H.E. Osvaldo Tavares dos Santos Vaz  
Minister of Planning, Finance and Blue Economy  
Ministry of Planning, Finance and Blue Economy  
São Tomé  
São Tomé and Príncipe

Re: Republic of São Tomé & Príncipe: Advance Agreement for the  
Preparation of the Proposed Quality Education for All and Girls  
Empowerment Project  
Project Preparation Advance No. IDA V307

Excellency:

In response to the request for financial assistance made on behalf of the Democratic Republic of São Tomé & Príncipe ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed one million one hundred fifty thousand Dollars ($1,150,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve learning and school accountability in basic education, and to strengthen the efficiency of basic and secondary education, with a focus on promoting girls’ retention in secondary school ("Project"), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this
Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: [Signature]
Country Director, São Tomé and Príncipe

AGREED:

DEMOCRATIC REPUBLIC OF SÃO TOMÉ AND PRÍNCIPE

By [Signature]
Authorized Representative

Name: [Name]
Title: [Title]
Date: 24/01/2020

Enclosures:

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.
(3) "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, and revised in January 2011, and as of July 1, 2016.
Article I
Standard Conditions; Definitions


1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

(a) “AFAP” or “Agência Fiduciária de Administração de Projetos” means the fiduciary agency established within the Recipient’s Ministry of Planning, Finance and Blue Economy, pursuant to the Recipient’s Decree No. 12/03, or any successor thereto acceptable to the World Bank.

(b) “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011, and as of July 1, 2016.

(c) “Environmental and Social Commitment Plan” or “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the Bank, dated October 2019, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Activities, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Bank.


(e) “MEES” means the Recipient’s ministry responsible for education and higher education.

(f) “Operating Costs” means the incremental expenses incurred on account of the Activities’ implementation, management and monitoring, consisting of the cost of operation and maintenance of offices, vehicles and office equipment, water and electricity utilities charges,
telephone charges, bank charges, travel and *per diem*, excluding the salaries of officials and public servants of the Recipient's civil service.

(g) "Training" means the reasonable costs associated with training, seminars, consultations or workshop participation under the Activities, consisting of travel and subsistence costs for Training participants, costs (other than consulting services) associated with securing the services of trainers and presenters, rental of training facilities, translation and interpretation services, preparation and reproduction of training materials.

**Article II**

**Execution of the Activities**

2.01. *Description of the Activities.* The Activities for which the Advance is provided consist of the following parts:

(a) Establishment and operationalization of the proposed Project's coordination unit, including the acquisition of office equipment and hiring of key staff.

(b) Carry out consultations with the Project's key stakeholders.

(c) Preparation of the Environment and Social Framework-related documents for the proposed Project.

(d) Preparation of Project-related documents, including: (i) the Project implementation manual; (ii) the Project procurement plan; and (iii) the Project procurement strategy for development.

(e) Provision of technical assistance to develop monitoring and evaluation systems to track the proposed Project's implementation progress.

2.02. *Execution of the Activities Generally.* The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient, through the MEES shall carry out the Activities in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.03. *Institutional and Other Arrangements.* Without limitation upon the provisions of Section 2.02 above, the Recipient shall, throughout the Refinancing Date, maintain AFAP, throughout the implementation of the Advance, with resources and staffing in sufficient number and with terms of reference satisfactory to the Bank, vested with responsibility for carrying out the day-to-day implementation of the fiduciary aspects of the Activities.

2.04 *Environmental and Social Standards*

(a) The Recipient shall ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

(b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
(i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;

(ii) sufficient funds are available to cover the costs of implementing the ESCP;

(iii) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and

(iv) the ESCP or any provision thereof, is not amended, revised or waived, except as the Bank shall otherwise agree in writing and the Borrower has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(c) The Recipient shall:

(i) take all measures necessary on its part to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and

(ii) promptly notify the Bank of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

(d) The Recipient shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Activities, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

2.05. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.06. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

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

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09(b) of the Standard Conditions.
(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement**

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated October 25, 2019 (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**

**Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services and consulting services, Training and Operating Costs under the Activities</td>
<td>1,150,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,150,000</td>
<td></td>
</tr>
</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is September 30, 2020.

**Article IV**

**Terms of the Advance**

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is its Minister of Planning, Finance and Blue Economy.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

- Ministry of Planning, Finance and Blue Economy
- Caixa Postal no. 168
- Sao Tome
- Sao Tome and Principe

Facsimile:

+239- 2222182

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 9.01 of the Standard Conditions is:

- International Development Association
- 1818 H Street, N.W.
- Washington, D.C. 20433
- United States of America

Telex: Facsimile:

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