
**CREDIT NUMBER 7537-CV
AMENDMENT TO THE ORIGINAL FINANCING AGREEMENT RELATED
TO CREDIT NO. 7126-CV
AMENDMENT TO THE FIRST ADDITIONAL FINANCING AGREEMENT
RELATED TO CREDIT NO. 7272-CV**

Financing Agreement

**(Second Additional Financing for Resilient Tourism and Blue Economy
Development in Cabo Verde Project)**

between

REPUBLIC OF CABO VERDE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF CABO VERDE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twenty two million six hundred thousand Special Drawing Rights (SDR 22,600,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are February 15 and August 15.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through UGPE in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

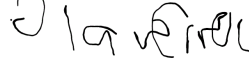
- 4.01. The Additional Condition of Effectiveness consists of the following, namely that the Recipient has updated and adopted the Project Operational Manual in form and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its minister responsible for finance.
 - 5.02. For purposes of Section 11.01 of the General Conditions:
 - (a) the Recipient's address is:
Ministry of Finance and Business Development
Avenida Amilcar Cabral
C.P. 30, Praia
Cabo Verde; and
 - (b) the Recipient's Electronic Address is:
E-mail:
gilson.g.pina@mf.gov.cv and soeli.d.santos@mf.gov.cv
 - 5.03. For purposes of Section 11.01 of the General Conditions:
 - (a) the Association's address is:
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
 - (b) the Association's Electronic Address is:
Telex: 248423 (MCI) Facsimile: 1-202-477-6391
- AGREED as of the Signature Date.

REPUBLIC OF CABO VERDE

By



Authorized Representative

Name: Olavo Correia _____

Minister of finance
Title: _____

30-May-2024
Date: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Keiko Miwa

Authorized Representative

Name: Keiko Miwa _____

Country Director
Title: _____

30-May-2024
Date: _____

SCHEDULE 1

Project Description

The objective of the Project is to increase diversity and resiliency in the tourism offering and small and medium enterprise (SME) participation in tourism-related value chains in targeted destinations.

The Project consists of the following parts:

Part 1. Development of integrated and resilient tourism and blue economy infrastructure

Carrying out of subprojects designed to improve the quality of tourism-relevant infrastructure in selected sites, including:

(a) Upgrade of integrated tourism and fisheries coastal infrastructure, including the rehabilitation of fishing piers, fish markets, and fish landing and other coastal infrastructure, creation of a new fish market, and interventions in seafront promenade areas integrating tourism and fisheries activities.

(b) Improvement of accessibility to tourism sites, including the rehabilitation of the *Espargos-Santa Maria Road* and other selected roads on *Sal Island*, the construction of maritime passenger terminal buildings in *Praia, Santiago Island* and *Tarrafal, São Nicolau Island*, and *Boa Vista Island* as well as carrying out of preparatory studies for improved accessibility to emerging tourism sites.

(c) Rehabilitation of hiking trails, visitor centers and selected viewpoints and selected historical/heritage sites, and improvement of signage and interpretation.

(d) Development of a strategy and action plan to enhance international and inter-island intermodal connectivity to promote connectivity links to and from Cabo Verde, between islands and between different modes of transport, i.e., air, sea, and land.

Part 2. Enhancement of inclusive and sustainable management of tourism in a blue economy

(a) Support to entrepreneurship and SME development in the tourism and fisheries value chains through, *inter alia*, the provision of technical assistance, capacity building, and access to finance support, including a demand-led supplier development program, support to the fisheries sector across the supply chain, identification of new, high potential, business-viable fisheries, and scoping to develop origin labeling.

(b) Support to enabling policies and programs to increase sustainable private sector investment in tourism and other blue economy sectors through, *inter alia*:

(i) enhancement of marketing, promotion, and communication in key markets; (ii) strengthening of the tourism national statistical system; (iii) improvement of the tourism regulatory framework and related urban, land, and coastal planning instruments; (iv) support to the sustainability of tourism sites, activities, and services; (v) implementation of gender mainstreaming activities into tourism; (vi) strengthening the governance and management of the fisheries and aquaculture sector and support associated research and training; (vii) implementing and piloting a hiking trail management and maintenance institutional framework with a focus on *Santo Antão Island*; and (viii) the sustainable development of nature-based tourism, including promotional efforts aimed at the hiking market, and improvements in governance, management, and legislation related to nature-based tourism.

Part 3. Project Implementation Support

Carrying out of: (i) activities related to Project management, including Project coordination, procurement, financial management, monitoring and evaluation, Project communication, citizen engagement, and environmental and social safeguards, and provision of audits, Incremental Operating Costs and Training; and (ii) capacity building of UGPE and ICV, other relevant ministries, implementing agencies and municipalities, as needed.

Part 4. Contingent Emergency Response Component

Provision of immediate response to an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster (“Eligible Crisis or Emergency”), as needed, pursuant to Section I.E of Schedule 2 to this Agreement.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. *Unidade de Gestão de Projetos Especiais*

The Recipient shall maintain, throughout Project implementation, the UGPE within the Ministry of Finance and Business Development to be responsible for day-to-day execution, coordination, and implementation of activities under the Project, including procurement, financial management, environmental and social safeguards, monitoring and evaluation, and supervision and reporting. To this end, the Recipient shall take all actions, including the provision of funding, resources, and personnel, with qualifications and experience, and under terms of reference, satisfactory to the Association, to enable the UGPE to perform said functions, as further detailed in the Project Operational Manual.

2. Project Technical Committee

The Recipient shall maintain, throughout Project implementation, the Project Technical Committee, which shall meet quarterly, and shall be responsible for: (i) reviewing Project Reports; (ii) providing strategic guidance and recommendations to UGPE; and (iii) monitoring Project implementation. The Project Technical Committee shall be led by the National Planning Directorate of the Ministry of Finance and Business Development, with UGPE acting as its secretariat, and shall be composed of representatives of the Ministry of Tourism and Transports and Tourism Institute of Cabo Verde, Ministry of the Sea, Ministry of Infrastructure, Territorial Planning and Housing, Ministry of Culture and Creative Industries, Ministry of Agriculture and Environment, ICV and targeted municipalities. The Project Technical Committee members shall be appointed by the Vice-Prime Minister and Minister of Finance and Business Development, as further detailed in the Project Operational Manual.

3. Project Steering Committee

The Recipient shall maintain at all times during Project implementation, a Project Steering Committee, chaired by the Vice Prime-Minister and Minister of Finance and Business Development, or their delegate, and include Ministers, or their delegate, from all the line ministries implementing activities supported by the Project, and private sector representatives with relevant experience and qualifications, and responsible for providing overall strategic guidance to the Project through the review and approval of the Annual Work Plan. The UGPE shall

serve as secretary to the Project Steering Committee as further detailed in the Project Operational Manual.

B. Project Operational Manual

1. The Recipient, through UGPE, shall carry out the Project in accordance with the provisions of a updated manual (“Project Operational Manual”) satisfactory to the Association, containing, *inter alia*, (a) specific provisions on detailed arrangements for the carrying out of the Project, including responsibilities of UGPE and ICV; (b) the procurement, financial management and disbursement requirements thereof; (c) the performance indicators; (d) the Project environmental and social instruments; and (e) the Anti-Corruption Guidelines.
2. The Recipient, through UGPE, shall not amend or waive or fail to enforce any provision of the Project Operational Manual without the Association’s prior written approval. In case of any conflict between the provisions of the Project Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plan

1. For purposes of carrying out the Project, the Recipient, through UGPE, shall, not later than November 30 of each year during implementation of the Project, prepare and submit to the Association an Annual Work Plan for the following year, and thereafter regularly update it as needed, including, *inter alia*, the proposed investment plan, its related expenditures and the sources of financing needed to implement the Project activities under the Annual Work Plan, all acceptable to the Association.
2. Only those activities which are included in the Annual Work Plan shall be included in the Project. Notwithstanding the foregoing, the Annual Work Plan may be amended from time to time with the prior and written concurrence of the Association. In case of any conflict between the provisions of the Annual Work Plan and those of this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Standards

1. The Recipient, through UGPE, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient, through UGPE, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient, through UGPE, shall ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) 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
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient, through UGPE, shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, 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 Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient, through UGPE, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-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 Association.
6. The Recipient, through UGPE, shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors,

subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

E. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Emergency Response Part”), the Recipient, through the UGPE, shall:
 - (a) prepare and furnish to the Association for its review and approval, an Emergency Response Manual (“ERM”) which shall set forth detailed implementation, operation, fiduciary and technical arrangements for the Emergency Response Part, including: (i) any special institutional structures or arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) criteria for activating the Emergency Response Part; (iv) financial management arrangements for the Emergency Response Part; (v) procurement methods and procedures for the Emergency Response Part; (vi) documentation required for withdrawals of Emergency Expenditures; (vii) environmental and social management arrangements and instruments applicable to the Emergency Response Part consistent with the provisions of Section I.D above; and (viii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;
 - (b) afford the Association a reasonable opportunity to review the proposed ERM;
 - (c) promptly adopt the ERM for the Emergency Response Part as accepted by the Association;
 - (d) ensure that the Emergency Response Part is carried out in accordance with the ERM; provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and
 - (e) not amend, suspend, abrogate, repeal or waive any provision of the ERM without the prior written approval by the Association.

2. The Recipient shall, through the UGPE, and throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the ERM, with adequate staff and resources satisfactory to the Association.
3. The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:
 - (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (b) the Recipient has ensured the preparation and disclosure of all environmental and social instruments as may be required for said activities in accordance with the ERM and the ESCP, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

F. Cooperation Agreement

1. To facilitate the carrying out of Part 1 the Project, the Recipient shall no later than three (3) months after the Effective Date, enter into a Cooperation Agreement with ICV, and thereafter maintain said Cooperation Agreement during the implementation of the Project, on terms and conditions acceptable to the Association, including, *inter alia*: the Recipient's obligation to make parts of the proceeds of the Financing allocated to Categories 1 and 3 available to ICV in order to assist the Recipient in the carrying out of Part 1 the Project in accordance with the Anti-Corruption Guidelines, the Procurement Regulations, the ESCP and the Project Operational Manual.
2. The Recipient shall exercise its rights or carry out its obligations under the Cooperation Agreement in such manner as to protect the interests of the Recipient and those of the Association in order to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive, terminate or fail to enforce the Cooperation Agreement, or any of its provisions.
3. In case of any inconsistencies between the Cooperation Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient, through UGPE, shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Incremental Operating Costs and Training under Part 1(a), (b) and (c) of the Project	17,854,000	100%
(2) Goods, works, non-consulting services, consulting services, Incremental Operating Costs and Training under Part 2 of the Project, except Part 2(b)(ii) and (v)	4,294,000	100%
(3) Goods, non-consulting services, consulting services, Incremental Operating Costs and Training under Part 3 of the Project	452,000	100%
(4) Emergency Expenditures under Part 4 of the Project	0	100%
TOTAL AMOUNT	22,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) under Category (4) for Emergency Expenditures, unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (4); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the ERM, in form and substance acceptable to the Association.
2. The Closing Date is June 30, 2028.

Section IV. Amendment to the Original Financing Agreement and the First Additional Financing Agreement

The Recipient and the Association hereby agree to amend each of the Original Financing Agreement and the First Additional Financing Agreement, as follows:

1. Each of Schedule 1 to the Original Financing Agreement and Schedule 1 to the First Additional Financing Agreement is hereby amended to read in its entirety as set forth in Schedule 1 of this Agreement.
2. Section III.B.2 of Schedule 2 to the Original Financing Agreement and Section III.B.2 of Schedule 2 to the First Additional Financing Agreement are hereby amended to respectively read as follows:
 - “2. The Closing Date is June 30, 2028.”

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15	
commencing August 15, 2034, to and including February 15, 2044	1%
commencing August 15, 2044, to and including February 15, 2064	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “Annual Work Plan” means the annual work plan approved by the Association and adopted by the Recipient in accordance with the provisions of Section I.C of Schedule 2 to this Agreement, as said annual work plan may be modified from time to time with the written agreement of the Association.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General 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.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Emergency Response Manual” and the acronym “ERM” mean the manual referred to in Section I.E.1(a) of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part and thereafter included in the Project Operational Manual.
5. “Eligible Crisis or Emergency” means the event described in Part 4 of the Project.
6. “Emergency Expenditure” means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.E.1(a)(ii) of Schedule 2 to this Agreement and required for the Emergency Response Part.
7. “Emergency Response Part” means Part 4 of the Project, as further described in Section I.E of Schedule 2 to this Agreement.
8. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 18, 2024, 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 to be prepared thereunder.
9. “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”;
- and
- (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”;
- effective on October 1, 2018, as published by the Association.
10. “First Additional Financing Agreement” means the financing agreement entered between the Recipient and the Association for the provision of Credit No. 7272-CV, dated March 26, 2023.
11. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
12. “ICV” means *Infraestruturas de Cabo Verde, Sociedade Anônima*, a Borrower's state-owned enterprise as established and operating under its articles of incorporation in accordance with the Recipient's laws and regulations.
13. “Incremental Operating Costs” means the reasonable incremental operating expenditures incurred by UGPE, which would not exist absent the Project, required for an efficient Project implementation and monitoring, including costs for office rent, operation and maintenance of vehicles, office equipment and supplies, communication costs, support for information systems, translations, bank charges, Project related travel and *per diem* costs, salaries of the contractual staff (excluding consulting services and salaries of officials of the Recipient’s civil service), office administration costs, and other reasonable expenditures directly associated with the carrying out of the Project, all based on annual budgets acceptable to the Association.
14. “Ministry of Finance and Business Development” means the Recipient’s ministry responsible for finance, or any successor thereto.
15. “Original Financing Agreement” means the financing agreement entered between the Recipient and the Association for the provision of Credit No. 7126-CV, dated June 6, 2022.
16. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.

17. “Project Operational Manual” means the manual referred to in Section I.B of Schedule 2 to this Agreement.
18. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
19. “Training” means the reasonable training expenditures incurred by UGPE, which would not exist absent the Project, required for an efficient Project implementation and monitoring, including seminars, workshops, knowledge sharing activities and study tours, and any costs associated with such activities such as travel, accommodation and subsistence costs for trainees and trainers, rental of training facilities, preparation and reproduction of training materials, tuitions and registration costs and other costs directly related to training preparation and implementation.
20. “*Unidade de Gestão de Projetos Especiais*” and the acronym “UGPE” mean the Project implementing unit established under the Ministry of Finance and Business Development and referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Association.