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**GRANT NUMBER D778-ST**

# **Project Agreement**

**(Social Protection and Skills Development Project Additional Financing)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**FIDUCIARY AGENCY FOR PROJECT ADMINISTRATION**

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**GRANT NUMBER D778-ST**

**PROJECT AGREEMENT**

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and FIDUCIARY AGENCY FOR PROJECT ADMINISTRATION (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the DEMOCRATIC REPUBLIC OF SAO TOME AND PRINCIPE (“Recipient”) and the Association, concerning Grant No. D778-ST. The Association and the Project Implementing Entity hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II — PROJECT**

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the fiduciary functions of the Project, including *inter alia*, procurement, financial management, disbursement, monitoring and evaluation, and reporting activities under the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for carrying out its responsibilities under the Project.

**ARTICLE III — TERMINATION**

- 3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

4.01. The Project Implementing Entity's Representative is its General Director.

4.02. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

International Development Association  
1818 H Street, NW  
Washington, DC 20433  
United States of America; and

(b) the Association's Electronic Address is:

Telex:                      Facsimile:  
248423(MCI) or          1-202-477-6391

4.03. For purposes of Section 11.01 of the General Conditions:

(a) the Project Implementing Entity's address is:

Agência Fiduciária de Administração de Projetos  
Prédio da Afriland First Bank – 2o andar  
Avenida Kwame Nkrumah  
CP 1029 São Tomé  
São Tomé e Príncipe; and

(b) the Project Implementing Entity's Electronic Address is:

Telex:                      E-mail:  
+239 2225205              afap@afap.st

AGREED as of the later of the two dates written below.

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Jean-Christophe Carret*

**Authorized Representative**  
**Name:** Jean-Christophe Carret  
**Title:** Country Director  
**Date:** 20-Mar-2021

**FIDUCIARY AGENCY FOR PROJECT  
ADMINISTRATION**

**By**

*Horacio Ramos Dias*

**Authorized Representative**  
**Name:** Horacio Ramos Dias  
**Title:** Interin General Director  
**Date:** 23-mar-2021

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Project Implementing Entity shall carry out the fiduciary functions of the Project, including *inter alia*, procurement, financial management, disbursement, monitoring and evaluation, and reporting activities under the Project pursuant to this Agreement and the Subsidiary Agreement.
2. The Project Implementing Entity shall:
  - (a) maintain staff throughout the implementation of the Project with functions and responsibilities acceptable to the Association, including *inter alia*, a senior operations officer (to ensure coordination among the Project Co-Implementing Entities and the Project Implementing Entity), a procurement specialist, a procurement assistant, a financial manager, and an accountant, all as further detailed in the Project Operations Manual;
  - (b) not later than sixty (60) days after the Effective Date, hire, and maintain throughout the implementation of the Project, one social safeguards specialist in accordance with Section 5.13 of the General Conditions and with terms of reference acceptable to the Association;
  - (c) prepare the Project Operations Manual in coordination with the MTSFFP, the MEES and the MCT, in accordance with Section C of Schedule 2 to the Financing Agreement;
  - (d) carry out the fiduciary functions under the Project on behalf of the MTSFFP, the MEES and the MCT with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, economic standards and practices, including the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, in accordance with the Project Operations Manual, and in accordance with the provisions of this Agreement and the Financing Agreement;
  - (e) with respect to procurement: (i) procure all goods and services required under the Project and to be financed out of the proceeds of the Financing in accordance with the General Conditions; and (ii) ensure that all such goods and services are used exclusively for the purposes of the Project;

- (f) with respect to records management: (i) maintain records adequate to record the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Financing and disclose their use in said parts; (ii) furnish such records and information as may be requested by the Recipient or the Association; and (iii) retain all records evidencing expenditures under the Project for the period of time specified in the General Conditions;
- (g) with respect to monitoring and evaluation: (i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Recipient and the Association, the progress of the Project and the achievement of its objective; (ii) prepare periodic reports, in form and substance satisfactory to the Recipient and the Association, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project and to achieve its objective, each such report to cover a calendar semester; (iii) furnish each such report to the Recipient and the Association within one month after the end of such period; and (iv) prepare, and furnish to the Recipient a final report, of such scope and in such detail as the Recipient and the Association shall reasonably request, on the execution of the Project, and furnish the same to the Recipient and the Association not later than (6) months after the end of the Project;
- (h) with respect to financial management: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Recipient and the Association, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to the Project; (ii) avail the records pertaining to said parts to external and internal auditors; (iii) prepare interim financial reports covering each quarter, and furnish them to the Recipient and the Association not later than one month after the end of the period covered by such reports, and provide such other information concerning such financial statements as the Recipient or the Association may from time to time reasonably request; and (iv) have its financial statements audited by independent auditors and applying standards both acceptable to the Association at least once in each fiscal year;
- (i) enable the Recipient and the Association to inspect the Project, their operations and any relevant records and documents; and
- (j) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof, unless previously agreed with the Association.

**B. Safeguards**

1. The Project Implementing Entity shall ensure that the Project is carried out with due regard to appropriate health, safety, social and environmental practices and standards, and in accordance with the Project Operations Manual.
2. The Project Implementing Entity shall ensure, that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Safeguards Policies and EHS Guidelines.
3. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall:
  - (a) take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, and promptly in a separate report whenever the Association may require, information on the status of compliance with the social risks mitigation measures, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the social risks mitigation measures; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the social risks mitigation measures; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers.
4. The Project Implementing Entity shall maintain, throughout Project implementation, and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than one month, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.