreement to read as follows:

“3.03. Refinancing Date. The Refinancing Date is June 30, 2011.”

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

Please confirm your agreement to the above by signing, dating and returning to us the enclosed copy of this amendment letter. Upon receipt by the Association of a copy of the countersigned amendment letter, this amendment letter will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION/INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

/s/ Habib Fetini
By____________________
Habib Fetini
Country Director for Cape Verde
Africa Region

AGREED:
REPUBLIC OF CAPE VERDE

By_____/s/ Cristina Duarte_____
Authorized Representative

Name _______________________
Title ___Minister of Finance_____
Date: ___06/01/11___________