His Excellency
Mr. Hélio Silva Vaz d’Almeida
Minister of Planning and Finance
Ministry of Planning and Finance
Largo das Alfandegas
Caixa Postal 168
São Tomé
República Democrática de São Tomé e Príncipe

Re: GPEF Grant No. TF014454
Quality Education for All Project

Excellency:

In response to the request for financial assistance made on behalf of the Democratic Republic of São Tomé e Príncipe (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by the Global Partnership for Education Fund (“Donor” under the Global Partnership for Education Fund), proposes to extend to the Recipient (“Member Country”), a grant in an amount not to exceed one million, one hundred thousand United States Dollars (US$1,100,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in 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 specified by the World Bank in accordance with Section V of the Annex to this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 30 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]
 Country Director for
Democratic Republic of São Tomé e Principe
Africa Region

AGREED:
DEMOCRATIC REPUBLIC OF SÃO TOMÉ E PRÍNCIPE

By [Signature]
Authorized Representative

Name
Title
Date: _______________________

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
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 and the following additional items have the following meanings:

1. “AFAP” means *Agência Fiduciária de Administração de Projectos*, the Project’s Fiduciary and Administrative Agency established pursuant to the Project Implementing Entity’s Legislation, to perform administrative and fiduciary tasks for the Project and any successors thereto.

2. “Annual Work Plan” means each annual work plan for the Project, together with the budget and financing arrangements therefore, as approved by the World Bank pursuant to Section 2.03(6) to this Agreement.


4. “Early Grade Reading Assessment” or “EGRA” each means the standard assessment of literacy skills of 3rd grade students.

5. “IDA Financing Agreement” means the agreement to be entered into between the Recipient and the Association to assist in the financing of the Project.

6. “Ministry of Planning and Finance” and “MOPF” each means the Recipient’s Ministry of Planning and Finance, or any successor thereto.

7. “Ministry of Education” and “MOE” each means the Recipient’s Ministry of Education, or any successor thereto.

8. “Operating Costs” means the expenditures incurred by AFAP to finance: (i) the salaries of the staff of AFAP (excluding civil servants); (ii) per diem and travel expenses of the said staff to perform their responsibilities under the Project; (iii) fuel and vehicle maintenance and insurance; (iv) communication technology (including, without limitation, internet and telephone); (v) building security and maintenance; (vi) translation services, photocopies and publications; (vii) bank commissions; and (viii) utilities and office supplies.

9. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 31, 2013, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
10. “Project Implementing Entity” means AFAP as per Section 2.03(1) to this Agreement.

11. “Project Implementing Entity’s Legislation” means the Recipient’s Decree No. 12/03.

12. “Project Implementation Manual” and “PIM” each means the Recipient’s existing manual for the implementation ("Manual de Procedimentos") to be updated by the Recipient for this Project in form and substance satisfactory to the Association.

13. “Training and Workshops” means the expenses, approved by the World Bank in each Annual Work Plan and Budget, for training provided under the Project, for seminars, workshops, conference and study tours, consisting of travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation.

Article II
Project Execution

2.01. Project Objectives and Description. The objectives of the Project are to improve the system of in-service teacher training and to strengthen the management of human resources in the education sector in the Recipient’s territory. The Project consists of the following parts:

Part 1: Improving the System of In-Service Teacher Training in Primary Education

Carrying out of a program to improve in-service teacher training in primary education through:

1.1 Setting Up of an In-Service Teacher Training System, including: (i) the preparation and implementation of a competence-based training framework; (ii) the development of education training plans and modules and carrying out of related training of approximately 400 primary education teachers; (iii) the setting up of a teaching certification process and carrying out of related academic and pedagogical competence evaluations; and (iv) setting up of a proper institutional structure within the MOE to manage teacher’s trainings, including the establishment of a certification body and the provision of equipment, capacity building, management tools and technical assistance to MOE’s staff.

1.2 Development of a Student Learning Assessment, including: (i) development and implementation of a learning assessment road map and related provision of training, management tools and materials to MOE’s staff and teachers for the administration of tests; (ii) administration of the Early Grade Reading Assessment (EGRA) for the 3rd grade of primary education; (iii) pilot an early-grade small scale impact evaluation assessment in approximately 20 schools.
Part 2: Strengthening Management of Human Resources in the Education Sector

Carrying out of a program to improve management of human resources in the sector for a better quality of teaching through:

2.1 Development of a Management Information System, within the MOE, including:
   (i) provision of technical assistance, training and equipment at the central and decentralized levels, (ii) strengthening of MOE’s human resources policies and management capacity for the allocation, management and supervision of teachers, including provision of management tools, re-definition of roles and responsibilities of education professionals and re-launching of the pre-existing supervision structure.

2.2 Support to Project Management, including provision of training to the relevant staff, operating costs and audits.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by AFAP (“Project Implementing Entity”) in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements.

1. Agência Fiduciária de Administração de Projectos (“AFAP”)

   The Recipient, through MOPF, shall vest the responsibility for Project implementation and supervision in AFAP (“Project Implementing Entity”). The Recipient shall cause AFAP to maintain a Project implementation team, throughout the implementation of the Project, with functions and responsibilities acceptable to the World Bank and supported by qualified and experienced staff in adequate numbers to ensure prompt and efficient implementation of the Project. In particular, AFAP shall be responsible for: (i) managing day-to-day Project activities under the oversight of MOPF; (ii) preparing Annual Work Plans and Budgets; and (iii) coordinating Project implementation with MOPF and the technical bodies within MOE.

2. Ministry of Education (“MOE”)

   The Recipient, through its MOE, shall participate actively in the Project implementation by contributing its expertise and knowledge to the technical aspects of each part of the Project through its various education directorates and expert bodies, including, inter alia, technical coordination in the development of Annual Work Plans, development of terms of reference of consultancy and training activities, implementation and reporting of activities and administration of equipment.

   [Signature]
3. **Steering Committee**

The Recipient shall maintain throughout Project implementation, a Project steering committee under terms of reference satisfactory to the World Bank vested with responsibility for providing overall technical guidance and oversight of Part 1 of the Project, with composition and mandate in accordance with the PIM.

4. **Project Implementation Manual**

The Recipient, through AFAP, shall: (i) take all action required to carry out the Project in accordance with the provisions and requirements set forth or referred to in the Project Implementation Manual ("PIM"); (ii) submit recommendations to the World Bank for its consideration for changes and updates of the Project Implementation Manual as they may become necessary or advisable during Project implementation in order to achieve the objectives of the Project; and (iii) not assign, amend, abrogate or waive the Project Implementation Manual or any of its provisions without the World Bank’s prior agreement. Notwithstanding the foregoing, if any of the provisions of the Project Implementation Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail and govern.

5. **Annual Work Plan and Budget**

The Recipient, together with AFAP, shall:

(a) Prepare, and furnish to the World Bank for its approval, not later than November 30 in each year during the implementation of the Project, an annual work plan covering all activities proposed to be carried out in the following calendar year.

(b) Afford the World Bank a reasonable opportunity to exchange views with it on such proposed plan and budget, and implement the Project during such following calendar year in accordance with such annual work plan, and on the basis of such budget, as shall have been approved by the World Bank.

6. **Training Programs**

The Recipient shall, prior to conducting any Training and Workshop under the Project, furnish to the World Bank for its review, the following information relating to such Training and Workshop: (i) the objective and content of the Training and Workshop envisaged; (ii) the selection method of institutions or individuals conducting such Training and Workshop, and said institutions if already known; (iii) the expected duration and an estimate of the cost of said Training and Workshop; and (iv) the personnel selected to attend the Training and Workshop.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators
acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank in accordance with the provisions of Section 2.07 of this Agreement.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project 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 Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

(d) In order to ensure the timely carrying out of the audits referred to in this Section 2.05, the Recipient shall, not later than six (6) months after the Effective Date, cause AFAP to recruit external auditors for the purpose, in accordance with the provisions of Section 2.06 of this Agreement.

2.06. Procurement

(a) General. All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the
Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants' Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, 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 the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
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<tr>
<td>Goods, non-consulting services, consultants' services, Training and Operating Costs under the Project</td>
<td>1,100,000</td>
<td>55%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,100,000</td>
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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. Withdrawal Period. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2017.

Article IV
Additional Remedies

4.01. Additional Event of Suspension. The Additional Event of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following, namely that, the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under this Agreement.

Article V
Effectiveness; Termination

5.01. The Additional Condition of Effectiveness consists of the following, namely that the IDA Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. The Effectiveness Deadline is the same of the IDA Financing Agreement.

Article VI
Recipient’s Representative; Addresses

6.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance and planning.
6.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Planning and Finance  
*Largo das Alfandegas*  
*Caixa Postal 168*  
*São Tomé*  
*República Democrática de São Tomé e Príncipe*

Facsimile:  
E-mail address:

239-2222182  
MPFC@CSTOME.NET

6.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
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<tbody>
<tr>
<td>INDEVAS</td>
<td>248423 (MCI) or</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>64145 (MCI)</td>
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