H. E. Badr Aldeem Mahmoud Abbas  
Minister of Finance and National Economy  
Ministry of Finance and National Economy  
Khartoum, Republic of the Sudan

SPF Grant No. TF016068  
Sudan Peace-building for Development Project

Dear Sir:

In response to the request for financial assistance made on behalf of Republic of the Sudan ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the State-and Peace-Building Fund, proposes to extend to the Recipient a grant in an amount not to exceed four million nine hundred ninety thousand United States Dollars (USD 4,990,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached annexes, to assist in the financing of the project described in the Annex A to this Agreement ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in Annex A 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 Donors 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effective as of the date of the countersignature provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within one hundred and twenty (120) days after the date of signature of this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
Bella Bird
Country Director for the Sudan

AGREED:

REPUBLIC OF THE SUDAN

By

Authorized Representative

Name BADER ELOIN MAHMOUD ABBAS

Title MINISTER

Date: 6/2/2014

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(3) “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
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("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.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to reduce resource-related conflict along target livestock migration routes by improving livelihood opportunities and access to related infrastructures.

The Project consists of the following parts:

**Part 1. Peace-building and Social Development**

Carrying out of a program of activities in Targeted Localities to strengthen an environment of trust, promote mutual dialogue and enhance cooperation for development among divergent communities and livelihood groups, such a program to include such activities as: (a) developing and implementing a community communication system to collect, collate and disseminate information on resource-related issues and peace activities to communities along selected stock routes, such a system to include design and implementing community outreach programs through *inter alia* theater and mobile film, and strengthening the capacity of local media in conflict sensitive reporting and peace programming; and (b) holding stakeholders meetings using "the common ground" method to discuss resources related issues of relevance to the Project including stock route demarcation, management of water points and rural market operations.

**Part 2. Natural Resources Access and Management**

2.1. Demarcation of about 780km of high priority stock routes in Targeted Localities and selective strengthening of 873km of stock routes demarcated through SPDP Phase 1, including construction and rehabilitation of water points, such as *hafirs*, water harvesting reservoirs and boreholes, along the said stock routes.

2.2. Carrying out of a technical assistance program to strengthen the capacity of federal and state ministries in policy formulation, project planning and implementation (and strengthening the capacity of local authorities in project implementation and in managing natural resources) such a program to include such activities as: (a) clarification of legal and policy framework for rural land use including exploration of options for incorporation of elements of the customary system in the formal system; (b) development of comprehensive natural resource management strategies and plans that incorporate planning concepts and approaches relevant to and supportive of pastoral livelihoods; (c) carrying out policy and legal reform to harmonize state stock route laws to reduce or eliminate ambiguities experienced by pastoralists migrating
across state boundaries; and (d) building the capacity of the local authorities and community organizations in the areas of project implementation.

Part 3. Livelihoods and Economic Development

3.1. Support income generation activities in the Targeted Localities through: (a) carrying out a labor market study and value chains studies to guide the competency-based skills training development process; and (b) provision of competency-based skills training - to youth and women in Targeted Localities - tailored to market needs along the stock routes including construction, rehabilitation and equipping of select training institutions (including identified multi-purpose development centers) where such training is provided.

3.2. Piloting of the setting up and operation of village loans and savings associations in North Darfur state and such other state(s) as the Recipient may select with the prior written agreement of the World Bank.

3.3. Establishment and rehabilitation of markets in centrally located population centers at or near identified stock migration routes through provision of works for essential minimum infrastructure for such markets as well as technical assistance and training on institutional arrangement for market management.

3.4. Delivery of extension service to support livestock productivity and improved farming, apiculture and animal husbandry including provision of goods, technical assistance and Training required for these purposes.

Part 4. Project Management

Carrying out of Project management and coordination, including technical and financial management, procurement, audits, and monitoring and evaluation, and provision of goods, technical assistance, Training, services and Operating Costs required for the purpose.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall implement the Project 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.

(a) Institutional arrangements. In order to ensure the proper implementation of the Project the Recipient shall maintain until completion of the Project, a project coordination unit with staffing (including a Project coordinator, financial manager, procurement officer, environmental and social safeguard specialists, and outreach officer), on terms of reference and conditions of service acceptable to the World Bank, to be responsible for, inter alia, implementation, management and coordination of the Project.

(b) Project Operations Manual. The Recipient shall implement the Project in accordance with the Project Operations Manual.

(c) Environmental and Social Safeguards.

(i) The Recipient shall ensure that the Project is implemented in accordance with the plans, guidelines, procedures, timetable and other specifications set forth or developed pursuant to the ESMF and RPF.
(ii) If any set of Project activities requires the adoption and implementation of an environmental management plan (EMP), or resettlement action plan (RAP), the Recipient shall ensure that:

(A) no such activities shall be implemented unless and until an EMP, or a RAP, for such activities, as the case may be: (1) has been prepared, in accordance with the ESMF or RPF and furnished to the World Bank for review and approval, and (2) has been approved by the World Bank in writing and disclosed as required by the ESMF and RPF, as the case may be; and

(B) such activities are thereafter carried out in accordance with the provisions of the EMP, or RAP, as the case may be;

(iii) The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, RPF or any EMP or RPF prepared pursuant to this Section 2.03, or any provision thereof, without the prior written approval of the World Bank; and

(iv) The Recipient shall ensure that the Project Reports referred to Section 2.05 (a) of this Annex A include adequate information on monitoring the measures defined in the ESMF, RPF and any EMP or RAP prepared pursuant to this Section 2.03 (c) ii.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. 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 quarter, and shall be furnished to the World Bank not later than 45 days after the end of the period covered by such report.

(b) 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 months after the Closing Date.

2.06. 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 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 months after the end of such period.

2.07. Procurement. All goods, works, non-consulting services, and/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in 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”), and the “Guidelines: Selection and
Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 ("Consultant Guidelines").

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract. In the event the procurement plan includes any contracts procured under National Competitive Bidding (NCB) procedures, the use of this method for procurement of goods and works shall be subject to additional provisions detailed in Annex B to this Agreement.

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) 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 "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 Expenditure to be financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services, Training and Workshops, and Operating Costs</td>
<td>4,990,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,990,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this paragraph, the terms:

(i) "Training and Workshops" means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services); and

(ii) "Operating Costs" means the reasonable costs, as shall have been approved by the World Bank, 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, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made:

(a) prior to the date of countersignature of this Agreement by the Recipient; and
(b) in respect of any expenditures to be financed by other financiers, including the Recipient, any of Targeted States, Sudan Microfinance Development Company, or Targeted Localities as well as any other bilateral or multilateral donor (including but not limited to UN Habitat, AECOM, SILATECH of Qatar, and International Organization for Migration).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2016.

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**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and National Economy  
Government of National Unity  
Khartoum  
Republic of the Sudan

4.03. **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

Cable: INDEVAS  
Telex: 248423 (MCI) or  
Facsimile: 1-202-477-6391  
Washington, D.C. 64145 (MCI)
Particular Provisions Applicable to National Competitive Bidding

National Competitive Bidding (NCB) shall follow the Recipient’s procurement procedure acceptable to the World Bank, provided that key principles such as economy, transparency, efficiency and fair competition are adhered to, and subject to the following additional procedures:

**Participation in bidding:**

a) Government-owned enterprises in the Sudan shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Sudan.
b) Foreign bidders shall be eligible to participate under the same conditions as local bidders. In particular, no preference over foreign bidders shall be granted to local bidders in bid evaluation.

**Advertising; time for bid preparation**

c) Invitations to bid shall be advertised on at least two (2) consecutive days in a local newspaper of wide circulation, and prospective bidders shall be allowed a minimum of thirty (30) days between the date on which the notification appears for the first time and the deadline for bid submission. With the specific approval of the World Bank, this minimum period of thirty (30) days may be reduced to a minimum period of ten (10) days in the case of emergency operations.

**Standard bidding documents**

d) Until standard bidding documents acceptable to the World Bank have been introduced by the Government of the Sudan, simplified version of World Bank’s standard bidding documents may be used with the World Bank’s prior approval. In accordance with paragraph 1.16 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Grant shall provide that: (i) The bidders, suppliers and contractors, and their sub-contractors, agents, personnel, consultants, service providers, or suppliers shall permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the World Bank; and (ii) the deliberate and material violation by the consultant, bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

**Qualification criteria and evaluation criteria**

e) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. Bids of bidders not meeting such criteria shall be rejected as non-qualified. The fact that a bidder meets or surpasses the specified qualification criteria shall not be taken into account in the evaluation of such bidder’s bid.

f) Evaluation criteria shall be clearly specified in the bidding documents, and all evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only criteria so specified, shall be used in bid evaluation. Merit points shall not be used in bid evaluation.
**Bid submission**

g) Bids shall be submitted in sealed envelopes and shall be accepted whether mailed or hand-carried.

**Bid opening**

h) Bids shall be opened in the presence of bidders who wish to attend, and immediately after the deadline for bid submission. Said deadline, and the place of bid opening, shall be announced in the invitation to bid. The name of each bidder, and the amount of his bid, shall be read aloud and recorded when opened in the minutes of bid opening. The minutes of bid opening shall be signed by the members of the bid opening committee immediately after bid opening.

i) Bids received after the deadline for bid submission shall be returned to the bidders unopened.

**Bid evaluation and award of contracts**

j) A bid containing material deviations from or reservations to the terms, conditions and specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened.

k) The bid evaluation shall be carried out in strict adherence to the criteria specified in the bidding documents, and the contract shall be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid.

l) A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify his bid as originally submitted.

m) There shall be no post-bidding negotiations with the lowest or any other bidder.
Definitions

1. “Affected Person” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

2. “ESMF” means the Recipient’s environmental and social framework dated 25 May 2011, describing the rules, guidelines, procedures, timetables and plans to assess environmental and social impacts of the Project and defining measures to reduce, mitigate or offset adverse environmental and social impacts and enhance positive impacts of Project, referred to in Section 2.03 (c) of Annex A to this Agreement, as the same may be amended from time to time with the prior written approval of the World Bank.

3. “Environmental Management Plan” and the acronym “EMP” mean, for a given Project activity, a site specific environmental management plan - including veterinary waste management plan - prepared by the Recipient in accordance with the ESMF pursuant to Section 2.03 (c) of Annex A to this Agreement; and the term “EMPs” means, collectively, all such plans.

4. “Fiscal Year” means the fiscal year of the Recipient which commences on January 1 and ends on December 31 of the same year.

5. “Ministry of Finance and National Economy” means the Recipient’s Ministry responsible for finance and any successor thereto.

6. “Project Operations Manual” means the manual approved by the World Bank dated 11 September 2013 and referred in Section 2.03 (b) of Annex A to this Agreement and setting out details of all procedures, guidelines, timetables and criteria, including administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project as the same may be amended from time to time with the prior written agreement of the World Bank, and such term includes any annexes and schedules to such manual.

7. “Resettlement Action Plan” and the acronym “RAP” means the Recipient’s action plan for the compensation, resettlement and rehabilitation of Affected Persons, acceptable to the World Bank, to be prepared and implemented pursuant to the RPF referred to in Section 2.03 (c) of Annex A to this Agreement; and the term “RAPs” means, collectively, all such plans.

8. “Resettlement Policy Framework” and the acronym “RPF” mean the Recipient’s resettlement policy framework approved by the Bank dated February 2012 and referred to in Section 2.03(c) of Annex A to this Agreement.

9. “SPDP Phase 1” means a project funded by the Association - in its capacity as administrator of grant funds provided by various donors under the State-and Peace-Building Fund - through a trust fund number TF097448, and whose grant agreement was signed by the Association on September 5, 2010 and countersigned by the Recipient on September 16, 2010.

10. “State” means the second tier of government in the Recipient’s administrative system as set forth under Recipient’s constitutional framework.

12. **Targeted States** means the States of South Kordofan, Blue Nile, East Darfur, Central Darfur, West Darfur, South Darfur and North Darfur, all as defined under - or pursuant to - Recipient’s constitutional framework.