Project Agreement

(Transport Sector Development and Coastal Protection Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

FIDUCIARY AGENCY FOR PROJECT ADMINISTRATION

and

NATIONAL INSTITUTE OF ROADS
GRANT NUMBER D4460-ST

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"), FIDUCIARY AGENCY FOR PROJECT ADMINISTRATION (Agência Fiduciária de Administração de Projectos) ("AFAP") and NATIONAL INSTITUTE OF ROADS (Instituto Nacional de Estradas) ("INAÉ" and, together with "AFAP", collectively, the "Project Implementing Entities", and individually, a "Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") dated as of the Signature Date between the DEMOCRATIC REPUBLIC OF SÃO TOMÉ AND PRÍNCIPE ("Recipient") and the Association, concerning Grant No. D4460-ST. The Association and the Project Implementing Entities 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 Entities declare their commitment to the objectives of the Project. To this end, the Project Implementing Entities shall carry out the Project and provide promptly as needed, the funds, facilities, services and other resources required for the Project, in each case in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement.

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 Entities’ Representatives are:

(a) in the case of AFAP, its General Director; and

(b) in the case of INAÉ, its Executive 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:

Facsimile:

1-202-477-6391

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

(a) the Project Implementing Entities’ respective addresses are:

(i) in the case of AFAP:

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

(ii) in the case of INAE:

Instituto Nacional de Estradas  
Avenida Marginal 12 de Julho, CP 402  
São Tomé  
São Tomé e Príncipe; and

(b) the Project Implementing Entities’ respective Electronic Addresses are:

(i) in the case of AFAP:

E-mail:  
afap2@yahoo.com.br; and

(ii) in the case of INAE:

E-mail:  
inac.direccao@gmail.com
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:

Facsimile:

1-202-477-6391

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(a) the Project Implementing Entities’ respective addresses are:

(i) in the case of AFAP:

Agência Fiduciária de Administração de Projetos
Prédio da Afriland First Bank – 20 andar
Avenida Kwame Nkrumah
CP 1029 São Tomé
São Tomé e Príncipe; and

(ii) in the case of INAE:

Instituto Nacional de Estradas
Avenida Marginal 12 de Julho, CP 402
São Tomé
São Tomé e Príncipe; and

(b) the Project Implementing Entities’ respective Electronic Addresses are:

(i) in the case of AFAP:

E-mail:
afap2@yahoo.com.br; and

(ii) in the case of INAE:

E-mail:
iniae.direccao@gmail.com
AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: ELISABETH HUYBENS
Title: COUNTRY DIRECTOR
Date: April 9, 2019

FIDUCIARY AGENCY FOR PROJECT ADMINISTRATION

By

[Signature]
Authorized Representative

Name: ALBERTO FERNANDEZ LEAL
Title: GENERAL DIRECTOR
Date: April 22, 2019

NATIONAL INSTITUTE OF ROADS

By

[Signature]
Authorized Representative

Name: [Signature]
Title: DIRECTOR EXECUTIVO DE INTEGR
Date: April 22, 2019
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Without limitation to the provisions of Section 2.01 of this Agreement, each Project Implementing Entity shall carry out the Project in accordance with this Schedule, the Project Operations Manual and, in the case of AFAP, also the Subsidiary Agreement.

2. Without limiting the generality of paragraph 1 above, each Project Implementing Entity shall carry out its respective responsibility for the management, implementation, and monitoring and evaluation of the Project in accordance with the following arrangements, and, to this end, shall maintain or cause to be maintained, throughout Project implementation, the entities referred to in the following paragraphs of this Part A with an adequate institutional framework, composition, functions, and resources, including competent personnel in adequate numbers as applicable, satisfactory to the Association as shall be required for purposes of Project implementation.

3. AFAP: Project M&E Officer and other AFAP Staff

   (a) AFAP shall have fiduciary responsibility for the day-to-day management of the Project, including, inter alia: (a) preparing annual work plans and budgets and annual procurement plans; and (b) assuming overall responsibility for, among other things, fiduciary tasks such as procurement, financial management, and monitoring and evaluation (for example, developing and maintaining a system for monitoring the Project’s key performance indicators). AFAP and INAE shall report to the Project Steering Committee to ensure clear communication with all relevant ministries and obtain decisions on issues pertaining to multiple government stakeholders.

   (b) Without limiting the provisions of paragraph I.A.2 of this Schedule, AFAP shall maintain staff throughout the implementation of the Project with functions and responsibilities acceptable to the Association, including inter alia a general director, a financial manager, an accountant, a procurement specialist, a financial assistant, a Project monitoring and evaluation officer (the “Project M&E Officer”), an internal auditor (which shall be appointed no later than six (6) months after the Effective Date), and finance staff all as further detailed in the Project Operations Manual. AFAP shall also hire and maintain throughout the implementation period:
(i) a Project supervision consultant to provide support to the Project M&E Officer in its responsibility for technical implementation of the Project and monitoring progress of Project implementation towards the achievement of Project results; (ii) a Project management support consultant ("PMSC") including at a minimum a road engineer, an environmental safeguards specialist and a social development and safeguards specialist; (iii) a GBV Support Organization; and (iv) a social development and safeguards specialist and an environmental safeguards specialist. The PMSC and the Project supervision consultant will fill the capacity gap at both INAE and AFAP and will provide an opportunity to build local capacity by learning on the job over the project implementation period (5 years). The social development and safeguards specialist and the environmental safeguards specialist will work within INAE and report primarily to INAE and also to AFAP.

(c) The Project M&E Officer shall report jointly to INAE and AFAP on technical activities related to Project implementation and shall be responsible for the technical implementation of the Project with the support of the Project supervision consultant, including on-site supervision of works and approval of contract deliveries, and regular collection, verification and compilation of Project-related data from INAE, AFAP, GIMEs and other relevant persons and entities, and preparing the Project Reports as contemplated by Section II of this Schedule.

4. **AFAP Subsidiary Agreement-Related Covenants**

AFAP shall:

(a) maintain staff throughout the implementation of the Project in accordance with paragraph I.A.3(b) of this Schedule;

(b) prepare the Project Operations Manual (including the Financial Procedures Manual) in coordination with INAE and in accordance with Section I.C of this Schedule;

(c) carry out the fiduciary functions under the Project 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 grant proceeds other than the Recipient, in accordance with the Project Operations Manual and in accordance with the provisions of this Agreement;

(d) with respect to procurement: (i) procure all goods, works and services required for 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, works and services are used exclusively for the purposes of the Project;

(e) 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, works and services financed out of the proceeds of the Financing and disclose their use in the Project; (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;

(f) 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 objectives; (ii) prepare the Project Reports in accordance with Section II of this Schedule and Section 5.08(b) of the General Conditions; (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 60 months after the Closing Date;

(g) 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, in a manner adequate to reflect its operations, resources and expenditures, and/or those of the Project, as may be further specified in the Disbursement and Financial Information Letter; (ii) avail the records pertaining the Project to external and internal auditors; (iii) prepare bi-annual unaudited interim financial reports covering each calendar semester, and furnish them to the Recipient and the Association not later than forty-five (45) days 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;

(h) enable the Recipient and the Association to inspect the Project, their operations and any relevant records and documents; and
(i) 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.

5. INAE

(a) INAE shall provide technical leadership for Project implementation, including, inter alia: (i) through the Project M&E Officer, collecting and verifying data and consolidating it in the Project Reports to be delivered in accordance with Section II of this Schedule for all indicators; and (ii) coordinating, managing and supervising overall environmental and social safeguards aspects of the Project, including but not limited to provision of technical expertise and supervision of compliance and working with the GBV Support Organization in relation to preventing and responding to gender-based violence. INAE reports to MOPIRNA. AFAP and INAE shall report to the Project Steering Committee to ensure clear communication with all relevant ministries and obtain decisions on issues pertaining to multiple government stakeholders.

(b) Without limiting the provisions of paragraph I.A.2 of this Schedule, INAE shall maintain staff throughout the implementation of the Project with functions and responsibilities acceptable to the Association, including, inter alia, an executive director, all as further detailed in the Project Operations Manual.

B. Project Operations Manual

1. AFAP shall prepare in consultation with INAE, and the Project Implementing Entities shall adopt, a Project Operations Manual in form and substance satisfactory to the Association.

2. The Project Implementing Entities shall ensure that the Project is carried out in accordance with the Project Operations Manual and shall not assign, amend, abrogate, waive, or permit to be assigned, amended, abrogated, or waived, such manual or any provision thereof, without the prior written consent of the Association.

3. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plan and Budget

1. Not later than (x) in the case of the first year of Project implementation, one month after the Effective Date and (y) in the case of each year of Project implementation
thereafter, January 31 of each year, AFAP shall prepare (in consultation with INAE) and furnish to the Association, an annual work plan, in form and substance satisfactory to the Association, informed by the Project Operations Manual and containing activities proposed for implementation under the Project and milestones to be achieved during the following Fiscal Year, together with a proposed budget for the purpose.

2. The Project Implementing Entities shall exchange views with the Association on each such proposed Annual Work Plan and Budget, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association.

D. Component 4 of the Project: Contingent Emergency Response (CER)

1. AFAP shall:

(a) for purposes of the CER Component of the Project, as applicable, and prior to the award of any contract for the implementation thereof, prepare and furnish to the Association for review and approval, a CER Implementation Plan and a CER Implementation Manual, adopt said Plan and Manual as shall have been approved by the Association, and thereafter ensure that the CER Component of the Project is carried out in accordance with said Plan and Manual; and

(b) not, except as the Association may otherwise agree in writing, assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, said Plan or Manual.

2. In the event of a conflict between the provisions of the CER Implementation Plan or the CER Implementation Manual and those of this Agreement, the latter shall govern.

E. Safeguards

Safeguards Instruments

1. The Project Implementing Entities shall ensure that the Project is carried out with due regard to appropriate health, safety, social, and environmental standards and practices, and in accordance with the Safeguards Instruments.

2. The Project Implementing Entities shall take all measures to implement the Resettlement Action Plan in a manner and timeframe satisfactory to the Association. To this end, the Project Implementing Entities shall ensure that:
(a) sufficient funds are made available to cover all the costs of implementing the Resettlement Action Plan.

(b) prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled and provided with assistance in accordance with the Resettlement Action Plan, as applicable; and

(c) the implementation, monitoring and evaluation of such Resettlement Action Plan is completed and reported in a manner satisfactory to the Association.

3. The Project Implementing Entities shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of the Safeguard Instruments; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx; (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence, child abuse and exploitation, and violence against children; all as applicable to such civil works commissioned or carried out pursuant to said contracts.

4. Except as the Association shall otherwise agree, the Project Implementing Entities shall ensure that none of the provisions of the Safeguard Instruments is abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

5. If during the implementation of the Project, the Association determines that Affected Persons were (i) not included in the census survey of the Resettlement Action Plan, and (ii) occupying the Project area prior to the cut-off date established in said Resettlement Action Plan, INAE shall update the Resettlement Action Plan to include these Affected Persons.

Technical Assistance

6. The Project Implementing Entities 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.


**Monitoring and Reporting**

7. Without limitation upon its other reporting obligations under this Agreement, INAE 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 Safeguards Instruments, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments, including but not limited any alleged Project-related incidents and accidents as well as any Project-related allegations of gender-based violence; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;

   (b) promptly furnish to the Association a copy of each monthly progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and

   (c) 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.

**Grievance Mechanism**

8. The Project Implementing Entities shall: (a) 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; (b) take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association; and (c) ensure that such mechanism is operational within three (3) months after the Effective Date.

**Contingent Emergency Response**

9. AFAP or INAE or both (as applicable) shall, for purposes of any activity under the CER Component of the Project, as applicable, and prior to the award of contract(s) for the implementation thereof, carry out a screening of such activity in accordance with the provisions of the Environmental and Social Management Framework and the Resettlement Policy Framework, and proceed to have Environmental and
Social Management Plans as may be required under the Environmental and Social Management Framework and Resettlement Action Plans as may be required under the Resettlement Policy Framework:

(a) prepared in form and substance satisfactory to the Association and on the basis of appropriate public consultations;

(b) submitted to the Association for review and approval; and

(c) thereafter, adopted and publicly disclosed.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. AFAP 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. AFAP 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.

Section III. Other Undertakings

A. Within two (2) months after the Effective Date, AFAP shall customize the accounting software to maintain separate records and ledger accounts for the Project in a manner acceptable to the Association.

B. Within six (6) months after the Effective Date, INAE, through the GBV Support Organization, shall have the GBV Action Plan:

1. prepared in form and substance satisfactory to the Association and INAE and on the basis of appropriate consultations;

2. submitted to the Association for review and approval; and

3. thereafter, adopted.