Dr. Eltayeb Mustafa Abou-Ganaya  
Undersecretary  
Ministry of Finance and National Economy  
Khartoum, Republic of the Sudan

SPF Grant No. TF 097448  
Peace-building for Development in Sudan Project

Dear Dr. Abou-Ganaya:

In response to the request for financial assistance made on behalf of Republic of Sudan ("Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors under the State-and Peace-Building Fund, proposes to extend to the Recipient a grant in an amount not to exceed four million two hundred thousand United States Dollars (U.S.$ 4,200,000) ("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 ("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 A 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 specified by the World Bank in accordance with Section 4.02 of Annex A to this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 180 days after the date of signature of this Agreement by the World Bank,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 BANK FOR  
RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION  

By /s/ Alassane Sow  
Alassane Sow  
Country Manager for Sudan

AGREED:  
REPUBLIC OF THE SUDAN

By /s/ Dr. Eltayeb Mustafa Abou-Ganaya  
Authorized Representative  
Dr. Eltayeb Mustafa Abou-Ganaya  
Undersecretary, Ministry of Finance and National Economy, Government of the National Unity  
Date: September 22, 2010

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, 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 this Agreement.

(a) “Displaced 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.

(b) “ESMF” means the Recipient’s environmental and social framework to be adopted by the Recipient, 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;

(c) “Operating Costs” means the incremental expenses incurred in relation to the implementation, management and monitoring of the Project, including office supplies, transportation, travel, communications, vehicle and equipment operation, but excluding salaries of the Recipient’s civil service.

(d) “Procurement Plan” means the Recipient’s procurement plan dated July 28, 2010 covering the initial 6-months period (or longer) of the implementation of the Project, as the same shall be updated from time to time, to cover succeeding 6-months periods (or longer) of the implementation of the Project.

(e) “Project Implementation Manual” means the project implementation manual referred to in Section 2.03 (b) of Annex A to this Agreement, as the same may be amended from time to time with the prior written agreement of the World Bank.

(f) “Resettlement Action Plan” means the Recipient’s action plan for the compensation, resettlement and rehabilitation of Displaced Persons, acceptable to the World Bank, to be prepared and implemented pursuant to the ESMF referred to in Section 2.03 (c) of Annex A to this Agreement, as such plan may be amended from time to time with the prior written approval of the World Bank.

(g) “Targeted States” means the states of Blue Nile, South Kordofan, North Darfur, South Darfur, West Darfur, and the term includes the Abyei Administration Area, all as defined under - or pursuant to - Recipient’s constitutional framework.

(h) “Training” means the training of persons under the Project carried out in accordance with the annual work plan approved by the World Bank, such term to include travel and subsistence of...
participants of seminars and workshops, rental of training facilities, services of trainers and presenters, preparation and reproduction of training materials, and other costs directly related to preparation and implementation of training programs.

(i) “Veterinary Waste Management Plan” means the veterinary waste management plan to be adopted by the Recipient and referred to in Section 2.03 (c) of Annex A to this Agreement.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to promote a peaceful coexistence between divergent groups through understanding and improving livelihood opportunities.

The Project consists of the following parts:

Part A. Peace-building

(1) Carrying out of a program of activities in Targeted States to strengthen interethnic trust, promote mutual dialogue and enhance cooperation for development, such program to include such activities as; (i) designing a communication campaign; (ii) holding stakeholders meetings using the future search method; (iii) strengthening the capacity of civil society organizations and media; (iv) developing sustainable peace-building radio and television programs; and (v) supporting community groups to organize income generating activities.

Part B. Livelihood Support

(1) Demarcation of about 785 kilometers (km) of high priority stock routes in the states of Blue Nile (80 km), South Kordofan (220 km), North Darfur (165km), South Darfur (200km) as well as in Abyei Administration Area (120 km), and construction and rehabilitation of water points, including hafirs and boreholes, along the said stock routes.

(2) Delivery of extension services including provision of goods, technical assistance, Training, and establishment of a few extension centers along stock routes.

(3) Provision of vocational training as well as training and support in income generating activities to women and youth in Targeted States, including support to potential group livelihood ventures and rehabilitation and equipping of vocational training schools, youth development centers and women development centers.

Part C. Project Coordination

(1) Carrying out of Project coordination and management, 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 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 (“Anti-Corruption Guidelines”), with the modifications set forth in Section II of the Appendix to this Agreement; and (c) this Article II.
2.03. **Institutional and Other Arrangements.**

(a) Institutional arrangements. The Recipient shall establish and maintain until completion of the Project, a project coordination unit with staffing, responsibilities and resources satisfactory to the World Bank.

(b) Project Implementation Manual. The Recipient shall adopt, under terms of reference acceptable to the World Bank and thereafter at all times throughout Project implementation, apply an implementation manual in form and substance satisfactory to the World Bank to guide the implementation of the Project. In the event of any inconsistency between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall govern.

(c) Safeguards. The Recipient shall: (i) not later than three months after effectiveness of this Agreement, prepare and adopt an Environmental and Social Management Framework (ESMF) and a Veterinary Waste Management Plan (VWMP), in form and substance satisfactory to the World Bank; (ii) ensure that the Project is implemented in accordance with the VWMP, and the plans, guidelines, procedures, timetable and other specifications set forth or developed pursuant to the ESMF, including Resettlement Action Plans; (iii) not amend, abrogate, suspend or waive the ESMF, VWMP or Resettlement Action Plans without the prior written agreement of the World Bank.

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, 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 agreed with 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 as part of the Project Report not later than 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 Recipient shall ensure that the audited Financial Statements for each such period shall be: (i) furnished to the World Bank not later than six months after the end of such period; and (ii) made publicly available in a timely fashion and in a manner acceptable to the World Bank.
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 (excluding paragraph 1.16) 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 (excluding paragraph 1.24) 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, subject to additional provisions detailed in Annex B to this Agreement; (C) Shopping; (D) Direct Contracting; (E) Force Account; (F) Procurement from United Nations agencies; (G) Established Private or Commercial Practices which have been found acceptable to the World Bank; (H) International Competitive Bidding, subject to the provisions of paragraph 3.13 (a) of the Procurement Guidelines; and (I) Community Participation procedures which have been found acceptable to the World Bank.

(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 under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Established Private or Commercial Practices which have been found acceptable to the World Bank; (G) Selection of Service Delivery Contractors which have been found acceptable to the World Bank; (H) Selection of Individual Consultants; and (I) Sole 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) 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 100% of Eligible Expenditures consisting of goods, works, services, Operating Costs and Training inclusive of Taxes.

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 September 15, 2012.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) The Recipient has established the project coordination unit referred to in Section 2.03 (a) of Annex A to this Agreement, in accordance with the provisions of said Section.

(b) The Recipient has adopted the Project Implementation Manual referred to in Section 2.03 (b) of Annex A to this Agreement, in accordance with the provisions of said Section.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. **Termination for Failure to Become Effective.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient’s Representative; Addresses

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the minister responsible for finance.
5.02. **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

5.03. **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 64145 (MCI)  
Facsimile: 1-202-477-6391
ANNEX B

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 Government of National Unity 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 30 days may be reduced to a minimum period of 22 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 National Unity 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 para.1.14 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Grant shall provide that: (i) the consultants, bidders, suppliers, contractors and subcontractors 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 1.14(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.
APPENDIX

Modifications to the Anti-Corruption Guidelines

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

1. 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, collusive, 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.”