

Considering that the Millennium Challenge Account Program (the “**Program**”), established pursuant to that certain Millennium Challenge Compact by and between the Government of the Republic of Cape Verde and the United States of America, acting through the Millennium Challenge Corporation (“**MCC**”), signed on July 4, 2005, and entered into force on October 17, 2005 (the “**Compact**”),

Considering the need to put in place the institutional and instrumental conditions for the effective functioning of MCA – Cape Verde, the entity responsible for the oversight and management of the implementation of the Program in accordance with the terms of the Compact,

Pursuant to Article 4, subparagraph (k) of Resolution no. 24/2005, of July 4, which establishes MCA - Cape Verde,

The Steering Committee of MCA-Cape Verde met and decided the following:

Article 1
(Approval)

It is hereby approved the Bylaws of the MCA-Cape Verde in the form attached hereto.

Article 2
(Date of effectiveness)

The Bylaws are effective immediately.

BYLAWS
OF
MCA-CAPE VERDE

ARTICLE I
ESTABLISHMENT OF MCA-CAPE VERDE

1.1 Compact. Pursuant to Resolution no. 24/2005 of July 4, the Government of the Republic of Cape Verde (the “*Government*”) established MCA-Cape Verde as an independent unit to implement the Program as described in that certain Millennium Challenge Compact by and between the United States of America, acting through the Millennium Challenge Corporation (“*MCC*”), and the Government, dated as of July 4, 2005, and entered into force on October 17, 2005 (the “*Compact*”).

1.2 Permitted Designee. MCA-Cape Verde shall be a Permitted Designee, responsible for the oversight and management of the implementation of the Compact.

1.3 MCA-Cape Verde Governance Structure. MCA-Cape Verde shall consist of (a) an independent steering committee (the “*Steering Committee*”), and (b) a management team (the “*Management Unit*”). In addition, there shall be established the Stakeholders’ Committee pursuant to the Compact as further described in Article V below.

ARTICLE II
STEERING COMMITTEE

2.1 Authority of the Steering Committee. Subject to MCC’s contractual rights of approval as set forth in the Compact (including Section 3(c) of Annex I of the Compact), in these Bylaws, and in any relevant Supplemental Agreement, the Steering Committee shall have the following responsibilities and authority (which may not be delegated further) for:

(a) Oversight with respect to:

(i) the Management Unit;

(ii) the overall implementation of the Program in accordance with the Compact and the relevant Supplemental Agreements, including oversight of the Implementation Plan and any component plans thereto, as amended from time to time in accordance with the Compact and the relevant Supplemental Agreements; and

(iii) the performance of the Designated Rights and Responsibilities of MCA-Cape Verde.

(b) Performance of such other obligations and oversight functions in respect of MCA-Cape Verde activities as contemplated by the Compact, Cape Verde legislation, and these Bylaws.

(c) Without limiting the foregoing provisions of this Section 2.1, each of the following actions of MCA-Cape Verde are specifically subject to the prior approval of a majority of the Steering Committee (each, a “*Steering Committee Action*”):

- (i) Selection, termination and compensation of Officers and other key employees of MCA-Cape Verde;
- (ii) Selection and termination of any Implementing Entity and approval of any Implementing Entity Agreement or amendments thereto;
- (iii) Selection and termination of the Fiscal Agent and approval of the Fiscal Agent Agreement or amendments thereto;
- (iv) Selection or replacement of the Bank and approval of the Bank Agreement or amendments thereto;
- (v) Any change in the character or location of the Permitted Account(s);
- (vi) Selection and termination of Auditors or Reviewers and approval of any Auditor/Reviewer Agreement or amendments thereto;
- (vii) Approval of each Detailed Financial Plan;
- (viii) Approval of certain agreements obligating MCA-Cape Verde to a payment of certain size in accordance with the Fiscal Accountability Plan;
- (ix) Approval of MCC Disbursement Requests submitted by the Management Unit and to be delivered to MCC;
- (x) Approval and oversight of the Implementation Plan and any component plans thereto, and any material amendments thereto;
- (xi) Approval of, and certified affirmative recommendation to MCC regarding any Pledge;
- (xii) Approval of any Compact Report;
- (xiii) Approval of, and certified affirmative recommendation to MCC regarding, any liquidation, dissolving, winding up, reorganization or other material change in the character or status, whether legal or actual, of MCA-Cape Verde;

(xiv) Approval of any action that would have the effect of amending, replacing, terminating or suspending the Compact or any Supplemental Agreement to which MCA-Cape Verde is a party;

(xv) Approval of other activities, agreements, documents, or actions requiring Steering Committee approval as set forth in the Compact or any relevant Supplemental Agreements; and

(xvi) Such other responsibilities as may be set forth in the Compact or any relevant Supplemental Agreements or as may be required or requested from time to time by MCC in writing.

(d) The Steering Committee shall deliver notice of any such Steering Committee Action, along with a copy of any applicable agreement or document, if appropriate, to MCC, which notice shall be certified by the President, and such certification shall also state that such agreements and documents attached thereto are true, accurate and complete.

(e) If the Procurement Review Commission (as defined in the Compact) delays a procurement decision, the Steering Committee may direct the Procurement Review Commission to expedite the process.

2.2 Composition. The Steering Committee of MCA-Cape Verde (the “*Steering Committee*”) shall be composed of (a) nine (9) voting members (the “*Voting Members*”); (b) the MCC representative, who shall be a non-voting member designated by MCC (the “*MCC Representative*”); (c) representatives-elect for the Voting Member positions for the Civil Members (defined below) and representatives-elect for any additional Voting Members in the event the Steering Committee size expands to eleven (11), who will be non-voting observers during the one-year period prior to the beginning of their respective terms (together with the MCC Representative, the “*Observers*”). The number of members of the Steering Committee may be expanded by a two-thirds vote of the members of the Steering Committee, *provided that* the total number of Voting Members shall not be expanded to exceed eleven (11) and any such expansion requires the prior written approval of MCC.

2.3 Appointment of Voting Members.

(a) In accordance with the Compact and pursuant to Resolution no. 24/2005 of July 4, the Steering Committee shall be composed of the following, unless such composition is altered in accordance with the Compact:

- (i) the Minister of Finance and Public Administration;
- (ii) the Minister of Infrastructure, Transport and Sea;
- (iii) the Minister of Economy, Growth, and Competitiveness;
- (iv) the Minister of Agriculture and Environment;

(v) Chief Advisor to the Prime Minister (together with the four Voting Members listed in Section 2.3(a)(i)-(iv) above, the “**Government Members**”);

(vi) The President of the National Municipalities Association;

(vii) The President of the Chamber of Commerce of Sotavento;

(viii) The President of the Chamber of Commerce and Agriculture of Barlavento; and

(ix) The President of the Non-Governmental Organization Association (together with the Voting Member listed in Section 2.3(a)(vi)-(ix) above, the “**Civil Members**”).

(b) Each Government Member shall serve in his or her capacity as a Government official and not in his or her personal capacity. If a person serving as a Government Steering Committee Member resigns or is removed from such Government office, that person’s position on the Steering Committee will be taken by such person’s successor in such Government capacity.

(c) Each Civil Member position shall be filled by the individual then holding the office identified and such individuals shall serve in their capacity as the applicable officer from the specified organization and not in their personal capacity.

(d) In the event that a Voting Member is unable to participate in a meeting of the Steering Committee, such Voting Member may appoint a proxy to participate for such Voting Member, *provided that* (i)(A) in the case of a Government Member, such proxy shall be at the level of a general director within such member’s ministry or equivalent, and (B) in the case of a Civil Member, such proxy shall be a representative of a civil society organization or from the business sector, as appropriate; (ii) such appointment shall be in writing and such writing shall specify the duration of such appointment; and (iii) any such appointment shall be subject to the written approval of the Steering Committee.

(e) In the event that a vacancy is created with respect to one or more Voting Members at any time by death, disability, retirement, resignation, removal (with or without cause) or any other reason, the President, with the prior written approval of MCC, shall designate an individual to fill such vacancy, such designation to be in accordance with the relevant provisions of the Compact and this Article II.

2.4 Appointment of the President of the Steering Committee.

(a) The activities of the Steering Committee shall be managed and coordinated by the chairman of the Steering Committee (who shall be known as, the “**President**”). The Minister of Finance and Public Administration shall serve as the President.

(b) The President shall preside over all meetings of the Steering Committee. In the case of the absence of the President (or his/her designated proxy), the Voting Members shall elect one of the Voting Members to act as chairman for the purposes of such meeting.

(c) The President shall certify that (i) all documents and reports submitted to MCC by the Steering Committee in accordance with this Agreement or the Compact have been approved by the Steering Committee, and (ii) such submissions are true, accurate and complete.

(d) The President, with the assistance of the Secretary, shall compile the feedback or recommendations of the Stakeholders' Committee, from time to time, to be included in the agenda for the meetings of the Steering Committee or otherwise presented to the Steering Committee. Such feedback and recommendations shall be taken into consideration by the Steering Committee in its deliberations, *however*, the Steering Committee shall in all instances make independent determinations with respect to its decisions or any actions to be taken.

2.5 Appointment of Observers; Invitees.

(a) The Observers on the Steering Committee shall be appointed as follows:

(i) the MCC Representative shall be selected, from time to time, by MCC; *provided that* MCC may designate an alternate representative to attend one or more meetings of the Steering Committee in the event the MCC Observer is unable to attend; and

(ii) the Observers (defined above) shall be appointed by the President upon notification by the Civil Members of such person's status as the representative-elect for the relevant Civil Member position, *provided however*, that the term of such Observers shall not commence earlier than one year prior to their official assumption of duties; and

(b) The Observers shall not have any voting rights with respect to any action to be taken by the Steering Committee. Except as otherwise expressly provided in these Bylaws, each Observer shall have the right to attend all meetings of the Steering Committee, participate in discussions of the Steering Committee, and receive all information and documents provided to the Steering Committee, together with any other rights (other than voting rights) granted to a Voting Member of the Steering Committee, including access to records, employees or facilities.

(c) Upon invitation by the President, any other persons or entities may be invited to participate in meetings of the Steering Committee, whose participation is deemed useful to issues under consideration by the Steering Committee (the "**Meeting Invitees**"), provided however, the Meeting Invitees may participate only in the relevant portions of the meetings of the Steering Committee and shall not be present while the Steering Committee members votes.

(d) The Observers shall not be held personally liable for the actions or omissions of the Steering Committee. Pursuant to Section 5.5 and Section 5.8 of

the Compact, the Government and MCA-Cape Verde shall hold harmless the MCC Representative for any liability or action arising out of the MCC Representative's role as a non-voting observer on the Steering Committee. In all matters arising under or relating to the Compact, these Bylaws, or the activities of MCA-Cape Verde, the MCC Representative shall not, in accordance with Section 3(d)(ii)(5) of Annex 1 of the Compact, be subject to the jurisdiction of the courts or any other body of Cape Verde, nor to any arbitral body, and nothing in such agreements or activities shall be construed as the consent of the MCC Representative to any such jurisdiction.

2.6 Meetings of the Steering Committee. Regular meetings of the Steering Committee shall be held at such time and at such place as may from time to time be determined by the Steering Committee, but shall be held at least on a quarterly basis and more frequently as may be necessary. Special meetings of the Steering Committee may be called if requested by the President (or his/her designated proxy) or three (3) members of the Steering Committee. To the extent any meeting of the Steering Committee is conducted in Portuguese, a translator shall be provided for any member of the Steering Committee who does not speak Portuguese.

2.7 Notice. Notice stating the place, date, time and agenda shall be given to each member of the Steering Committee by the Secretary of MCA-Cape Verde (with assistance provided by the President and the Managing Director of the Management Unit) ("*Notice*"): (a) in respect of a regular quarterly meeting, either by mail, facsimile or electronic mail at least seven (7) days prior to the date of the regular quarterly meeting, and (b) in respect of a special meeting, either by mail not less than 48 hours before the date of the special meeting or by telephone or electronic mail not less than 24 hours before the date of such special meeting. Notwithstanding the foregoing, (i) any member of the Steering Committee may waive, in writing, the requirement to receive notice in respect of any such meeting, and (ii) a Steering Committee member's presence at any such meeting shall constitute waiver by such member of the Steering Committee of the requirement to receive notice of such meeting. A valid meeting of the Steering Committee may not be held unless each Voting Member receives notice (or waives or is deemed to waive notice) of such meeting.

2.8 Agenda; Request for Executive Summary. The agenda provided in the Notice for meetings of the Steering Committee shall set forth the agenda items, which shall include, but not be limited to: (a) the approval of the previous meeting minutes and (b) any issues and documents for consideration by the Steering Committee (including feedback or recommendations of the Stakeholders' Committee in accordance with Section 2.4), together with relevant attachments, reports and background information. Additional issues, projects or documents cannot be recommended for consideration by the Steering Committee, which were not included in the notice provided for a regular or special meeting, unless introduced by any member and approved by at least a majority of the Voting Members present at the meeting after establishing a duly constituted Quorum. The Steering Committee members may request that the Secretary provide an executive summary (including a summary of the material terms and issues and the consultative process, if any) of any agreements to be approved by the Steering Committee at a regular meeting, however, such request must be sent to the Secretary of MCA-Cape Verde by mail, facsimile or

electronic mail within a reasonable time prior to the relevant Steering Committee meeting where such agreement shall be considered.

2.9 Quorum; Voting. Except as may be otherwise specifically provided by law or in these Bylaws, (a) at all meetings of the Steering Committee at least six (6) Voting Members shall constitute a quorum for the transaction of business (a “*Quorum*”) provided however, that if the number of Voting Members is expanded the requirement for Quorum shall be at least a majority of the total Voting Members. While it is intended that actions by the Steering Committee will be decided by the consensus of the Voting Members present at a meeting with a duly constituted Quorum, no decision shall be deemed to be an act of the Steering Committee unless at least a majority of the Voting Members present at a meeting with a duly constituted Quorum cast votes in favor of such decision. Each Voting Member shall have one (1) vote in respect of any vote on any decision of the Steering Committee. If there is a tie vote, the position taken by the President in such vote shall prevail. If a Quorum is not present at any meeting of the Steering Committee, the members of the Steering Committee present may adjourn the meeting, without notice other than announcement at the meeting, until a Quorum shall be present. Except as set forth in Article 2, each decision, election, appointment or action by the Steering Committee, whether specifically set forth in these Bylaws or otherwise, shall be made in accordance with the procedures set forth in this Section.

2.10 Action by Written Consent. Unless otherwise provided by this Agreement, any action required or permitted to be taken at any meeting of the Steering Committee may be taken without a meeting, subject to MCC approval, if (a) notice of such proposed action is sent to all Voting Members and Observers, and (b) a majority of all the Voting Members (one or more of which must be a Civil Member) consent in writing to such action, provided that, if a Voting Member does not consent in writing within five business days of the receipt of such notice, such Voting Member shall be deemed to have consented. Any such action approved by written consent shall be filed with the minutes of proceedings of the Steering Committee. Notwithstanding the foregoing, if two (2) or more Voting Members so request, the Steering Committee shall hold a meeting (by telephone or otherwise) prior to such action by written consent. The Steering Committee members may request that the Secretary provide an executive summary (including a summary of the material terms and issues and the consultative process, if any) of any agreements to be approved by the Steering Committee via action by written consent.

2.11 Meetings by Means of Conference Telephone and Videoconference. Unless otherwise provided by these Bylaws, the members of the Steering Committee may participate in a meeting of the Steering Committee by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting to hear and speak to each other. Participation in a meeting pursuant to this Section 2.9 shall constitute presence in person at such meeting.

2.12 Reporting Requirements. The agenda of any meeting of the Steering Committee, the name of all attendees at such meeting evidencing a duly constituted Quorum, the issues discussed at such meeting, and all resolutions approved at such meeting shall be reflected in the minutes of the meeting which will be recorded by the Secretary of MCA-Cape Verde, and such minutes shall be signed by the President and

the Secretary. The minutes of Steering Committee meetings shall be maintained in the office of the Management Unit, with copies provided promptly to the Office of the Minister of Finance and Public Administration and MCC (with an English translation). The summary minutes of each Steering Committee meeting shall be posted on the MCA-Cape Verde website within two (2) weeks after each meeting and communicated to the press, as appropriate. In addition, all documents discussed at any Steering Committee meeting shall, at MCC's request, be translated into English and provided promptly to MCC.

2.13 Remuneration. Members of the Steering Committee shall not receive any remuneration in connection with the performance of their duties as members of (or, as applicable, as President of) the Steering Committee; provided, *however*, the Steering Committee may reimburse members of the Steering Committee for reasonable expenses arising from their attendance at regular or special meetings so long as such reimbursements are consistent with the Compact and the Detailed Financial Plan.

2.14 Advance Distribution of Documents.

(a) All documents presented to the Steering Committee shall (i) contain an executive summary with an introduction and a summary of the main content of such documents, (ii) include references to the participation of, or consultations with, entities whose prior comments are legally required, and (iii) be accompanied by all supporting documentation (including those addressing the technical elements) that formed the basis of their preparation.

(b) Delivery. The original copies of all documents to be presented to the Steering Committee shall be delivered to each member of the Steering Committee, with prior notice (taking into account the deadlines for circulating documents and the notice periods) to the President, by the Management Unit, through electronic mail or hand-delivery, with confirmation of receipt, including the date and time of the receipt.

(c) Objections and comments. Each member of the Steering Committee may deliver, in writing, to the Secretary or the President, any objections or comments to any documents delivered in advance of a meeting of the Steering Committee.

ARTICLE III COMMITTEES

3.1 Committees. The Steering Committee may create one or more committees and, except as otherwise provide in these Bylaws and the Compact, appoint members of the Steering Committee or such other persons as the Committee designates, to serve on such committee or committees. All committee members of each committee shall serve at the pleasure of the Steering Committee and shall have the limited authority to make informed recommendations to the Steering Committee. The committees shall not have the authority to bind MCA-Cape Verde or the Steering Committee. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Steering Committee of any responsibilities

imposed under these Bylaws, any Governing Document, the Compact or any Supplemental Agreement.

ARTICLE IV MANAGEMENT UNIT

4.1 Authority of Management Unit. The Management Unit shall assist the Steering Committee in overseeing the implementation of the Program and shall have the principal responsibility, subject to the direction and oversight of the Steering Committee, and subject to MCC’s rights of approval as set forth in the Compact (including Section 3(c) of Annex I of the Compact), in these Bylaws, and in any relevant Supplemental Agreement) for the overall management of the implementation of the Program.

4.2 Composition.

(a) The Management Unit shall be composed of qualified experts from the public or private sectors, including such offices and staff as may be necessary to carry out effectively its responsibilities, including without limitation the following: (a) a Managing Director; (b) an Administration and Finance Director; (c) a Senior Economist; (d) a Monitoring and Evaluation Analyst; (e) a Watershed Management and Agricultural Support Manager, an Infrastructure Manager, and a Private Sector Development Manager (each a, “***Project Manager***”); (f) an Environmental and Social Assessment Manager; (g) a Procurement Manager and (h) such other offices as may be created and designated in accordance with these Bylaws and any Supplemental Agreement (the persons holding the positions in sub-clauses (a) through (h) shall be collectively referred to as “***Officers***”).

(b) The Managing Director shall also act as the secretary of MCA-Cape Verde (“***Secretary***”), and shall undertake the duties and functions typically performed by a company secretary (including providing notice of Steering Committee meetings, keeping minutes and other records of Steering Committee meetings and performing other Steering Committee secretariat functions). To the extent that there is no individual acting as Managing Director at the time of any Steering Committee meeting, the Steering Committee may designate another individual to act as “Secretary” in respect of such Steering Committee meeting.

4.3 Appointment. The President, following the majority vote of the Steering Committee, with the prior written approval of MCC, shall appoint and have the right to dismiss the Managing Director. A management team consisting of the Officers shall be selected and hired by the Managing Director after an open and competitive recruitment and selection process. The appointment of each Officer shall be subject to the prior written approval of MCC and the Steering Committee.

4.4 Terms of Employment. The terms of employment (including terms of reference and compensation) of each Officer shall memorialized in an employment agreement, which terms shall be approved by the Steering Committee (in the case of the employment agreement with the Managing Director) and MCC (in the case of any employment agreement with any Officer including the Managing Director).

4.5 Role of Managing Director.

(a) Subject to the provisions of the Compact, these Bylaws, or any Supplemental Agreement, the Managing Director shall:

(i) pursuant to the Compact and these Bylaws, supervise the daily activities of MCA-Cape Verde, convene and chair the Management Unit meetings, manage MCA-Cape Verde personnel, and organize and manage MCA-Cape Verde activities;

(ii) assist the Steering Committee of MCA-Cape Verde in the oversight of the Program and shall act as the designated principle representative of Cape Verde for purposes of implementation of the Compact;

(iii) oversee the development of the components of the Implementation Plans and oversee execution of the Projects;

(iv) provide updated information on the Program's implementation to MCC;

(v) coordinate the preparation of a Program budget and documentation to support quarterly disbursements;

(vi) oversee the management of monitoring and evaluation of the Program;

(vii) ensure accounting records are maintained in accordance with the Fiscal Accountability Plan;

(viii) oversee the procurement process according to the Procurement Agreement;

(ix) ensure the establishment and maintenance of the relations with the central and local governments, and civil society to ensure that all activities are implemented in a participatory manner in line with the guidelines of the Program;

(x) coordinate the Projects with the work of other donors;

(xi) ensure that the lessons learned are disseminated to the Steering Committee and the Management Unit and attended to as necessary;

(xii) ensure the effective communications and outreach efforts on behalf of MCA-Cape Verde; and

(xiii) perform such other responsibilities as may be specified in the Managing Director's employment agreement or as may be delegated by the Steering Committee, from time to time.

(b) Except as otherwise provided in these Bylaws, the Managing Director may not delegate the duties, powers and authorities set forth in Section 4.5 and 4.7.

4.6 Reporting Requirements. The Managing Director, with the assistance of the Management Unit, shall promptly deliver and certify any reports, documents or other submissions requested by or required to be delivered to the Steering Committee or MCC. At MCC's request, any documents delivered to the Steering Committee shall be copied to MCC in English (unless otherwise notified from time to time by MCC to MCA-Cape Verde).

4.7 Approvals by Management Unit. The Managing Director, Project Managers, and Implementing Entities shall have the authority to approve terms of reference and Re-Disbursements in accordance with the Procurement Agreement and the Fiscal Accountability Plan. The Managing Director must approve in writing each of the following (each, a "***Management Decision***"), which approval responsibility may not be delegated further:

(a) Recommendation to the Steering Committee on any matter submitted to the Steering Committee for decision as a Steering Committee Action;

(b) Certification of other procurement activities as summarized in the Approvals Chart and as further set forth in the Procurement Agreement or other Supplemental Agreements;

(c) Any Regulatory Reports, Compact Reports, or such other reports as may be designated in these Bylaws or by the Steering Committee from time to time;

(d) Any human resource decisions for the staff of MCA-Cape Verde other than such decisions for any Officer; and

(e) Proposals to amend, replace, terminate, suspend or otherwise change any Management Decision previously approved by the Management Unit.

4.8 Additional Resources. The Management Unit shall have the authority to engage qualified entities to serve as outside project managers (each, an "***Outside Project Manager***") in the event that it is advisable to do so for the proper and efficient day-to-day management of a Project; *provided however*, that the appointment or engagement of any Outside Project Manager after a competitive selection process shall be subject to the approval of the Steering Committee in its next immediate meeting, and MCC prior to such appointment or engagement. Upon Steering Committee approval, Management may delegate, assign and contract to such Outside Project managers such duties and responsibilities as it deems necessary, provided however that Management and the relevant Project Manager shall remain accountable for those duties and responsibilities and all reports delivered by the Outside Project Manager notwithstanding such delegation, assignment or contract.

ARTICLE V STAKEHOLDERS' COMMITTEE

5.1 Composition.

(a) The Government shall establish a stakeholders' committee (the "***Stakeholders' Committee***") consisting of at least eight (8) and no more than twelve (12) members, taking into consideration appropriate gender, and comprised of the following individuals:

(i) the Director of the Office of Studies of the Ministry of Finance and Public Administration;

(ii) one (1) representative nominated by the Regional Stakeholders' Committees;

(iii) two (2) representatives from micro-credit non-governmental organizations;

(iv) two (2) representatives from the private sector (one from the tourism sector and one from the transportation sector), selected by trade associations from those sectors; and

(v) two (2) prominent businesspersons appointed by the Prime Minister from a list of individuals recommended by the private sector, including the Chambers of Commerce. .

(b) The number of members of the Stakeholders' Committee may be increased, but in no event more than twelve (12), upon the majority vote of the then existing members and the vacancies created by such increase shall be filled by the majority vote of the then existing members, subject to the approval of the Government and MCC; *provided, however*, in the event that the Ministry of Planning is separated from the Ministry of Finance, a seat shall be added to the Stakeholders' Committee to be filled by a Director nominated from the Ministry of Planning.

(c) The member of the Stakeholders' Committee described in Section 4.1(a)(i) shall serve in his or her capacity as a Government official, and not in his or her personal capacity. If such person resigns or is removed from such Government office, that person's position on the Stakeholders' Committee shall be taken by such person's successor in such Government capacity, subject to the prior written approval of MCC.

(d) The "***Regional Stakeholders' Committees***" shall mean the existing regional stakeholders' committees, comprised of non-governmental organizations, municipalities, farmers associations, and enterprises in the private sector. As of the date hereof, there are three Regional Stakeholders' Committees; however, it is contemplated that there may be additional Regional Stakeholders' Committees formed during the Compact Term. The representative referred to in

clause (a)(ii) above shall be nominated by a vote of all then existing Regional Stakeholders' Committees.

(e) In the event of a vacancy in positions identified in Sections 4.1(a)(iii)-(v) such vacancy to be filled by nomination of the organization or group for whom such seat is designated.

(f) Upon the prior written consent of MCC and the Steering Committee, (i) the composition of the Stakeholders' Committee may be adjusted from time to time to ensure, among other things, a cross-section that is representative of the intended beneficiaries, and (ii) the number of members of the Stakeholders' Committee may be increased, but in no event to more than twelve (12) members, upon the majority vote of the then existing members. The vacancies created by such increase of members shall be filled by the procedure described in Section 4.1.

(g) In the event that the Steering Committee votes to expand its size to eleven voting members, the Stakeholders' Committee shall nominate, by majority decision, two (2) individuals, either from the Stakeholders' Committee or otherwise, each to serve as a voting member of the Steering Committee for a two-year term, along with two representatives-elect. A nominee to the Steering Committee shall become a member of the Steering Committee upon approval by MCC and the Government.

(h) The Stakeholders' Committee shall rotate its representative every two years. No Stakeholders' Committee nominated representative may serve on the Steering Committee for more than a single two-year term during the Compact Term. Any vacancy of any Stakeholders' Committee nominated seat on the Steering Committee shall be filled by the representative-elect designated for such seat; *provided*, that the elevation of any such representative-elect to the Steering Committee shall be subject to approval by MCC and the Government at the time of such proposed elevation and that, following such approval, the Stakeholders' Committee shall appoint a new representative-elect for such position; *provided, further*, that in the absence, or if MCC or the Government do not approve the elevation to the Steering Committee, of a representative-elect, the vacancy shall be filled by a nominee who shall be nominated by the Stakeholders' Committee and approved by MCC and the Government.

5.2 Role and Responsibilities.

(a) The Stakeholders' Committee shall be used as a mechanism to give representatives of the private sector, civil society and local and regional governments the opportunity to provide advice and input to MCA-Cape Verde regarding the implementation of the Compact.

(b) The Stakeholders' Committee shall have an opportunity to regularly provide, on at least a quarterly basis, to the Managing Director and to the Steering Committee its views and recommendations. Recommendations or feedback of the Stakeholders' Committee shall be communicated in writing to the President of the Steering Committee, on at least a quarterly basis. The President, with the assistance of the Secretary, shall compile such recommendations or feedback to be included in the agenda for the next meeting of the Steering Committee, as appropriate,

or otherwise presented to the Steering Committee for consideration in accordance with Section 2.4 of these Bylaws. The Steering Committee may, in response to the Stakeholders' Committee views or recommendations, require the Management Unit to provide such other information and documents as the Steering Committee deems advisable.

(c) The Stakeholders' Committee shall have the opportunity to review and provide recommendations to the Steering Committee relating to the M&E Plan and related reports during its meetings. The Management Unit shall provide copies of such documents to the Stakeholders' Committee simultaneously with the transmittal to the Steering Committee of such documents and reports.

(d) The members of the Stakeholders' Committee shall not receive any remuneration in connection with the performance of their duties on the Stakeholders' Committee; provided, *however*, the Steering Committee may reimburse members of the Stakeholders' Committee for reasonable expenses arising from their attendance at regular or special meetings so long as such reimbursements are consistent with the Compact and the Detailed Financial Plan.

5.3 Meetings; Decisions.

(a) The full Stakeholders' Committee shall meet at least once per quarter, and there may be other meetings as may be necessary or appropriate from time to time.

(b) A special Stakeholders' Committee meeting may also be convened at the request of two (2) members of the Stakeholders' Committee, the Managing Director, or the President of the Steering Committee. Notice stating the place, date, time and agenda of each Stakeholders' Committee meeting shall be given to each member of the Stakeholders' Committee by the secretary of the Stakeholders' Committee (a) in respect of a regular quarterly meeting, either by mail, facsimile or telegram at least seven (7) days prior to the date of the regular quarterly meeting, and (b) in respect of a special meeting, either by mail not less than 48 hours before the date of the special meeting or by telephone or telegram not less than 24 hours before the date of such special meeting. Notwithstanding the foregoing, (i) any member of the Stakeholders' Committee may waive, in writing, the requirement to receive notice in respect of any such meeting, and (ii) a member's presence at any such Stakeholders' Committee meeting shall constitute waiver by such member of the requirement to receive notice of such meeting. A valid meeting of the Stakeholders' Committee may not be held unless each member of the Stakeholders' Committee receives notice (or waives or is deemed to waive notice) of such meeting.

(c) The quorum for any meeting of the Stakeholders' Committee shall be the majority of the members of the Stakeholders' Committee. All decisions of the Stakeholders' Committee shall be taken by a majority of the members present at a meeting at which a quorum is present, each member having one (1) vote. Except as set forth in Section 5.3(f), each decision, election, appointment or action by the Stakeholders' Committee, whether specifically set forth in this Agreement or otherwise, shall be made in accordance with the procedures set forth in this Section 5.3(c).

(d) Each member of the Stakeholders' Committee may appoint an alternate representative in writing to serve when he or she is unable to participate in a meeting of the Stakeholders' Committee.

(e) The Management Unit shall present an update on the implementation of the Compact and progress towards achievement of the Objectives during each quarterly meeting of the Stakeholders' Committee and shall provide updated copies of the M&E Plan, the Implementation Plan, and reports on the Projects and Project Activities.

(f) Unless otherwise provided by these Bylaws, any action required or permitted to be taken at any meeting of the Stakeholders' Committee may be taken without a meeting if (i) notice of such proposed action is sent to all members of the Stakeholders' Committee, and (ii) a majority of all the members of the Stakeholders' Committee consent in writing to such action. Any such action approved by written consent shall be filed with the minutes of proceedings of the Stakeholders' Committee. Notwithstanding the foregoing, if four (4) or more members of the Stakeholders' Committee so request, the Stakeholders' Committee shall hold a meeting (by telephone or otherwise) prior to such action by written consent.

(g) Unless otherwise provided by these Bylaws,, the members of the Stakeholders' Committee may participate in a meeting of the Stakeholders' Committee by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting to hear and speak to each other. Participation in a meeting pursuant to this Section 5.3(g) shall constitute presence in person at such meeting.

5.4 Accessibility; Transparency. Stakeholders' Committee members shall make themselves accessible to the beneficiaries they represent for the purpose of receiving the beneficiaries' comments or suggestions regarding the Program. The minutes of all meetings of the Stakeholders' Committee shall be made public on the MCA-Cape Verde website in a timely manner.

ARTICLE VI

MCC APPROVAL RIGHTS; OTHER OBLIGATIONS

6.1 MCC Approval Rights. In addition to any other rights granted to MCC pursuant to these Bylaws, MCC shall have all approval rights granted to MCC in the Compact, the Disbursement Agreement, Procurement Agreement or any other Supplemental Agreement.

6.2 Other Obligations; Conflicts. Any conflicts arising between the terms of these Bylaws and the Compact or any Supplemental Agreement shall be resolved in favor of the Compact or such Supplemental Agreement.

ARTICLE VII

AMENDMENTS

7.1 Amendments. These Bylaws may be altered, amended or repealed at any regular or special meeting of the Steering Committee by the affirmative vote of a

two-thirds of all Voting Members present at a meeting at which a duly constituted Quorum has been established. Prior notice of such amendments must be sent to MCC through the MCC Representative. The Steering Committee shall not have the power to alter or amend the Bylaws in such manner as to create a conflict with the terms of the Compact or any Supplemental Agreement.

ARTICLE VIII MISCELLANEOUS

8.1 Confidentiality. All documents, reports, cost estimates, technical data and information concerning the Program that is not otherwise publicly available shall be treated by the Steering Committee, the Management Unit and the Stakeholders' Committee confidentially in a reasonable and appropriate manner and in accordance with applicable professional standards, *provided, however*, all such documents, reports, cost estimates, technical data and other information may be provided by MCC to any employees, contractors, agents, representatives of MCC, the Inspector General, the General Accountability Office, or others designated by MCC; *provided, further*, that the Steering Committee may cause to be posted on the MCA-Cape Verde website or otherwise make publicly available certain information, including quarterly financial reports. The Steering Committee and the Management Unit shall ensure that only those with a need to know and under similar obligations of confidentiality shall have access to any and all information, documents, cost estimates data and information provided to such Party or otherwise generated in connection with these Bylaws and the Program. The Steering Committee and the Management Unit shall ensure that each member of the Steering Committee and each member of the Management Unit complies with the confidentiality obligations set forth in this Section 8.1. MCA-Cape Verde shall include obligations of confidentiality similar to those set forth in this Section 8.1 in the employment agreements of each member of the Management Unit.

8.2 Defined terms. All capitalized terms that are used in these Bylaws but not herein defined shall the meaning given such terms in the Compact.

8.3 Prohibited Actions; Code of Ethics.

(a) No payments shall be made to any third party in connection with the Program in violation of the conflict of interest and ethics regulations, and other related provisions, of Cape Verde legislation. The Steering Committee shall ensure that no payments have been or will be received by any employee, agent or representative of MCA-Cape Verde in connection with the procurement of goods and services or works funded or to be funded under the Compact. The Steering Committee shall ensure that each member of the Steering Committee and each member of the Management Unit complies with the restrictions on payments to certain persons set forth in this Section. MCA-Cape Verde shall include prohibitions similar to those set forth in this Section 8.5(a) in the employment agreement of each member of the Management Unit.

(b) The Steering Committee shall ensure that no employee, agent, member of the Steering Committee, member of the Management Unit, or representative of MCA-Cape Verde (each, an "affiliate") shall participate in the selection, award, or administration of a contract, grant or other benefit or transaction financed in whole or in part (directly or indirectly) by MCC Funding in which (i) such

affiliate, members of such affiliate's immediate family or household or his or her business partners, or organizations controlled by or substantially involving such affiliate, has or have a financial or other interest, or (ii) the affiliate is negotiating or has any arrangement concerning prospective employment, unless, in either case, such affiliate has first disclosed in writing to MCA-Cape Verde and MCC the conflict of interest and, following such disclosure, MCA-Cape Verde and MCC have agreed in writing to proceed notwithstanding such conflict. The Steering Committee and the Management Unit shall not, and shall ensure that none of its respective affiliates (and shall seek to ensure that no other person or entity involved in the selection, award, administration, oversight or implementation of any contract, grant or other benefit or transaction funded in whole or in part (directly or indirectly) by MCC Funding) (i) solicits or accepts from, or offers to, a third party or seeks or is promised directly or indirectly for itself or for another person or entity, any gift, gratuity, favor or benefit, other than items of *de minimis* value and otherwise consistent with such guidance as MCC may provide from time to time, or (ii) engages in any activity which is, or gives the appearance of being, a conflict of interest. The Steering Committee and the Management Unit shall include conflict of interest provisions similar to those set forth in this Section 8.5(b) in the employment agreement of each member of the Management Unit.

(c) In carrying out their responsibilities, the members of the Steering Committee, the members of the Management Unit and the members of the Stakeholders' Committee shall act solely in accordance with the interests of MCA-Cape Verde and the Objectives of the Program; may not undertake any action that is contrary to those interests or would result in personal gain or a conflict of interest; and shall comply with the ethics precepts attached hereto as Exhibit A (the "***Code of Ethics***").

EXHIBIT A

ETHICS PRECEPTS

1. Coverage. These Ethics Precepts are applicable to, and binding upon (i) the Voting Members and Observers of the MCA-Cape Verde Steering Committee, (ii) the Officers, employees, consultants, contractors, agents and representatives of MCA-Cape Verde, and (iii) the members of the MCA-Cape Verde Stakeholders' Committee (each a "***Covered Person***").

2. Definitions. For purposes of these Ethics Precepts—

(a) "Immediate family" means spouse, children, siblings, parents, grandparents, grandchildren, domestic partners, in-laws and the respective spouses of each of the foregoing.

(b) "Gift" means any type of gratuity, favor, service, discount, loan, fee or property, and anything else of value.

3. Authority. The authority of a Covered Person to act on behalf of MCA-Cape Verde is strictly limited by the terms of the Bylaws, any Governing Document and any other applicable Compact Document, and by the terms of any agreement between the Covered Person and MCA-Cape Verde relating to the Covered Person's discharge of his/her responsibilities or performance of services. A Covered Person may not bind or commit (or claim the authority to bind or commit) MCA-Cape Verde for any purpose unless, and only to the extent that, he/she is explicitly delegated such authority in writing by the Steering Committee.

4. Fiduciary Obligations. When acting within the scope of his/her duties, a Covered Person shall—

(a) comply with the terms of these Bylaws, any Governing Document and any other applicable Compact Document, with the terms of any agreement between the Covered Person and MCA-Cape Verde, and with the other laws, rules and regulations applicable to the MCA-Cape Verde;

(b) act solely in the interests of MCA-Cape Verde, and places the interests MCA-Cape Verde above his/her personal interests or the interest of any other person, or any other organization with which the Covered Person is employed or associated; and

(c) perform his/her duties in a diligent and timely manner, exercising his/her best judgment and reasonable care, and applying the sound financial, technical and management practices required to meet the Objectives of the Program.

5. Conflicts of Interest. A Covered Person shall not participate in any decision or engage in any other activity that involves an actual or potential conflict of interest, or the appearance of a conflict of interest. A conflict of interest exists when a Covered Person (or any member of his/her immediate family or any close friend) has

an interest -- whether economic or otherwise, and whether as an owner, investor, partner, director, trustee, officer, employee or consultant -- in any person, firm, corporation, or other organization or enterprise, that supplies or receives funds, goods, services, or required approvals to or from MCA-Cape Verde, or is seeking to do so in the future. Any interest that could reasonably be expected to give rise to an actual, potential or apparent conflict of interest shall be promptly disclosed to the Steering Committee.

6. Confidentiality and Non-Disclosure. A Covered Person shall maintain the strict confidentiality of all MCA-Cape Verde confidential or proprietary information obtained in the course of performing his/her duties for MCA- Cape Verde, or as a result of his/her relationship with MCA- Cape Verde, and shall take all reasonable steps to prevent the use or disclosure, except as explicitly authorized by MCA- Cape Verde with the approval of MCC.

7. Gifts from Outside Sources. A Covered Person, and any member of his/her immediate family, shall not accept, directly or indirectly, any gift from any person – including but not limited to Implementing Entities, suppliers or other persons doing (or seeking to do) business with MCA- Cape Verde. Any gift that cannot be courteously returned shall be delivered to the Managing Director for charitable disposition or such other disposition as the Steering Committee believe appropriate in its sole discretion.