H. E. Ali Mahmoud Abdel Rasool  
Minister of Finance and National Economy  
Ministry of Finance and National Economy  
Khartoum, Sudan

Re: Sudan – MDTF-NS Grant No. TF057323  
National Emergency Transport Rehabilitation Project  
First Amendment to the  
Amended and Restated Grant Agreement

Excellency:

We refer to the Amended and Restated Grant Agreement (the “Agreement”), dated June 30, 2011, as amended to date, between the Republic of Sudan (the “Recipient”) and the International Development Association (“World Bank”), acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for the Sudan (MDTF-NS), concerning the National Emergency Transport Rehabilitation Project. We also refer to the Ministry of Finance and National Economy’s letters dated February 15, 2012 and April 23, 2012, respectively, requesting the World Bank for specific amendments to the Agreement.

We, therefore, propose to amendment the Agreement in respect of the provisions below:

1. Second Paragraph of the Agreement is amended to read as follows:

“In response to the request for financial assistance made on behalf of the Republic of Sudan (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by the Multi-Donor Trust Fund for Sudan (MDTF-NS), proposes to extend to the Recipient (“Member Country”), a grant in an amount not to exceed sixty four million seven hundred thousand United States Dollars (US$64,700,000) (“Grant”) on terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in co-financing the first phase of the Recipient’s National Emergency Transport Rehabilitation Project described in the Annex (“Project”). The Recipient shall provide an equivalent of sixty five million eight hundred twenty thousand United States Dollars (US$65,820,000) as counterpart funding for the first phase of the Project.”
2. Part 2 of Paragraph 2.01 of the Annex to the Agreement is amended to read as follows:

“Part 2: Institutional Strengthening and Improvement to River Transport Services

This component comprises: (i) technical assistance, studies and activities in support of enhancement of private sector participation in rail operations; (ii) improvement to inter-modal operations at Port Sudan (Port Sudan Trade facilitation Study); (iii) enhancement of sector management capacity of the Ministry of Transport, Roads and Bridges (MTRB), including technical assistance to the Planning Directorate; (iv) support for establishment of environmental and social safeguards unit, including short term TA; and (v) support for the Project implementation including technical assistance for the Inland River Navigation Department (IRND) diagnostic study and Environment and Social Impact Assessment (ESIA) studies for Babanousa – Wau rail line.”

3. Part 3 of Paragraph 2.01 of the Annex to the Agreement is amended to read as follows:

“Part 3: Road Improvements with focus on the Three Areas

This component comprises: (i) program of construction and spot improvements on: (a) Kadugli to Kaouda road (Lot B - 30 km), (b) First Section of Damazin to Kurmuks road (57.7km) combined as per previous arrangement, (c) First Section of Damazin – Kurmuks Road (57.7km) to an all weather gravel road, up to sub-base level, (d) Second Section of Damazin – Kurmuks Road (38km+ up to 5 km of road improvement into First Section), and (e) Gadama to Hamashkoraib road (82 km); (ii) detailed design of Abu Gebeia to Talodi to Kadugli road (310 km); and Toker to Garora road (215 km); (iii) feasibility studies and detailed design of Damazin to Renk road (200 km), and Muglad to Abye road (220 km; (iv) Project management and institutional development and capacity building including: (a) support for project implementation including technical assistance, and (b) training, workshops, study tours and targeted technical assistance; (v) establishment of pavement management system; and (vi) technical assistance for preparatory services in support of improving access to rural communities and ensuring sustainability of the road network.”

4. Article III of Annex to the Agreement is deleted in its entirety and is replaced with the Attachment to this amendment letter.

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 amendment.
and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this amendment shall become effective as of the date of its countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Greg Toulmin
Acting Country Director for Sudan
Africa Region

AGREED:
REPUBLIC OF THE SUDAN

By
Authorized Representative
H. E. Ali Mahmoud Abdel Rasool
Minister of Finance and National Economy
Date: 29-June-2012
**Attachment**

“Article III
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant allocated (in US Dollars)</th>
<th>% of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, services and training for Part 1 of the Project (SRC) (pro memoria)</td>
<td>1,177,411</td>
<td>33-1/3</td>
</tr>
<tr>
<td>(2) Works, goods, services and training for Part 2 of the Project (RTC) (pro memoria)</td>
<td>0.00</td>
<td>33-1/3</td>
</tr>
<tr>
<td>(3) Works, goods, services and training for Part 3 of the Project (NHI) (pro memoria)</td>
<td>1,802,862.00</td>
<td>33-1/3</td>
</tr>
<tr>
<td>(4) Goods and services for demining activities</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>(5) Goods for Part 1 of the Project (SRC)</td>
<td>12,058,227.59</td>
<td>100</td>
</tr>
<tr>
<td>(6) Services, training and operating costs for Part 1 of the Project (SRC)</td>
<td>200,000.00</td>
<td>100</td>
</tr>
<tr>
<td>(7) Works for Part 1 of the Project (SRC)</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>(8) Goods for Part 2 of the Project (MOT)</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>(9) Services, training and operating costs for Part 2 of the Project (MOT)</td>
<td>1,170,000.00</td>
<td>100</td>
</tr>
<tr>
<td>(10) Works for Part 3 (i), (ii), (iii) of the Project (NHA)</td>
<td>10,727,138.00</td>
<td>33-1/3</td>
</tr>
<tr>
<td>(11) Goods, services, training and operating costs for Part 3 (i) to (ii)</td>
<td>11,870,000.00</td>
<td>100</td>
</tr>
</tbody>
</table>
For purposes of the above table: (i) the term “operating costs” means the incremental expenses incurred on account of project implementation and supervision, including for office support, office supplies, office rent, communication expenses, maintenance of vehicles, and transportation expenses, but excluding salaries of officials of the Recipient’s civil service; (ii) Category (10) represents the costs of construction and supervision contracts for the completed Gadamai – Hamashkoraib Road, Section 1 of Damazin – Kurmuk Road, and Kadugli – Kouda Road (Lot B); and (iii) Category (12) represents the costs of construction and supervision contracts of Section 2 of Damazin – Kurmuk Road.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of the Original Grant Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed $4,350,000 equivalent may be made for payments made prior to October 29, 2006 but on or after August 28, 2006, for Eligible Expenditures under the Project;

(b) under Categories (1), (5), (6) or (7) in the table in paragraph 1 above unless:
(i) the Subsidiary Agreement with SRC has been amended, in a manner satisfactory to the Association;

(c) under Categories (2), (8) and (9) in the table in paragraph 1 above unless:
(i) MTRB has appointed a Project Coordinator with terms of reference acceptable to the World Bank, to be responsible for the implementation of the Activities; and (ii) MTRB has opened a Designated (Special Account) in a bank on terms and conditions satisfactory to World Bank;

(d) under Categories (3), (4), (10), (11), and (12) in the table in paragraph 1 above unless: (i) the Subsidiary Agreement with NHA has been amended, in a manner satisfactory to the Association; and

(e) for any payment for Taxes levied by or in the territory of the Member Country in respect of goods, works, and services.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2013.”