

# OFFICIAL DOCUMENTS



**THE WORLD BANK**  
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April 5<sup>th</sup>, 2018

H.E. Américo d'Oliveira dos Ramos  
Minister  
Ministry of Finance, Commerce and Blue Economy  
São Tomé  
São Tomé and Príncipe

Re: Republic of São Tomé & Príncipe: Advance Agreement for  
Preparation of Proposed Transport Sector Development and  
Coastal Resilience Project  
Project Preparation Advance No. V1820-ST

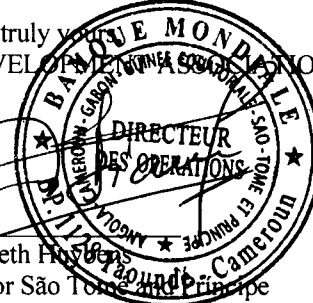
Excellency:

In response to the request for financial assistance made on behalf of the Republic of São Tomé and 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 three hundred thirty-three thousand Dollars (\$1,330,000) ("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 the reliability and safety of road transport, as well as to strengthen the resilience of road assets to climate and disaster risks ("Project") proposed projects, 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the World Bank, unless the World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 Elisabeth F. [Signature]  
Country Director for São Tomé and Príncipe  
Africa Region

AGREED:  
REPUBLIC OF SÃO TOMÉ AND PRÍNCIPE

By [Signature]  
Authorized Representative  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date: 20-04-2018

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

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) “Agência Fiduciária de Administração de Projetos” or “AFAP” means the fiduciary agency for project administration established within the Recipient’s ministry responsible for finance, trade and blue economy.
- (b) “Instituto Nacional de Estradas Estaduais” or “INAE” means the body established within the Recipient’s ministry responsible for infrastructure, natural resources and environment.
- (c) “Operating Costs” means the reasonable incremental expenditures incurred by the Recipient on account of the implementation, management and monitoring of the Activities, including office supplies, communication and insurance costs, office administration, utilities, travel, vehicle maintenance and operation, vehicle rental, per diem allowances when on travel, and salaries of support contractual staff for the implementation of Activities, but excluding salaries of officials of the Recipient’s civil service.
- (d) “Training” means the reasonable costs of training under the Activities, based on an agreed plan and budget acceptable to the World Bank, and attributable to seminars, workshops, along with travel and subsistence allowances for training participants, services of trainers (other than consultants’ services), rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

**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) preparation and validation of relevant studies and documents that are required for the project appraisal document and for project effectiveness, including, *inter alia*, the project implementation manual;
- (b) Training of the Project implementation staff in projects management, fiduciary and safeguards; and
- (c) provision of Operating Costs as required for the Advance.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient 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 paragraph 2.02 above, the Recipient, shall maintain: (a) INAE, 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 overseeing the day-to-day implementation of the technical aspects of the Activities; and

(b) 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 overseeing the day-to-day implementation of the fiduciary aspects of the Activities.

2.04. **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.

2.05. **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 calendar quarter, covering the quarter, 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. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, 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 such period.

(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.

**2.06. 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 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated February 23, 2018 (“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:

<b>Category</b>	<b>Amount of the Advance Allocated (expressed in Dollars)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities	1,330,000	100%
<b>TOTAL AMOUNT</b>	1,330,000	

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, except that withdrawals up to an aggregate amount not to exceed \$100,000 equivalent may be made for payments made prior to this date but on or after January 1, 2018, for Eligible Expenditures.

3.03. **Refinancing Date.** The Refinancing Date is February 28, 2019.

**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 ministry of finance, trade 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 Finance, Trade and Blue Economy  
Largo das Alfândegas  
Caixa Postal nº 168  
São Tomé  
São Tomé e Príncipe

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  
64145 (MCI)

(1)-202-477-6391