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

SPF Grant No. TF015559  
Sustainable Livelihoods for Displaced and Vulnerable Communities in Eastern Sudan 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 two million six hundred twenty two thousand United States Dollars (USD 2,622,000) ("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 parts 1, 3 and 4 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 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effective as of the date of the countersignature provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within one hundred and twenty (120) days after the date of signature of this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 Ali Mahmoud Abdel Rasool

Title Minister of Finance

Date: 19/11/13

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
ANNEX A

Article I
Standard Conditions; Definitions


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 strengthen the capacity of (local) stakeholders to plan and deliver services and sustainable livelihoods for displaced populations and vulnerable host communities. The Project consists of the following parts:

Part 1 Building Government Capacities and Systems and Project Management

1. Carrying out of a program of activities to build and strengthen State of Kassala’s capacities and systems to respond to the needs of refugees, internally displaced persons and host communities, such program to include such activities as building capacities of local non-governmental organizations, civil society organization and local government to budget, plan and manage public services, and establishment of and capacity support to fiduciary systems to channel resources to target communities.

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

Part 2 Design of Pilot

Carrying out of a program of activities to research, develop and design a pilot for purposes to channeling resources to Beneficiaries, such a program to include such activities as:

(a) carrying out studies, assessments and analyses of: (i) social structures, decision-making processes, relations within and between groups; and (ii) existing livelihoods activities, access (and constraints to access) to formal and informal markets.

(b) identification of local community groups that could be eligible to receive resources under the Project.

(c) development of Operations Manual.

Part 3 Implementation of Pilot

Carrying out Subprojects through provision of Community Subgrants to Beneficiaries as well as technical advisory services, goods, Training and Workshops and Operating Costs for facilitating, managing and administering said Subprojects.

Part 4 Evaluation of Pilot

Carrying out of Project 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 parts 1, 3 and 4 of the Project through the Ministry of Finance, Economy and Labor of the State of Kassala (hereafter “MFEL”), 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:

(i) maintain at all times during Project implementation a Project Steering Committee with a mandate, composition and resources satisfactory to the World Bank for the purpose of overseeing the execution of the Project;

(ii) cause MFEL to establish - not later than sixty (60) days after Effective Date - and 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 civil works engineer), with terms of reference and resources acceptable to the World Bank, to be responsible for, inter alia, implementation, management and coordination of the Project; and

(iii) cause MFEL to establish - not later than ninety (90) days after Effective Date - and thereafter maintain at all times during Project implementation a Technical Working Group with membership, terms of reference and resources acceptable to the World Bank, to be responsible for, inter alia coordination with complementary initiatives in the state of Kassala.

(b) **Operations Manual.**

(i) Not later than sixty (60) days after Effective Date, the Recipient shall adopt or cause MFEL to adopt, under terms of reference acceptable to the World Bank an operations manual in form and substance satisfactory to the World Bank (Operations Manual) to guide the implementation of the Project;

(ii) The Recipient shall thereafter ensure that the Project is implemented in accordance with the Operations Manual; and

(iii) In the event of any inconsistency between the provisions of the Operations Manual and this Agreement, the provisions of this Agreement shall govern.

(c) **Environmental and Social Safeguards.** The Recipient shall: (i) not later than one hundred twenty (120) days after Effective Date prepare and adopt an Environmental and Social Management Framework (ESMF), in form and substance satisfactory to the World Bank; (ii) 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; (iii) not amend, abrogate, suspend or waive the ESMF, 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 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 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 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.

2.09 Subprojects. (a) No proposed Subproject shall be eligible for financing under Part 3 of the Project unless a determination has been made, on the basis of an assessment conducted with the participation of proposed Beneficiary in accordance with the procedures outlined in the Operations Manual, that the proposed Subproject satisfies the eligibility criteria specified in further detail in the Operations Manual, which shall include, inter alia, that the proposed Subproject is technically, socially and economically viable and fulfills the requirements of any applicable safeguard requirements as described in Section 2.03 (c) of this Annex A.

(b) All Subprojects shall be implemented with due diligence and efficiency and in accordance with sound administrative, financial, technical, environmental and social standards.
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 under Parts 1, 2, and 4 of the Project including Community Subgrants</td>
<td>2,622,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,622,000</td>
<td></td>
</tr>
</tbody>
</table>

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 March 31, 2016.

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 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 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.
ANNEX C

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. “Beneficiary” means a local community group, which having met the eligibility criteria set forth in the Operations Manual, is eligible to receive a Community Subgrant under the Project; and the term “Beneficiaries” means, collectively, all such beneficiaries.

3. “Community Subgrant” means a transfer of funds in the form of a non-refundable grant by the Recipient to a Beneficiary, made or to be made in accordance with the provisions of this Agreement and the Operations Manual.

4. “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.

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


7. “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).

8. “Operations Manual” means the manual approved by the World Bank and adopted by the Recipient in accordance with the provisions of 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, and such term includes any annexes and schedules to such manual.

9. “Project Steering Committee” means the entity referred to in Section 2.03(a) of Annex A to this Agreement.

10. “Resettlement Action Plan” 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 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.
11. “State” means the second tier of government in the Recipient’s administrative system as set forth under Article 177 of the Constitution of the Republic of the Sudan of 2005, as amended to the date of this Agreement.

12. “Subproject” means a specific development project - designed to create and improve basic social and economic infrastructure in a community - to be carried out by a Beneficiary under Part 3 of the Project under the terms, conditions and procedures set forth in Section 2.09 of Annex A to this Agreement and further described in the Operations Manual.

13. “Technical Working Group” means the entity referred to in Section 2.03(a)iii of Annex A to this Agreement.

14. “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).