H.E. David Deng Athorbei  
Minister of Finance and Economic Planning  
Government of Southern Sudan (GoSS)  
Juba, The Sudan  

The Sudan: MDTF-SS Grant No. TF099010  
Additional Financing for Support to Agriculture and Forestry Development Project

Excellency:

In response to the request for financial assistance made on behalf of Government of Southern Sudan (“Recipient” or “GoSS”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for Southern Sudan (“MDTF-SS”), proposes to extend to the Recipient for the benefit of the Sudan (“Member Country”), a grant in an amount not to exceed fourteen million United States Dollars (US$ 14,000,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached annex (“Annex”) for the purpose of providing additional financing for activities related to the Original Project as described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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.

Very truly yours,  
INTERNATIONAL DEVELOPMENT ASSOCIATION

By/s/ Ian Bannon  
Acting Director of the Comprehensive Peace Agreement and Fragile States Cluster

AGREED:
GOVERNMENT OF SOUTHERN SUDAN

By: /s/ David Deng Athorbei
    Authorized Representative

H.E. David Deng Athorbei
Minister of Finance and Economic Planning

Date: March 28, 2011

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(2) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 ("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 the Appendix to this Agreement.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to increase agricultural productivity of smallholder households by facilitating the adoption of improved technologies and strengthening capacities of the GoSS, State and Local Governments as well as private sector to plan and respond to identified needs in agriculture and forestry.

The Project consists of the following parts:

**Part A. Support to Agricultural Services**

(1) Delivery of agricultural advisory services, including: (i) provision of advisory and information services to agricultural producers based on identified priority activities; (ii) provision of advisory and information services to select agribusiness to facilitate market linkages in accessible areas in Southern Sudan; (iii) implementation of specific demonstration development projects to promote innovation and introduce new technology in production of goods and services in the agriculture sectors (in such areas as seed multiplication, water management, organic farming, farm power, improved varieties, sustainable land management), through the provision of Sub-Grants to agricultural producers communities, or organizations working with such communities; (iv) strengthening of the capacity of MAF and MAARIs to perform oversight and regulatory functions.

(2) Support to technology development and transfer, through: (i) carrying out of collaborative adaptive research at various research centers in the five agro-ecological zones in the Targeted States; (ii) carrying out of selective research to address high priority problems in crop, livestock, forestry and fisheries production; (iii) strengthening of research system through establishment of an agricultural research council; (iv) scaling up of agricultural outreach and technology dissemination.
Part B  Institutional Development

(1) Carrying out of a program to strengthen the capacity of MAF to develop: (i) a policy framework for rural development and (ii) specific policies in select areas including, agricultural research and agricultural advisory services.

(2) Carrying out of training programs to build the capacity of core staff of Project implementing entities at GoSS, State and Local Government levels as well as relevant private sector.

(3) Renovation and improvement of physical infrastructure for research, training, administration at State and Local Government levels, including three agriculture inspection units at border posts, three community-based seed production units and two seed laboratories.

Part C  Support to Project Implementation

Carrying out of Project coordination and management at GoSS, State and Local Government levels, including technical and financial management, procurement, audits, and monitoring and evaluation, and provision of goods, technical assistance, Workshops and 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 carry out 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, together with the modifications set forth in Section II B of the Appendix to this Agreement (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03.  Institutional and Other Arrangements

(a)  Project Operational Manual: (i) The Recipient shall carry out the Project in accordance with the Project Operational Manual. (ii) Except as the World Bank shall otherwise agree, no amendment or waiver of any provision of the Project Operational Manual shall be made, without the prior written approval of the World Bank. In the event of any conflict between the provisions of the Project Operational Manual and this Agreement, the provisions of this Agreement shall govern.

(b)  Implementation Arrangements. The Recipient shall at all times during Project implementation maintain: (i) a Project steering committee with attributions, composition and resources acceptable to the World Bank, to be responsible for overall strategic and policy oversight of the Project (“Project Steering Committee”); (ii) coordination committees at MAF, State and Local Government levels with staffing, terms of reference and resources acceptable to the World Bank, to be responsible for implementation, management and coordination of the Project at their respective levels of government (“Internal Coordination Committees”); and (iii) a Project management team with staff, terms of reference and resources acceptable to the World Bank to be responsible for the day-to-day management of the Project (“Project Management Team”).

(c)  Safeguards.
(i) The Recipient shall:

(A) implement the Project in accordance with the ESAF and, where applicable, the EMP and Pest Management Plan;

(B) in cases of any Subproject requiring the adoption of an EMP or Pest Management Plan, ensure the preparation of such EMP or Pest Management Plan, as the case may be, in accordance with the ESAF; furnish such EMP or Pest Management Plan (as the case may be) to the World Bank for review and approval; and thereafter adopt such EMP or Pest Management Plan as shall have been approved by the World Bank, prior to implementation of the Subproject;

(ii) Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and furnish to the World Bank not later than April 15 and October 15 in each year, reports in form and substance satisfactory to the World Bank on the status of compliance with the ESAF, EMPs and Pest Management Plans, if any, giving details of:

(A) measures taken in furtherance of such ESAF, EMPs and Pest Management Plan, if any;

(B) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESAF, EMPs and Pest Management Plan, if any; and

(C) remedial measures taken or required to be taken to address such conditions.

(d) Annual Work Plans. (i) No later than November 30 in each Fiscal Year the Recipient shall prepare and furnish to the World Bank a proposed annual work plan, consisting of activities proposed for inclusion in the Project during the following Fiscal Year, together with a proposed budget and financing plan for such activities. (ii) The Recipient shall adopt and carry out or cause to be carried out the Project in accordance with such work plan for such following Fiscal Year as shall have been agreed with the World Bank (“Annual Work Plan”).

(e) Sub-Grants. The Recipient shall ensure that Sub-Grants shall be made under Sub-Grant Agreements in accordance with the provisions of the Project Operational Manual.

(f) Sub-Grant Agreements. The Sub-Grant Agreements shall provide for rights adequate to protect the interests of the World Bank and the Recipient including the right to:

(i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-Grant or obtain a refund of all or any part of the amount of the Sub-Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-Grant Agreement;

(ii) require each Beneficiary to: (A) carry out its Micro-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines.
applicable to recipients of Grant proceeds other than the Recipient and any environmental management plan or pest management plan required pursuant to the ESAF as such plan shall have been approved by the World Bank; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-Grant in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Micro-Project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Micro-Project; and (2) at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (F) enable the Recipient and the World Bank to inspect the Micro-Project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

(g) Amendment to the Original Grant Agreement.

(i) The description of the objective of the project at Section 2.01 of the annex to the Original Grant Agreement is amended to read as follows: “The objective of the Project is to increase agricultural productivity of smallholder households by facilitating the adoption of improved technologies and strengthening capacities of the GoSS, State and Local Governments as well as private sector to plan and respond to identified needs in agriculture and forestry”.

(ii) The later date for purposes of Section 3.03 of the annex to the Original Grant Agreement shall be October 31, 2011. (ii) Except as specifically amended in accordance with the provisions sub-paragraph (i) of this Section 2.03(g) above, all terms and conditions of the Original Grant Agreement otherwise remain in full force and effect.

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 Donor’s 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, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Member Country’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 one month after the end of the period covered by such report.
(c) 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. 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.

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 as part of the Project Report not later than one month 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**

(a) General. All goods, works and 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 under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods and works;

    (ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Works**
(i) Except as otherwise provided in sub-paragraph (ii) below, goods and works 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 works for those contracts specified in the Procurement Plan (A) Limited International Bidding; (B) National Competitive Bidding; (C) Shopping; (D) Direct Contracting; (E) Procurement from UN Agency; and (F) Community Participation procedures which have been found acceptable to the World Bank and are elaborated in the Procurement Plan.

(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 may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection of Individual Consultants; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; and (E) Single-source Selection.

(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:
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 October 31, 2011.

**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 the Minister at the time responsible for finance.

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

   Minister of Finance and Economic Planning
   Juba, 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:   Telex:   Facsimile:
   INDEVAS  248423 (MCI) or 1-202-477-6391
   Washington, D.C. 64145 (MCI)

<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>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Workshops and Training, Operating Costs, works and consultants’ services for the Project (excluding Micro-Projects)</td>
<td>6,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works and services required for Micro-Projects</td>
<td>8,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>14,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Annual Work Plan” means, for each Fiscal Year during Project implementation, the annual work plan and related budget (including an annual training plan) for such year which has been approved by the World Bank in accordance with Section 2.03(d) of the Annex to this Agreement.

2. “Beneficiary” means an agricultural producer community, or organization working with such communities which meets the eligibility criteria specified in the Project Operational Manual to receive a Sub-Grant and to which or for whose benefit a Sub-Grant is made or proposed to be made.

3. “Environmental and Social Assessment Framework” and “ESAF” each means the Environmental and Social Assessment Framework dated October 2008, adopted by the Recipient giving details of the program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental and social impacts of the Project, or reduce such impacts to acceptable levels.

4. “Environmental Management Plan” or “EMP” means an Environmental Management Plan, acceptable to the World Bank prepared in accordance with the ESAF and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the ESAF, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such EMP may be amended from time to time with the prior written agreement of the World Bank.

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

6. “Internal Coordination Committee” means any of the committees referred to in Section 2.03(b) (ii) of the Annex to this Agreement.

7. “Local Government” means local government entities established and operating under applicable laws of Southern Sudan, including counties and payams and any successor thereto.

8. “MAF” means the Recipient’s Ministry responsible for agriculture and forestry and any successor thereto.

9. “MAARIs” mean the ministries responsible for agriculture, animal resources and irrigation for the states of Eastern Equatoria, Central Equatoria, Jonglei, Unity and Upper Nile and any successors thereto.

10. “Micro-Project” means a specific development project to be carried out under Part A(1) of the Project which, having met the eligibility criteria set out in the Project Operational Manual, shall be eligible for financing using the proceeds of a Sub-Grant and agricultural producers own contributions.
11. “Operating Costs” means the incremental expenditures incurred by the Recipient in the implementation of the Project, on account of office supplies, office rent, communication and insurance charges, maintenance of office equipment, vehicle operations and maintenance costs, utilities, travel and travel allowances, and salaries of locally contracted employees, but excluding salaries of officials of the Recipient’s civil service.

12. “Original Grant Agreement” means the grant agreement for Support to Agriculture and Forestry Development Project between the Recipient and the Association, acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for Southern Sudan dated December 18, 2007, as amended to the date of this Agreement (TF Grant No. TF091282).

13. “Original Project” means the project described in the Original Grant Agreement.

14. "Pest Management Plan” means a plan acceptable to the World Bank and consistent with the ESAF, adopted for the purposes of the Project.

15. “Procurement Plan” means the Recipient’s procurement plan dated April 21, 2010 covering the initial 6-month period (or longer) of Project implementation, as the same shall be updated from time to time, to cover succeeding 18-month periods (or longer) of Project implementation.

16. “Project Operational Manual” means the manual, dated October 2008, adopted by the Recipient 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 schedules to the Project Operational Manual.

17. “Project Management Team” means the entity referred to in Section 2.03(a)iii of the Annex to this Agreement.

18. “Project Steering Committee” means the Project steering committee referred to in Section 2.03(b)i of the Annex to this Agreement.

19. “State Governments” means the governments of Targeted States established and operating pursuant to the Interim Constitution of Southern Sudan of 2005.

20. “Sub-Grant” means a grant made or proposed to be made to an eligible agricultural producer community, or organization working with the beneficiary communities, out of the proceeds of the Grant, for purposes of carrying out a Micro-Project under the Project; and the term “Sub-Grants” means, collectively, all said grants.

21. “Sub-Grant Agreement” means an agreement between the Recipient and a Beneficiary providing for a Sub-Grant.

23. **“Workshops and Training”** means the reasonable costs for the following expenditures, based on an Annual Work Plan, incurred in providing training or workshops: travel by participants and presenters to the training or workshop site, per diem allowances of such persons during the training or workshop, honoraria for the presenters, rental of facilities, materials, supplies and translation and interpretation services.

**Section II. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

   “…(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

   “… (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or
collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”