Re: Grant for Support for Civil Service Reform
IDF Grant No. 27264

Excellency:

I am writing on behalf of the International Bank for Reconstruction and Development (the Bank) to indicate the Bank's agreement to make to the Democratic Republic of São Tomé and Príncipe (the Recipient) a grant in an amount not exceeding one hundred and fifty thousand dollars (US$150,000.00) (the Grant).

The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter-Agreement. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter-Agreement. Upon receipt by the Bank of the copy of this Letter-Agreement countersigned by you, this Letter-Agreement will become effective as of the date of countersignature.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Nadjib Sefta
Acting Country Director for São Tomé & Príncipe
Africa Region

AGREED:
DEMOCRATIC REPUBLIC OF SAO TOME & PRINCIPE

By: ___________________________
Authorized Representative

Date:___________________________

cc: Mme. Cecile Molinier, Resident Representative of UNDP in São Tomé and Príncipe
Mr. Bassary Touré, Executive Director for São Tomé and Príncipe

ANNEX

Purposes, Terms, and Conditions of the Grant

1. The purpose of the Grant is to assist the Recipient with reforms in the civil service sector. The
activities (the Activities) for which the Grant is given are as follows:

1. Drafting of new “organic laws” for all the Government’s administrative departments;

2. Review of the human resources needs of all the Government’s administrative departments, based on the new organic framework;

3. Define methodology and assist in establishing a reconversion unit within the Secretariat of State for Administrative Reform in the Office of the Prime Minister, including the carrying out of a communications campaign related to such reconversion unit;

4. Design and implementation of a revised salary scale including special regimes for, inter alia, teachers, health workers, customs; and

5. Management training programs for members of the civil service, the National Assembly, the Judiciary and the private sector in the areas of planning, economic and financial management, public administration, archives management and equipment management.

2. Expenditures to be financed out of the proceeds of the Grant are as follows.

<table>
<thead>
<tr>
<th>Category</th>
<th>Grant Allocated (in U.S. Dollars)</th>
<th>Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services</td>
<td>US$117,645</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training</td>
<td>US$28,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Management Fees</td>
<td>US$4,355</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>US$150,000</td>
<td></td>
</tr>
</tbody>
</table>

3. The Recipient, through the Office of the Prime Minister (Secretariat of State for Administrative Reform), shall carry out the Activities with due diligence and efficiency; promptly provide the funds, facilities, services, and other resources required for the purpose; furnish all information covering the Activities and the use of the proceeds of the Grant as the Bank shall reasonably request; and from time to time exchange views with the Bank's representatives on the progress and results of the Activities.

4. Except as the Bank shall otherwise agree, procurement of the consultants’ services required for the carrying out of the Activities and to be financed out of the proceeds of the Grant shall be governed by the provisions of Attachment I to this Annex.

5. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient (the Grant Account), and the Bank shall disburse funds therefrom to or on the order of the Recipient to meet the expenditures specified in paragraph 2 above. The Recipient shall submit a written application for withdrawal of such funds in the form specified by the Bank. Withdrawal applications for the Grant shall be: (a) signed on behalf of the Recipient by the Minister of Planning, Finance and Cooperation or any other person authorized by him or her for such purpose; and (b) accompanied by evidence of the expenditures made, or, if the Bank shall so agree, to be made. Authenticated specimen signature(s) of the designated person(s) shall be provided with the first application. To facilitate the carrying out of the Activities, the Recipient may open a special deposit account (the Special Account) in U.S. Dollars in a commercial bank on terms and conditions satisfactory
to the Bank, including appropriate protection against set-off, seizure or attachment.

6. The Bank may require that withdrawals from the Grant Account be made on the basis of statements of expenditure for expenditures for: (a) services of consulting firms costing less than the equivalent of US$50,000; (b) services of individual consultants costing less than the equivalent of US$10,000; and (c) all expenditures for Training and Management Fees.

7. The Grant shall be disbursed in U.S. dollars. However, the Recipient may request any other currency required to meet an expenditure to be financed by the Grant, and the Bank will purchase that currency with U.S. dollars.

8. Withdrawals from the Grant Account shall be made only for expenditures for services supplied from countries eligible under the Consultant Guidelines. No withdrawals shall be made on account of payments for any taxes levied by, or in the territory of, the Recipient.

9. No withdrawals from the Grant Account shall be made after a date two years from the date of signature by the Bank of this Letter-Agreement, or such later date that the Bank may establish by notice to the Recipient (the Closing Date), except that the Bank may disburse against withdrawal applications for expenditures incurred prior to the Closing Date, which are received by the Bank within four months after the Closing Date. Any amount of the Grant then remaining unwithdrawn shall be canceled.

10. The Bank may at any time, by notice to the Recipient, suspend further withdrawals from the Grant Account if any of the following events has occurred: (a) funds withdrawn shall not have been used for the purpose agreed between the Recipient and the Bank; (b) the Activities shall not have been carried out in accordance with the standards or methods agreed between the Recipient and the Bank; (c) the Recipient shall not have complied with any of the obligations herein specified; or (d) the right of the Recipient, or any other entity to which the Bank has made a loan with the guarantee of the Recipient, to make withdrawals under any loan agreement with the Bank or any development credit agreement with the International Development Association shall have been suspended.

11. The Bank may, by notice to the Recipient, cancel any amount of the Grant remaining unwithdrawn: (a) at any time after withdrawals from the Grant Account shall have been suspended pursuant to the provisions of paragraph 10 above; or (b) if the Recipient fails to take action, satisfactory to the Bank, regarding the implementation of the Activities within six months of the date of this Letter-Agreement.

Attachment I

Procurement

Consultants’ Services

Part A: General

Goods and works shall be procured in accordance with (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 and January 1999 subject to the modifications thereto set forth in Paragraph 2 of this Part A (the Guidelines); and (b) the provisions of
the following Parts of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to “Bank member countries” and “member country” shall be deemed to be references, respectively, to “Participating Countries” and “Participating Country.”

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants’ services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.8 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants’ services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services under paragraph 1 of the Annex, estimated to cost less than US$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

Single Source Selection

Services rendered by the United Nations Development Program (UNDP) related to the management of this Grant, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Activities shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants’ services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for the employment of individual consultants estimated to cost the equivalent of US$10,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The
contract shall be awarded only after said approval shall have been given.

3. **Post Review**

   With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.