Financing Agreement

(COVID-19 Emergency Response Project)

between

DEMOCRATIC REPUBLIC OF SAO TOME AND PRINCIPE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
GRANT NUMBER D606-ST

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between Democratic Republic of Sao Tome and Principe ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to one million nine hundred thousand Special Drawing Rights (SDR 1,900,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Payment Dates are June 15 and December 15 in each year.

2.05. The Payment Currency is Euro.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the MPA Program. To this end, the Recipient shall carry out the Project through the Ministry of Health in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) AFAP Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely AFAP's ability to perform any of its obligations under the Subsidiary Agreement.

(b) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by AFAP of its obligations under the Subsidiary Agreement.

4.02. The Additional Events of Acceleration consist of the following:

(a) The event specified in paragraph (a) Section 4.01 of this Agreement occurs.

(b) The event specified in paragraph (b) Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01 For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister of Planning, Finance and Blue Economy.
6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

Ministry of Planning, Finance and Blue Economy
Agua Grande
Caixa Postal No. 168
Sao Tome, Republic of Sao Tome and Principe; and

(b) the Recipient’s Electronic Address is:

Facsimile:
+239-2222182

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

(a) the Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

DEVELOPMENT ASSOCIATION

By

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
Name: 
Title: 
Date: 06/04/2020

Authorized Representative
Name: Olivier J. Lambert
Title: Country Manager
Date: 05-Apr-2020
SCHEDULE 1

Project Description

The objectives of the Project are to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in the Recipient’s territory.

The Project constitutes a phase of the MPA Program, and consists of the following parts:

A. Emergency COVID-19 Response

Support for the implementation of containment strategies under the STP COVID Preparedness and Response Plan, including: (1) case detection, confirmation, contact tracing, recording and reporting; (2) risk communication, community engagement and social distancing; and (3) strengthening health systems capacity to respond to COVID19, all through *inter alia*, the provision of: (a) laboratory equipment, reagents, testing kits and other consumable supplies for laboratories; (b) drugs, nutrition support, medical supplies and equipment for case management and prevention, and (c) training and technical expertise to enhance clinical capacity and strengthen community disease surveillance and multi-stakeholder commitment.

B. Strengthening Multi-Sector, National Institutions and Platforms for Policy Development and Coordination of Prevention and Preparedness Including One Health Approach

1. Support for the coordination of the Recipient’s public health emergency response through, *inter alia*: (a) preparation of standard operating procedures, job descriptions, roles and responsibilities; (b) establishment of an emergency operations center within the Ministry of Health to coordinate multisectoral COVID-19 preparedness and response activities; and (c) establishment of multi-sectoral coordination committees for COVID-19 response.

2. Strengthening the One Health Approach through the development of a uniform disease information system in the Recipient’s territory to provide better analytical capacity for global disease information sharing and to include zoonotic disease information.
C. Implementation management and monitoring and evaluation

Support for implementation management and monitoring and evaluation through, *inter alia*: (a) strengthening of public structures for the coordination and management of Project implementation, monitoring and evaluation, financial management and procurement; and (b) strengthening the Recipient’s institutional capacity on clinical and public health research, including veterinary, and joint-learning across and within country.

D. Contingent Emergency Response Component

Provision of immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Without limitation to the provisions of Section 3.01, the Recipient, through the Ministry of Health, and with the assistance of AFAP, shall carry out the Project in accordance with this Agreement, the Subsidiary Agreement and the Project Operations Manual, and for this purpose, the Recipient, through the Ministry of Health, shall establish and maintain throughout Project implementation, a Project Coordination Unit (the "PCU") with a structure, staff, functions, responsibilities and adequate resources, all acceptable to the Association.

B. Subsidiary Agreement

1. No later than one (1) week after the Signature Date, and without limitation to the provisions of Section 3.01, the Recipient, through the Ministry of Finance and the Ministry of Health, shall cause AFAP to carry out the procurement, disbursement, financial management, environmental and social functions of the Project, and provide capacity building and technical support to the Ministry of Health in the implementation of the Project, pursuant to an agreement ("Subsidiary Agreement") to be entered into between the Recipient, through the Ministry of Finance, and AFAP, under terms and conditions acceptable to the Association, which shall include, inter alia:

(a) the roles and responsibilities of the Recipient, through the Ministry of Health and the Ministry of Finance, and AFAP in connection with Project implementation;

(b) the obligation of the Recipient, through the Ministry of Finance, to make a portion of the proceeds of the Financing available to AFAP for the purposes of carrying out the procurement, disbursement, financial management, and environmental and social functions under the Project, and provide capacity building and technical support to the Ministry of Health in the implementation of the Project;

(c) the right of the Recipient, through the Ministry of Finance, to suspend or terminate the right of AFAP to use said proceeds of the financing, or to obtain a refund of all or any part of the amount of the financing then withdrawn, upon AFAP's failure to perform any of the obligations under the Subsidiary Agreement;

(d) the obligation of AFAP to:
(i) no later than one month after the Effective Date, prepare and submit to the Ministry of Health for adoption, the Project Operations Manual in accordance with Section 1.C.1 of this Schedule and carry out the procurement and financial functions under the Project, and provide capacity building and technical support to the Ministry of Health in the implementation of the Project in accordance with the Project Operations Manual;

(ii) no later than two months after the Effective Date, customize the accounting software to maintain separate records and ledger accounts for the Project;

(iii) no later than three months after the Effective Date, sign an amendment of the existing contract with external auditors to include the audit of the Project financial statements;

(iv) no later than three months after the Effective Date, hire an internal auditor;

(v) carry out its functions under the Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

(vi) provide, promptly as needed, the resources required for the purpose;

(vii) procure the goods, works and services to be financed out of the Financing in accordance with the provisions of this Agreement;

(viii) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (2) at the Association’s or the Recipient’s request, through the Ministry of Health, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient, through the Ministry of Health, and the Association;
enable the Recipient, through the Ministry of Health, and the Association to inspect any relevant records and documents; and

prepare and furnish to the Recipient, through the Ministry of Health, and the Association all such information as the Recipient, through the Ministry of Health, or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Operations Manual

1. No later than one (1) month after the Effective Date, the Recipient, through the Ministry of Health, shall and shall cause AFAP to prepare, adopt and thereafter, carry out, the Project in accordance with an operations manual ("Project Operations Manual"), which shall contain detailed work flow, methods and procedures for the implementation of the Project, including but not limited to: (i) administration and coordination arrangements, including placement of necessary human resources for Project implementation; (ii) performance indicators of the Project; (iii) monitoring and evaluation; (iv) financial management guidelines and procedures; (v) corruption and fraud measures; (vi) implementation modalities for each Part of the Project; (vii) roles and responsibilities of various agencies and stakeholders in the implementation of the Project; and (viii) personal data collection and processing in accordance with applicable national law and good international practice; and except as the Association shall otherwise agree in writing, the Recipient, through the Ministry of Health, shall not amend or waive, or permit to be amended or waived any provision of the Operations Manual.

2. In case of conflict between the provisions of the Project Operations Manual and this Agreement, those of this Agreement shall prevail.

D. Environmental and Social Standards

1. The Recipient, through the Ministry of Health, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

2. Without limitation upon paragraph 1 above, the Recipient, through the Ministry of Health, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to
the Association. To this end, the Recipient, through the Ministry of Health, shall ensure that:

(a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;

(b) sufficient funds are available to cover the costs of implementing the ESCP;

(c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

(d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient, through the Ministry of Health, shall ensure that:

(a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) the Association is promptly notified 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, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient, through the Ministry of Health, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall, through the Ministry of Health, 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 ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

E. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part D of the Project ("Emergency Response Part"), the Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, a Contingency Emergency Response Manual ("CER Manual") which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any additional institutional structures or arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social management arrangements and instruments applicable to the Emergency Response Part consistent with the provisions of Section D above; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;

   (b) afford the Association a reasonable opportunity to review the proposed CER Manual;

   (c) promptly adopt the CER Manual for the Emergency Response Part as accepted by the Association and integrate it as an annex to the Project Operations Manual;

   (d) ensure that the Emergency Response Part is carried out in accordance with the CER Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Manual and this Agreement, the provisions of this Agreement shall prevail; and
(e) not amend, suspend, abrogate, repeal or waive any provision of the CER Manual without the prior written approval by the Association.

4. The Recipient shall, throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the CER Manual, with adequate staff and resources satisfactory to the Association.

5. The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has ensured the preparation and disclosure of all environmental and social instruments as may be required for said activities in accordance with the CER Manual and the ESCP, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

Section II. Project Monitoring, Reporting and Evaluation

1. The Recipient, through the Ministry of Health, shall furnish to the Association each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.
Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs for the Project</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Emergency Expenditures under Part D of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,900,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed $1,000,000 may be made for payments made prior to this date but on or after February 1, 2020, for Eligible Expenditures; or

   (b) for Emergency Expenditures under Category (2), unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:

   (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has
agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has ensured that all environmental and social instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.E of this Schedule;

(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.E of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the CER Manual, in form and substance acceptable to the Association, and the provisions of the CER Manual remain - or have been updated in accordance with the provisions of Section I.E of this Schedule so as to be - appropriate for the inclusion and implementation of the Emergency Response Part.

2. The Closing Date is June 30, 2022.
APPENDIX

Definitions

1. "AFAP" means Agência Fiduciária Administração Projectos, the Recipient’s Fiduciary and Administrative Agency for Projects, established pursuant to the AFAP Legislation, or any successor thereto acceptable to the Association.


3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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.

4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

5. “Contingency Emergency Response Manual” and the acronym “CER Manual” means the manual referred to in Section E of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part and form part of the Project Operations Manual in accordance with the provisions of said Section.


7. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.


9. “Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part D of the Project.

10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 20, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and
measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.


15. “Ministry of Finance” means the Recipient’s Ministry of Planning, Finance and Blue Economy, or any successor thereto acceptable to the Association.

16. “Ministry of Health” means the Recipient’s Ministry of Health, or any successor thereto acceptable to the Association.

17. “MPA Program” means the global emergency multiphase programmatic approach program designed to assist countries to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.


19. “One Health Approach” means the collaborative efforts of multiple disciplines working locally, nationally, and globally, to attain optimal health for people, animals and our environment.
20. "Operating Costs" means the reasonable costs, as shall have been approved by the Association, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project.

21. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.

22. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.

23. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

24. "STP COVID Preparedness and Response Plan" mean the Recipient’s emergency preparedness and response plan for COVID-19, dated March 4, 2020, and acceptable to the Association, as said document may be modified from time to time during the emergency, and such term includes all schedules and annexes to said document.

25. "Training" means the reasonable costs, as shall have been approved by the Association, for training conducted under the Project, including tuition, travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training course preparation and implementation (but excluding goods and consulting services).