
BANK PROTOCOL

BY AND AMONG

GOVERNMENT OF CAPE VERDE,

ACTING THROUGH

THE MINISTRY OF FINANCE AND PLANNING,

MCA- CAPE VERDE,

AND

BANK OF CAPE VERDE

DATE: October 17, 2005

BANK PROTOCOL

This BANK PROTOCOL (the “**Protocol**”) is entered into as of the 17th day of October, 2005 (the “**Effective Date**”), by and between the Government of the Republic of Cape Verde (“**Government**”), acting through the Ministry of Finance and Planning (“**Ministry**”), MCA- Cape Verde, an independent unit organized under the laws of the Republic of Cape Verde (“**MCA-Cape Verde**”), and the Bank of Cape Verde (“**National Bank**”). The Ministry, the National Bank and MCA-Cape Verde may be referred to individually as a “**Party**” and together as the “**Parties**.” All capitalized terms that are used but not defined herein shall have the meaning given such terms in the Compact. Millennium Challenge Compact (“**Compact**”) between the United States of America, acting through the Millennium Challenge Corporation (“**MCC**”), and the Government dated July 4, 2005.

RECITALS

WHEREAS, the Compact sets forth the general terms and conditions on which the MCC will provide a grant of up to U.S. Dollars (“**U.S. Dollars**”) \$110,078,488 (the “**MCC Funding**”) to the Government to implement the Program and to achieve the Goal and the Objectives contemplated by the Compact;

WHEREAS, the Compact provides that the Government shall ensure that MCA-Cape Verde enters into a bank agreement, in form and substance satisfactory to MCC, specifying the terms and conditions on which the National Bank will receive, accept, hold, maintain and deliver funding to a Permitted Account and the execution and delivery of such bank agreement or similar documentation is a condition precedent to the initial MCC Disbursement under the Disbursement Agreement;

WHEREAS, the Government wishes to appoint the National Bank and the National Bank wishes to accept such appointment to receive, accept, hold, maintain and delivery MCC Funding or other permitted funds in accordance with the Compact and this Protocol;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth herein, the Parties hereby agree as follows:

ARTICLE I INITIAL OPERATING PERIOD

Section 1.1. During the initial operating period, beginning on the date of Entry into Force and ending at the time MCA-Cape Verde signs this Protocol, which period shall not exceed 180 days (the “**Initial Operating Period**”), the Ministry may act in place of MCA-Cape Verde to exercise the rights and perform the obligations of MCA-Cape Verde under this Protocol. During the Initial Operating Period, any references herein to rights and obligations of MCA-Cape Verde (including the responsibility of MCA Cape

Verde to take certain actions) shall become the rights and obligations of the Ministry, on behalf of the Government. Following the Initial Operating Period, MCA-Cape Verde shall assume all rights and obligations of MCA-Cape Verde identified herein.

ARTICLE II APPOINTMENT OF ACCOUNT BANK AND CREATION OF SPECIAL ACCOUNT

Section 2.1. Appointment of Account Bank

(a) MCA-Cape Verde hereby appoints the National Bank as the Account Bank (the “***Account Bank***”) for the purposes of this Protocol and the National Bank shall perform the obligations of the Account Bank hereunder in strict accordance with the terms of this Protocol and any relevant terms of the Compact, the Disbursement Agreement, and any other relevant Supplemental Agreement between the Parties, as any of them may be amended from time to time, which agreements shall be delivered by MCA-Cape Verde to the Account Bank and incorporated by reference herein.

(b) The Account Bank shall not have any proprietary interest in the funds deposited or earned in the Special Account or the Other Permitted Account(s) but merely holds such funds as banker subject to the terms of this Protocol.

Section 2.2. Creation of Special Account and Other Accounts

(a) The Account Bank shall establish, in the name of MCA-Cape Verde, for the benefit of the Government, a separate and irrevocable, interest-bearing, cash-only account, denominated in U.S. Dollars (the “***Special Account***”), subject to the terms and conditions of the Compact and this Protocol, and shall maintain the Special Account throughout the term of this Protocol. The Account Bank shall provide evidence to MCA-Cape Verde and MCC, satisfactory to MCC, of the opening of the Special Account, including, but not limited to, the account name, designated account number, and wire transfer instructions (“***Account and Wire Transfer Information***”). In the event of any changes to the Account and Wire Transfer Information of the Special Account during the term of this Protocol or the Compact Term, the Account Bank shall provide in writing any such changes to MCA-Cape Verde, with a copy to the Fiscal Agent and MCC, no later than ten (10) Business Days prior to the relevant MCC Disbursement.

(b) If requested by MCA-Cape Verde and countersigned by MCC, the Account Bank shall establish, in the name of MCA-Cape Verde, for the benefit of the Government, a separate and irrevocable, interest-bearing, cash-only account, denominated in Escudos (the “***Local Currency Account***”) subject to the terms and conditions of this Protocol and the Compact, and shall maintain the Local Currency Account as another Permitted Account (as defined in the Compact) throughout the term of this Protocol. The Account Bank shall provide evidence to MCA-Cape Verde and

MCC, satisfactory to MCC, of the establishment and opening of the Local Currency Account, including Account and Wire Transfer Information and denominated currency and any updates thereto. Upon the establishment of such Local Currency Account, the provisions of this Protocol, other than those related specifically to U.S. Dollars, shall apply to the Local Currency Account.

(c) The Local Currency Account, any other Permitted Account(s) held by the Account Bank, or any other account held for MCA-Cape Verde by the Account Bank (other than the Special Account) shall be collectively referred to as “Other Permitted Account(s)”. The Account Bank shall provide, and update where necessary, Wire Transfer and Related Account Information to MCA-Cape Verde, with a copy to MCC and the Fiscal Agent, for each Other Permitted Account(s).

(d) The MCC Funding, Accrued Interest, and any other funds deposited into the Special Account or the Other Permitted Accounts as permitted by the Compact, including payments from the Government or refunds from vendors, shall be collectively be referred to herein as the “*Account Funds*”.

Section 2.3. Status of the Special Account and Other Accounts

(a) The Special Account and Other Permitted Account(s) shall remain completely independent of other Government accounts and shall not be co-mingled with the general funds of the Government or any other funds from any other source, except as expressly permitted in Section 3.2; *provided, however*, the Government shall comply with all obligations under Section 2.2 of the Compact to ensure the MCC Funding is fully reflected and accounted in the annual national budget of the Republic of Cape Verde on a multi-year basis.

(b) The Account Bank represents that the Account Bank has marked its books and records to indicate that the Fiscal Agent and MCC have the right to control the Special Account or Other Permitted Account(s) as set forth herein.

ARTICLE III DISBURSEMENTS AND INTEREST

Section 3.1. Disbursements into the Special Account and Transfer of Funds into Other Permitted Account(s)

(a) MCC shall, from time to time, make disbursements in U.S. Dollars into the Special Account (“*MCC Disbursements*”) or transfer amounts in Escudos to Other Permitted Account(s) in accordance with the terms and conditions set forth in the Compact, this Protocol, the Disbursement Agreement, or any other relevant Supplemental Agreement between the Parties or between the Government and MCC.

(b) Upon receipt of an MCC Disbursement, or the transfer or receipt of any funds into one of the Other Permitted Account(s), the Account Bank shall (i)

acknowledge receipt and acceptance of such MCC Disbursement or other amount to MCA-Cape Verde, with a copy to MCC and the Fiscal Agent, (ii) credit such MCC Disbursement or other amount to the relevant account and (iii) hold and keep such MCC Disbursement or other amount for the benefit of the Government, acting through MCA-Cape Verde, in accordance with the terms and conditions set forth herein.

Section 3.2. Commingling of Funds. The funds disbursed by MCC into the Special Account and amounts in Other Permitted Account(s) shall not be commingled with any other funds; *provided, however*, that MCA-Cape Verde may deposit in the Special Account or Other Permitted Account(s), and the Special Account or Other Permitted Account(s) may receive and hold, (i) Accrued Interest; (ii) refunds of funds from Re-Disbursements, proceeds of insurance policies naming MCA-Cape Verde as beneficiary, or other payments received by MCA-Cape Verde from Providers (as defined in the Compact) or other third parties in connection with the Program; (iii) payments made to MCA-Cape Verde by the Government pursuant to the Compact or any Supplemental Agreement, including without limitation refunds of Taxes or other payments, and (iv) such other amounts as MCC may approve in writing from time to time.

Section 3.3. Interest

(a) The Account Bank shall pay interest or other earnings on funds held in the Special Account equal to the Fed Funds rate minus 100 basis points for US Dollar balances, unless otherwise agreed in writing by the Parties and MCC. Interest will be calculated daily and credited to the Special Account at least on a monthly basis.

(b) The Account Bank shall remit all Accrued Interest earned on funds in the Special Account or any Other Permitted Account(s) to a United States Government account designated in writing by MCC (i) within ten (10) days of the end of each calendar quarter; (ii) upon the expiration or earlier termination of this Protocol or the Compact; and (iii) upon the written instructions of MCC, which shall include instructions regarding currency exchange where applicable.

(c) Unless otherwise agreed to in writing by the Parties and MCC, the Account Bank shall pay interest or other earnings on the funds held in the Other Permitted Account(s) equal to (i) Fed Funds rate minus 100 basis points for U.S. Dollar balances or (ii) the published rate for the period in which interest is paid as published by the Account Bank for Escudo balances. Interest will be calculated daily and credited to each Other Permitted Account at least on a monthly basis.

Section 3.4. Refunds. Upon the expiration or termination of this Protocol or the Compact, or otherwise upon the written notice of MCC at any time, the Account Bank shall refund, to such United States Government account or accounts as designated by MCC in writing, any amount or amounts from the Special Account and from any Other Permitted Account(s), including all Accrued Interest, and any refunds, proceeds, payments and other amounts described in Section 3.2, promptly, but in no event later

than thirty (30) days after the Account Bank receives MCC's written request for such refund, such request to be in accordance with the Compact.

ARTICLE IV OPERATIONS OF THE SPECIAL ACCOUNT AND OTHER PERMITTED ACCOUNT(S)

Section 4.1. Fiscal Agent

(a) The Ministry of Finance and Planning shall perform the functions of Fiscal Agent as defined by the Compact and as further provided in the Memorandum of Agreement Regarding Fiscal Agent Services for MCA-Cape Verde.

(b) MCC, in its sole discretion, or MCA-Cape Verde, with MCC approval and countersignature, may remove or replace the Fiscal Agent, or any representative of the Fiscal Agent authorized to act on its behalf regarding the Special Account and any Other Permitted Account(s), by written notice to the Account Bank. Such written notice shall include (i) in the event that the Fiscal Agent is replaced, the new Fiscal Agent's name, address, and contact information and incumbency certificate and specimen signatures of the Fiscal Agent's authorized signatories, or (ii) in the event that one or more of the Fiscal Agent's authorized representatives is replaced, specimen signatures for such new authorized representatives.

(d) Whenever the position of Fiscal Agent is vacant, or upon MCC's written instructions, MCC may assume, or may designate a representative to assume, the authorities and responsibilities of the Fiscal Agent under this Protocol, including to authorize a Re-Disbursement, transfer or other payment from or to the Special Account or any Other Permitted Account(s) in accordance with Section 4.2.

(e) No employee, officer, director, agent or representative of MCA-Cape Verde, other than the Fiscal Agent, or any other official, entity or governmental body (other than MCC as permitted under the Compact or this Protocol) is authorized to make, initiate, alter or cancel any transaction in the Special Account or any Other Permitted Account(s).

Section 4.2. Payment Instructions

(a) To authorize a Re-Disbursement, a transfer of Account Funds to any Other Permitted Account(s), or any other payment from the Special Account, the Fiscal Agent shall deliver to the Account Bank a duly executed written instruction pursuant to the standard form as provided by the Account Bank to the Fiscal Agent as of the date hereof or as amended from time to time ("***Payment Instruction***"), which Payment Instruction must carry the signatures of two representatives of the Fiscal Agent currently authorized to act on its behalf regarding the Special Account. Payments and transfers and authorizations of payments and transfers shall follow procedures set forth in the Protocol, System of Accounts of the Treasury in the National Bank, signed July 1, 1997.

(b) To authorize a transfer or payment from any Other Permitted Account(s), the Fiscal Agent shall deliver to the Account Bank a duly executed written instruction pursuant to the standard form as provided by the Account Bank to the Fiscal Agent as of the date hereof or as amended from time to time (“**Local Currency Payment Instruction**”). The Local Currency Payment Instruction must carry the signatures of two representatives of the Fiscal Agent currently authorized to act on its behalf regarding the Other Permitted Account(s). Payments and transfers and authorizations of payments and transfers shall follow procedures set forth in the Protocol, System of Accounts of the Treasury in the National Bank, signed July 1, 1997.

(c) The Account Bank shall, upon written instruction from MCC, suspend payments or transfers from the Special Account or Other Permitted Account(s).

(d) If a question or ambiguity arises regarding a Payment Instruction, the Account Bank shall request clarification from the Fiscal Agent, with notice of such request to MCA-Cape Verde, and MCA-Cape Verde shall cause the Fiscal Agent to promptly clarify such Payment Instruction.

(e) The Fiscal Agent may deliver written instructions to the Account Bank to amend or cancel a Payment Instruction and, if the Payment Instruction is in the Account Bank’s possession and has not been executed, the Account Bank will amend or cancel such payment, *provided*, such amendment or cancellation is in accordance with the terms and conditions of the Compact and this Protocol. The Account Bank shall use its best efforts to amend or reverse a transaction payment in the event of a valid written instruction delivered in accordance with this paragraph (e).

(f) The Special Account and Other Permitted Account(s) may not go into overdraft and, in the event of insufficient funds, the Bank shall inform the Fiscal Agent, with a copy to MCA-Cape Verde and MCC, of any such shortfall as soon as practicable.

Section 4.3. Exclusive Authority of the Fiscal Agent

The Fiscal Agent is the only entity authorized to issue Payment Instructions to the Account Bank regarding the funds in Special Account and Other Permitted Account(s), subject MCC authority or countersignature requirements set forth herein. No other person or entity (other than MCC as permitted under the Compact or this Protocol) has such authority, including without limitation (a) any director, officer, employee, agent and representative of MCA-Cape Verde other than the Fiscal Agent; and (b) any official of the Government or any of its ministries, departments, or agencies, except authorized officials of the Department of Treasury of the Ministry of Finance and Planning.

Section 4.4. Payments. Within one Business Day of receiving a Payment Instruction from the Fiscal Agent duly executed in accordance with the requirements of this Protocol, the Account Bank shall make the payment described in such Payment

Instruction, in the amounts and currencies requested, by wire transfer of immediately available funds, to the account specified therein.

Section 4.5. Currency Exchange. The Account Bank shall hold all funds in the Special Account in U.S. Dollars; *provided, however*, that upon receipt of written instructions from the Fiscal Agent to transfer funds to or between any Other Permitted Account(s), or to make a Re-Disbursement in Escudos, such funds shall be converted to Escudos prior to such transfer. For all such exchanges, the Account Bank shall use the exchange rate of the previous afternoon as published by the Account Bank for the following day.

Section 4.6. Suspension of Activity. The Account Bank shall suspend all activity in the Special Account or Other Permitted Account(s) upon receipt of a notice of suspension in writing from (i) MCC or (ii) from the MCA-Cape Verde, with the written approval of MCC. Activity shall remain suspended until the suspension is lifted by a written instruction from the notifying party.

Section 4.7 Use and Treatment of MCC Funding. Each Party shall ensure that the use and treatment of MCC Funding in connection with this Protocol shall not violate any limitations or requirements specified in the Compact, including Section 2.3 of the Compact.

ARTICLE V FEES AND INDEMNIFICATION

Section 5.1. Account Bank Fees

(a) For the services performed under this Protocol related to the Special Account, the Account Bank shall receive the following fees and reimbursements:

Maintenance Fee: No Fee or Charge

Transfer Fee: The fee to transfer funds external to Cape Verde shall not exceed twenty five US Dollars (USD\$25.00).

Exchange Commission: No Fee or Charge

(b) For the services performed under this Protocol related to the Other Permitted Account(s), the Account Bank shall receive such fees and reimbursements as may be agreed by the Parties from time to time by written agreement, subject to written approval by MCC.

(c) Other than the fees described in paragraphs (a) and (b) of this Section 5.1 (“**Account Bank Fees**”), there shall be no other fees, charges, levies, or taxes of any kind or nature assessed by the Account Bank against the Special Account or Other

Permitted Account(s). The Account Bank shall be entitled to debit the amount of these Account Bank Fees from the Special Account or Other Permitted Account(s) as and when due. The Account Bank shall include detailed information on fees charged to the Special Account and any Other Permitted Account(s) in its weekly reports.

Section 5.2. Indemnification

(a) The Account Bank shall indemnify, defend and hold MCA-Cape Verde, MCC and each of their respective officers, directors, employees, Affiliates, contractors, agents or representatives (each an “***Indemnified Party***”) harmless from and against, and shall compensate, reimburse and pay such Indemnified Party for, any liabilities or other damages which (i) are directly or indirectly suffered or incurred by such Indemnified Party, or to which an Indemnified Party may otherwise become subject, regardless of whether or not such damages relate to any third-party claim, and (ii) arise from or as a result of the negligence or willful or intentional misconduct of the Account Bank, or any affiliate or designee of the Account Bank, or their respective officers, directors, employees, affiliates, contractors, agents or representatives, directly or indirectly connected with, any activities (including acts or omissions) undertaken in connection with this Protocol; *provided however*, no Account Funds, Accrued Interest or Program Assets may be applied by the Account Bank in satisfaction of its obligations hereunder.

(b) MCA-Cape Verde shall have no liability to the Account Bank under this Protocol.

ARTICLE VI FURTHER OBLIGATIONS OF THE ACCOUNT BANK

Section 6.1 Standard of Care

(a) The Account Bank, as agent for MCA-Cape Verde, shall at all times have exclusive possession of, and exercise exclusive dominion and control over, the Special Account and Other Permitted Account(s), and shall exercise all skill, reasonable care, timeliness and diligence in the discharge of its duties and obligations under this Protocol and apply professionally sound financial, technical and management practices and security procedures required for the successful provision of services and oversight as set forth in this Protocol.

(b) The Account Bank shall apply a standard of care in handling Special Account and Other Permitted Account(s) funds at least as rigorous as it applies when handling its own funds.

(c) The Account Bank shall ensure that any movements of funds or transfers in to or out of the Special Account or Other Permitted Account(s) are made solely at the authorization of the duly authorized representatives of the Fiscal Agent or as otherwise specified herein, and such transaction shall comply fully with transfer instructions (including Payment Instructions) as provided by the Fiscal Agent or other written

instructions by MCC. The Account Bank shall notify MCA-Cape Verde, MCC and the Fiscal Agent immediately of any transaction that appears to violate the requirements established by Sections 6.4, 6.5 and 6.6 below or of any other activity or request that takes place in connection with the Special Account or Other Permitted Account(s) would appear unusual or otherwise of concern to a prudent bank fiduciary.

(d) If after the suspension, termination or expiration of this Protocol the Account Bank receives any payment (including interest payment), refund or any other transfer of funds into the Special Account or Other Permitted Account(s), the Account Bank shall immediately notify MCA-Cape Verde and MCC and remit any such payment, refund, or other transfer of funds to a U.S. Government account or successor account bank account designated in writing by MCC.

(e) The Account Bank shall implement appropriate monitoring and oversight procedures to safeguard against any activities prohibited by Sections 6.4, 6.5, and 6.6.

Section 6.2 Access to Books and Records, Audits

The Account Bank shall:

(a) Keep and maintain complete and accurate records and books of account or other Compact Records in respect of all MCC Disbursements into, and Re-Disbursements, transfers or other payments from, the Special Account or Other Permitted Account(s) in accordance with this Protocol and Section 3.8 of the Compact;

(b) Furnish such other information related to the Special Account, any Other Permitted Account(s), this Protocol and the actions of the Account Bank taken pursuant hereto or in connection herewith, as MCA-Cape Verde or MCC may request from time to time and, at the request of MCA-Cape Verde or MCC, the Account Bank shall provide such information to Auditors (as defined in the Compact) or to any other person or entity that MCA-Cape Verde or MCC may designate in writing;

(c) Comply with the book and records (including Compact Records), access, audit, and information-retention requirements set forth in Section 3.8 (b), (d) and (e) of the Compact and retain and make available Special Account or Other Permitted Account(s) books, records and information for at least five (5) years after the end of the Compact Term or for such longer period, if any, required to resolve any litigation, claims or audit findings or any statutory requirements;

(d) Permit MCA-Cape Verde, MCC, the Fiscal Agent, the Inspector General, the U.S. Government Accountability Office, any auditor responsible for an audit, or person or entity that MCA-Cape Verde or MCC may designate in writing, and any of their respective employees, contractors, agents or representatives, to conduct an assessment, review or audit of the Special Account or Other Permitted Account(s), or other applicable Compact Records, and to make inspections and make copies of any documents related to the Special Account or Other Permitted Account(s) and ensure access to all relevant facilities, relevant directors, officers, employees, Affiliates,

contractors, representatives or agents of the Account Bank for a period of at least five (5) years after the end of the Compact Term, or such longer period, if any, required to resolve any litigation, claims or audit findings or any statutory requirements; and

(e) Cooperate and comply with the terms of the Audit Plan, as may be requested by MCA-Cape Verde or MCC, and take all necessary, appropriate, and timely corrective actions in response to any Audit or other finding or report, as requested by MCA-Cape Verde or MCC.

Section 6.3 Prohibition on Set-Off; Security Interest

(a) The Account Bank waives any and all rights of set-off, combination of accounts or counterclaim or any other right whatsoever it may have or hereafter acquire to apply amounts standing to the credit of the Special Account or any Other Permitted Account(s), in discharge or satisfaction of any cost, right of reimbursement, expense, loss or other liability of the Account Bank and all such rights are hereby released by the Account Bank. All payments made by the Account Bank under this Protocol shall be made without any deduction, withholding, set-off or counterclaim of any kind.

(b) The Account Bank shall inform MCC immediately of any attempt on the part of MCA-Cape Verde or any other person, entity, or governmental body to create a lien, secure credit or collateral, pledge funds, or set-off for any other obligation, with respect to Account Funds in the Special Account or any Other Permitted Account(s) or if any person, entity or governmental body claims that it has a property interest in the Special Account or Other Permitted Account(s).

Section 6.4. Terrorist Financing

(a) The Account Bank will not provide material support or resources directly or indirectly to any individual, corporation or other entity that the Account Bank knows, or has reason to know, commits, attempts to commit, advocates, facilitates, or participates in any terrorist activity, or has committed, attempted to commit, advocated, facilitated or participated in any terrorist activity, including but not limited to the individuals and entities (i) on the master list of Specially Designated Nationals and Blocked Persons maintained by the U.S. Department of Treasury's Office of Foreign Assets Control, which list is available at www.ofac.compliance.com, or (ii) on the consolidated list of individuals and entities maintained by the "1267 Committee" of the United Nations Security Council. For purposes of this provision, "material support and resources" includes currency or other financial securities, financial services, lodging, training, safe houses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials.

(b) The Account Bank shall ensure that it is in compliance with applicable Cape Verdean law, including the relevant provisions of Decreto Legislativo n°4/2003, of November 18, (including Articles 313° through 316°).

Section 6.5. Money Laundering

(a) The Account Bank shall ensure that the Special Account or Other Permitted Account(s) are not used for money-laundering activities and shall establish policies and procedures, acceptable to MCC, for monitoring deposits into and withdrawals from the Special Account or Other Permitted Account(s). If the Account Bank has an anti-money laundering monitoring and compliance program in place that meets the standards for financial institutions established by Financial Action Task Force on Money Laundering, that program shall be applied to the Special Account and any Other Permitted Account(s) in the same manner as to all other accounts at the Account Bank. If the Account Bank's monitoring and compliance program does not meet the above-referenced standards, or if the Account Bank has no monitoring and compliance program, it shall, at a minimum, throughout the term of this Protocol:

(i) pay special attention to any complex or unusually large transactions involving the Special Account or any Other Permitted Account(s) and report any suspicious activity to the appropriate Government supervisory authority;

(ii) develop internal policies, procedures and controls, including appropriate compliance management arrangements, and adequate screening procedures to ensure high standards when hiring employees who will have any responsibilities with respect to the Special Account or any Other Permitted Account(s);

(iii) develop and implement an ongoing anti-money laundering training program for employees in charge of the Special Account or Other Permitted Account(s); and

(iv) designate a senior-level compliance manager to monitor compliance with the foregoing policies and procedures.

(b) The Account Bank shall further ensure that is in compliance with applicable Cape Verdean law, including the provisions of Law n°17/VI/2002, of December 16th.

Section 6.6 Anti-Bribery. The Account Bank shall ensure that no payments have been or will be received by any official of the Account Bank, MCA Cape-Verde or any other Government official in connection with this Protocol and no payments have been made by the Account Bank or any other party to any third party, in connection with this Protocol, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. 78a et seq.), a copy of which shall be provided to the Account Bank by MCC upon request. The Account Bank shall further ensure that is in compliance with applicable Cape Verdean law, including the provisions of Articles 363° through 370° of the Penal Code.

Section 6.7 Reports and Statements

(a) The Account Bank shall provide to MCA-Cape Verde and MCC, by delivery to the Fiscal Agent, the following documents, unless otherwise agreed by the Parties:

(i) A weekly statement of account detailing the Special Account or Other Permitted Account(s) balance, including all MCC Disbursements into, Accrued Interest on, and Re-Disbursements, transfers or payments from, and fees charged to, the Special Account or Other Permitted Account(s) during the previous week, including all entries credited and debited to the applicable account and completed transactions;

(ii) A transaction report, issued within two (2) Business Days after each transaction is completed; and

(iii) All other information, documents or Compact Records as requested by MCA-Cape Verde or MCC from time to time and, at the request of MCA-Cape Verde or MCC, the Account Bank shall provide such information to Auditors (as defined in the Compact) or to any other person or entity that MCA-Cape Verde or MCC may designate in writing.

(b) If the Fiscal Agent, MCA-Cape Verde or MCC discover any error in any documents, records or statements delivered pursuant to paragraph (a) or in any transaction, the Fiscal Agent will notify the Account Bank of such error and the Account Bank shall utilize best efforts to correct the entry.

Section 6.8 Procurement. To the extent applicable, all procurements of goods or services under this Protocol by the Account Bank in furtherance of the Compact shall be in accordance with Section 3.6 of the Compact, the Procurement Agreement and the Procurement Guidelines, as may be amended from time to time.

Section 6.9 Taxes. In the event any Taxes are charged or paid by the Account Bank in connection with this Protocol and the Special Account or Other Permitted Account(s), the Account Bank shall notify the Fiscal Agent and cooperate in seeking the reimbursement of any such Taxes paid.

ARTICLE VII GENERAL PROVISIONS

Section 7.1. Suspension and Termination; Survival.

(a) The Account Bank may terminate this Protocol at any time upon not less than ninety (90) days' written notice to MCA-Cape Verde and MCC; *provided, however*, that such termination shall not become effective until a successor has been appointed and has assumed its responsibilities in accordance with Section 7.1(d).

(b) MCC, or MCA-Cape Verde, with the written approval of MCC, may terminate this Protocol at any time upon not less than thirty (30) days' written notice to the Account Bank; *provided, however*, that such termination shall not become effective until a successor has been appointed and has assumed its responsibilities in accordance with Section 7.1(d), unless otherwise stated in the notice of termination.

(c) MCC or MCA-Cape Verde, with the written approval of MCC, may suspend or terminate this Protocol immediately, in whole or in part, upon written notice to the Account Bank if:

(i) the Account Bank or the Fiscal Agent are in material breach of a term, representation or covenant of this Protocol;

(ii) the Fiscal Agent Agreement or Procurement Agent Agreement or any other related Supplemental Agreement has been suspended or terminated, in whole or in part, and such suspension or termination will have a material adverse effect on the performance of this Protocol or the ability of MCA-Cape Verde or the Government to implement any of their obligations and responsibilities under or in furtherance of the Compact;

(iii) in the sole opinion of MCC, the Account Bank or MCA-Cape Verde has materially breached one or more of its representations, covenants, obligations or responsibilities under or in furtherance of the Compact;

(iv) any event that would be a basis for termination or suspension of a Supplemental Agreement in accordance with Section 5.4 of the Compact has occurred;

(v) the Compact has expired or has been suspended or terminated in whole or in part in accordance with Section 5.4 of the Compact; *provided, however*, that this Protocol shall remain in effect for ninety (90) days following the expiration, suspension or termination of the Compact or such other period as may be indicated in the notice; or

(vi) in the sole opinion of MCC, the Account Bank has failed to meet its obligations under this Protocol.

(d) Upon notice of termination of this Protocol, the Account Bank shall promptly comply with any instructions issued by MCC or the Fiscal Agent or MCA-Cape Verde, with the written approval of MCC, regarding transfer to a successor account bank of (i) the funds in the Special Account or Other Permitted Account(s), (ii) any amounts standing to the credit of the Special Account or Other Permitted Account(s), and (iii) all books, records and other information relating to the Special Account or Other Permitted Account(s).

(e) Upon the expiration, suspension or termination of this Protocol or the Compact, or at any time upon MCC's request, the Account Bank shall transfer, or ensure the transfer, of any amounts standing to the credit of the Special Account or Other Permitted Account(s), except amounts necessary to cover existing obligations approved by MCC, to any U.S. Government account designated by MCC, as set forth in Section 2.1(c) of the Compact.

(f) Upon the expiration, suspension or termination of this Protocol or the Compact, MCC may appoint a successor bank to serve as Account Bank under this Protocol or another bank account agreement acceptable to MCC.

(g) Survival. The following sections shall survive the expiration or termination of this Protocol: Sections 6.1(d), 6.2, 6.3, 6.7, 7.2, 7.3, 7.4, 7.7, 7.8, 7.9, and 7.11.

Section 7.2 Governing Law. This Protocol shall be governed by the laws of the Republic of Cape Verde.

Section 7.3. Settlement of Disputes. All disputes arising from, or in connection with, this Protocol should be settled amicably through consultation by the Parties. Either Party may, at any time, request consultations relating to the interpretation or implementation of this Protocol. Such consultations shall begin at the earliest possible date. The request for consultations shall designate a representative for the requesting Party with the authority to enter consultations and the other Party shall endeavor to designate a representative of equal or comparable rank. If such representatives are unable to resolve the matter within twenty (20) days of the commencement of the consultations then each Party shall forward the consultation to the Principal Representative or such other representative of comparable or higher rank. The consultations shall last no longer than forty-five (45) days from the date of commencement.

Section 7.4. Communications. Any notice, request, document or other communication required, permitted, or submitted by a Party to MCC or another Party under this Protocol shall be (i) in writing, (ii) in English, and (iii) deemed duly given (a) upon personal delivery to MCC or the Party or Parties to be notified; (b) when sent by confirmed facsimile or electronic mail, if sent during normal business hours of MCC or the recipient Party or Parties, if not, then on the next business day; or (c) two (2) Business Days after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt to MCC or the Party or Parties to be notified at the address indicated below, or at such other address as MCC or such Party may designate:

To the National Bank/ Account Bank:

Bank of Cape Verde
Attention: Governor of the Bank of Cape Verde

Avenida Amilcar Cabral – POB 101
Praia, Cape Verde
Telephone: 238 260 7000/ 238 260 7020
Telefax: 238 261 6310
Email: crocha@bcv.cv

To MCA-Cape Verde:

To such address (and other notice contact information) that MCA-Cape Verde as is delivered to the Account Bank upon its entering into this Protocol.

To the Fiscal Agent:

To such address (and other notice contact information) as is delivered to the Account Bank pursuant to Section 4.1.

To MCC:

Millennium Challenge Corporation
Attention: Vice President for Country Programs
(with a copy to the General Counsel)
875 Fifteenth Street, N.W.
Washington, D.C. 20005
Telephone: 202-521-3600
Telefax: (202) 521-3700
Email: VPCountryPrograms@mcc.gov (for the Vice President for
Country Programs)
Email: VPGeneralCounsel@mcc.gov (for the General Counsel)

Section 7.5. Amendments. This Protocol may be amended only by a written instrument signed by each Party's Principal Representative, with the prior written consent of MCC. Any modification to the nature or character of the Special Account or Other Permitted Account(s), including a change in the interest rate or fees or a change from interest bearing to non-interest bearing, may only be changed by written amendment to this Protocol.

Section 7.6 Assignment

(a) Except as provided in this Section 7.6, a Party may not assign, delegate or subcontract its rights or obligations under this Protocol without the prior written consent of the other Party or Parties and MCC.

(b) In accordance with Section 3.2(c) of the Compact, the Ministry may act on behalf of the Government in connection with this Protocol consistent with the

Designated Rights and Responsibilities designated by the Government to the Ministry on or before the date hereof, for so long as such designation is not modified or revoked.

Section 7.7 Third Party Beneficiary; MCC Status; Reserved Rights

(a) MCC shall be deemed to be a third party beneficiary to the rights of, and obligations owed to, MCA-Cape Verde under this Protocol.

(b) MCC is a U.S. Government corporation acting on behalf of the U.S. Government in the implementation of the Compact and this Protocol. As such, MCC has no liability under the Compact or this Protocol, is immune from any action or proceeding arising under or relating to this Protocol or the Compact and MCA Cape Verde and the Account Bank hereby waive and release all claims related to any such liability. In matters arising under or relating to the Compact or this Protocol, MCC is not subject to the jurisdiction of the courts or other body of Cape Verde.

(c) Prior to the execution and Effective Date of this Protocol, MCC must acknowledge its approval this Protocol in writing to MCA-Cape Verde or the Ministry. Every amendment, modification, suspension or termination of this Protocol shall not be effective without the prior written approval of MCC.

(d) Certain rights are expressly reserved to MCC herein or in the Compact, the Governing Documents or other relevant Supplemental Agreement, including rights to approve the terms and conditions of this Protocol, the Account Bank, and certain activities contemplated hereunder. MCC, in reserving any or all of approval or other rights hereunder or under the Compact, the Governing Documents or other relevant Supplemental Agreement, has acted solely as a funding entity to assure the proper use of United States Government funds, and any decision by MCC to exercise or refrain from exercising these rights shall be made as a funding entity in the course of funding the activity and not be construed as making MCC a party to this Protocol. MCC may, from time to time, exercise its expressly reserved rights or discuss matters related to these rights, this Protocol and the activity contemplated hereunder with the Ministry, the Government, the Account Bank, or MCA-Cape Verde either jointly or separately. Any approval (or failure to disapprove) or exercise of (or failure to exercise) any rights by MCC shall not bar the MCA-Cape Verde or MCC from asserting any right or relieve the Account Bank of any liability which it might otherwise have to MCA-Cape Verde, MCC (or MCC Indemnified Parties) or any other person or entity. In no event shall anything in this Section 7.7 or any other provision of this Protocol be construed as submission by MCC to the courts of Cape Verde or any other jurisdiction or any other body or to the arbitral body or any arbitration under Section 7.3.

Section 7.8 Inconsistencies. If there are conflicts or inconsistencies between any parts of this Protocol and the Compact, as either may be amended from time to time, the provisions of the Compact shall supersede those of this Protocol. If there are conflicts or inconsistencies between any parts of this Protocol and any prior documentation

related to the accounts, the provisions of this Protocol shall supersede such other documentation.

Section 7.9 Representatives

(a) For all purposes relevant to this Protocol, the Ministry shall be represented by the individual holding the position of the Minister of Finance and Planning (the “**Ministry Principal Representative**”), MCA-Cape Verde shall be represented by the individual holding the position of, or acting as, its Managing Director (the “**MCA-Cape Verde Principal Representative**”), and the Account Bank shall be represented by the individual holding the position of, or acting as, its Governor (the “**Account Bank Principal Representative**”), each of whom, by written notice, may designate one or more additional representatives (each, an “**Additional Representative**”) for all purposes other than signing amendments to this Protocol.

(b) The names of each Party’s Principal Representative and any Additional Representatives shall be provided, with specimen signatures, to the other Parties, and each Party may accept as duly authorized any instrument signed by such representatives relating to the implementation of this Protocol. A Party may replace its Principal Representative with an individual of equivalent or higher rank and seniority upon written notice to the other Parties, which notice shall include the specimen signature of such new Principal Representative.

Section 7.10 Effective Date; Term. This Protocol shall (i) become effective and enter into force upon the signature of duly authorized representatives of National Bank and MCA-Cape Verde (or the Ministry in accordance with Section 1.1), and (ii) end ninety (90) days following the expiration or termination of the Compact unless suspended or terminated before that date in accordance with Section 7.1; *provided, however*, that the term of this Protocol may be extended for a longer period following the expiration or termination of the Compact if MCC determines that Re-Disbursements related to obligations incurred prior to the expiration or termination of the Compact remain to be paid or repaid or additional time is required to resolve any litigation, claims or audit findings or any statutory requirements.

Section 7.11 Waiver of Immunity. To the extent that any Party may be entitled to claim, for itself or its assets, immunity, including without limitation sovereign immunity, from suit, execution, attachment (whether before or after judgment) or other legal process in any jurisdiction, each Party hereby irrevocably agrees not to claim, and waives any right it has or in the future would have to claim, such immunity.

Section 7.12 Representations. Each Party hereby represents and warrants to the other Parties that (a) this Protocol has been duly authorized, executed and delivered on its behalf and constitutes its legal, valid and binding obligation, (b) all necessary consents and approvals have been obtained, and (c) the execution, delivery and performance of this Protocol by it does not and will not violate any law or regulation applicable to it or any material agreement by which it is bound.

[Signature Page Follows on Next Page]

IN WITNESS WHEREOF, the Parties, each acting through its duly authorized representative, have caused this Protocol to be executed in their names and delivered as of the date first written above.

THE GOVERNMENT OF THE REPUBLIC OF CAPE VERDE,
acting through the Ministry of Finance and Planning

By: _____
Name: João Antonio Coelho Pinto Serra
Title: Minister of Finance and Planning

BANK OF CAPE VERDE

By: _____
Name: Carlos Augusto Burgo
Title: Governor of the Bank of Cape Verde

MCA-Cape Verde, acting through its duly authorized representative, has joined this Protocol and shall be subject to its provisions as of the date first written below.

MCA-Cape Verde

By: _____
Name: _____
Title: _____
Date: _____