H.E. Ms. Cristina Duarte  
Minister of Finance and Planning  
Ministerio das Financas e Planeamento  
Av. Amilcar Cabral  
C.P. 30 Praia  
Cabo Verde

Re: Republic of Cabo Verde No. TF0A1811  
Distributed Solar Energy Systems (SIDS DOCK) Project

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 Bank for Reconstruction and Development and the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Support for Small Island Developing States Sustainable Energy Initiative SIDS Dock Support Program Multi Donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed one million United States Dollars (U.S.$1,000,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in 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 World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Louise Cord

Country Director for Senegal, Cabo Verde, Gambia, Guinea-Bissau, Mauritania

Africa Region

AGREED:

REPUBLIC OF CABO VERDE

By

Authorized Representative

Name

Title

Date: 15/02/2016

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions"), 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 Agreement.

   a) "Beneficiary" means a regional hospital in the Recipient’s territory which has been selected by the Recipient to receive Investment under the Project.

   b) "Investment Agreement" means an agreement to be executed between the Recipient and each Beneficiary setting forth the terms and conditions under which Investments are to be provided under Part 1 of the Project.

   c) "Investment" means a non-reimbursable financial contribution out of the proceeds of the Grant made by the Recipient to co-finance, together with a Beneficiary, the cost of the acquisition and installation of solar PV and water heating on the Beneficiary’s site.

   d) "MTIDE" means "Ministry of Tourism, Investment and Enterprise Development", the Recipient’s ministry responsible for tourism, investment and enterprise development.

   e) "PIM" means "Project Implementation Manual", the manual described in Paragraph 2.03 B.1 of this Annex.

   f) "PIU-UGPE" means "Unidade de Gestao de Projetos Especiais" an implementation unit originally established in 1999 and later integrated within the MTIDE.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to increase the generation of solar energy in the Recipient’s territory. The Project consists of the following parts:

   Part 1: Demonstration Investments

   Provision of Investments for the acquisition and installation of solar panels and solar water heating for Beneficiaries; and

   Part 2: Assessment of Market Potential and Support to Enabling Framework for Distributed Solar Generation
(a) (i) Carrying out a comprehensive market assessment study for rooftop solar panels and water heaters in the Recipient’s residential, commercial and industrial sectors including an overview of the growth potential for various stakeholders; and (ii) dissemination of the market study to stakeholders.

(b) Reviewing and developing, as appropriate, the necessary rules and standards to facilitate the development of distributed solar generation.

Part 3: Implementation Support, Communication and Dissemination

(a) Carrying out the implementation activities under the Project, including communication outreach and dissemination to stakeholders.

(b) Carrying out feasibility studies for five hospitals in the Recipient’s territory to be considered for Investment under the Project.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the MTIDE in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements.

A. Project Implementation Unit (PIU-UGPE)

(a) The Recipient shall maintain the PIU-UGPE throughout the implementation of the Project, with functions and resources satisfactory to the Bank.

(b) Without limitation to the provisions of paragraph (a) immediately above, the PIU-UGPE shall have responsibility for the day-to-day coordination and management of the Project, including overall responsibility for, inter alia: (i) ensuring timely implementation of the Project in accordance with the PIM; (ii) preparing Annual Work Plans and Budgets and annual Procurement Plans; (iii) overseeing Project activities under its direct responsibility including the Investments; (iv) managing Project finances; (v) maintaining Project accounts; (vi) monitoring the Project key performance indicators; and (vii) ensuring coordination among actors involved in Project implementation, as needed.

(c) Without limitation to the provisions of paragraph (a) above, the PIU-UGPE shall appoint a Project Manager, who shall be responsible for the day-to-day implementation and management of the Project.

B. Implementation Arrangements

1. Project Implementation Manual (PIM)

(a) The Recipient shall ensure that the Project is implemented in accordance with the provisions of a manual satisfactory to the World Bank ("Project Implementation
Manual”), which shall include the following provisions: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication of Project activities; and (e) such other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.

(b) The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the World Bank; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. Annual Work Plans and Budgets

The Recipient shall prepare and adopt, not later than November 30 of each Fiscal Year during the implementation of the Project, or such later date as the Bank may agree, an annual work plan and budget (“Annual Work Plan and Budget”), in form and substance satisfactory to the Bank, containing a description of all activities (and associated budgeted costs) to be carried out in the following Fiscal Year, except that for the first year of implementation of the Project, it will cover the period from Effective Date through November 30, 2015.

3. Investment Agreements

To facilitate the carrying out of Part 1 of the Project, the Recipient shall enter into an Investment agreement with each Beneficiary detailing mutual roles and responsibilities, resource commitments and other terms and conditions as may be approved by the World Bank (“Investment Agreement”). The Investment Agreement shall include provisions to the following effect:

(a) Each Beneficiary’s obligation to: (i) make a non-reimbursable cash contribution toward the Investment, in accordance with criteria set-forth in the Project Implementation Manual; (ii) deposit such contribution in the bank account referred to in Paragraph 2.03 B. 3. (b) (ii) below.

(b) The Recipient’s obligation to: (i) provide Investments on terms and conditions satisfactory to the World Bank and in accordance with the Anti-Corruption Guidelines; (ii) open and maintain until the completion of the Project a dedicated account in a commercial bank and on terms and conditions acceptable to the World Bank for the Beneficiaries’ contribution to the Investments.

(c) The Recipient shall exercise its rights under the Investment Agreement in such manner as to protect the interests of the World Bank and to accomplish the purposes of the Grant; as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Investment Agreement or any of its provisions.

(d) The Investment Agreement shall include a provision stipulating that in the case of conflict between the Investment Agreement and this Agreement, the latter shall apply.
2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. **Documents; Records.**

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereto, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

2.06. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth below in the PIM and acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.07. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for
each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.08. **Procurement**

(a) **General.** All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) National Competitive Bidding, subject to the following additional provisions:

(a) bids shall be advertised in national newspapers with wide circulation;
(b) bid evaluation, bidder qualification and award criteria shall be specified clearly in the bidding documents; (c) bidders shall be given an adequate response time (minimum four weeks following the date of the invitation to bid or the date of availability of the bidding documents, whichever is later) to prepare and submit bids; (d) bids shall be awarded to the lowest evaluated bidder; (e) eligible bidders, including foreign bidders, shall not be precluded from participating; and (f) no preference margin shall be granted to domestic contractors.
(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; and (D) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

(f) **Document Retention.** Notwithstanding the provisions of paragraphs 2(j) and 5 of Appendix 1 to the Procurement Guidelines, and paragraphs 2(k) and 5 of Appendix 1 to the Consultant Guidelines, the Recipient: (i) shall retain all documentation with respect to each contract as described in said paragraphs for at least seven years and six months after the Closing Date set forth in Section 3.03 of this Agreement; (ii) shall furnish such documentation to the World Bank at any time upon request; and (iii) hereby authorizes the World Bank to disclose such documentation to the Donor.

### Article III

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Training, Operating Costs, non-consulting services and consultants’ services under the Project</td>
<td>562,750</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Investments under Part 1 of the Project</td>
<td>437,250</td>
<td>100% of amount disbursed under each Investment Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,000,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this section, the terms:

1. “Operating Costs” means the following recurrent incremental costs associated with the Project: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances, including health insurances and health-related services; (vii) travel and per diem costs for technical staff carrying out supervisory and quality control activities; (viii) salaries of staff for PIU-UGPE, but excluding salaries of the Recipient’s civil servants.

2. “Training” means workshops and training, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence for participants, trainees and trainers.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement; and

(b) under Category (2) until evidence satisfactory to the World Bank that:

(i) an Investment Agreement with a Beneficiary, referred to in Section 2.03 B. 3. of this Agreement has been executed; and

(ii) the counter-part contributions from the Beneficiary, as agreed in the Investment Agreement, has been deposited by the Beneficiary in the bank account referred in Section 2.03 B. 3. (a) (ii) of this Agreement.
3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Minister of Finance and Planning.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Av. Amilcar Cabral  
Praia  
Cabo Verde

Facsimile:

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development [International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Telex: Facsimile:

248423 (MCI) or 64145 (MCI)  
1-202-477-6391