SPF GRANT NUMBER TF018013

STATE AND PEACE-BUILDING FUND
Grant Agreement
(Budget Capacity Strengthening Project)

between

REPUBLIC OF THE SUDAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the State and Peace-Building Fund)

Dated 09/04, 2014
STATE AND PEACE-BUILDING FUND

GRANT AGREEMENT


The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. 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
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the Ministry of Finance and National Economy in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million nine hundred ninety-five thousand United States Dollars ($4,995,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the State and Peace-Building Fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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 trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that the Ministerial Decree No. 13 of 21 July 1976, laws of the Recipient, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of AFES to carry out its responsibilities under the Project.

Article V
Recipient’s Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance and National Economy.

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

Ministry of Finance & National Economy
P.O. Box 298
Khartoum
The Republic of the Sudan

Cable: Malisudan
Telex: +249-183-777563
Facsimile: +249-183-776081
5.03. 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

AGREED at ______________________, ______________________, as of the day and year first above written.

REPUBLIC OF THE SUDAN

By

[Signature]
Authorized Representative

Name: [Signature]
Title: [Signature]

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the State and Peace-Building Fund)

By

[Signature]
Authorized Representative

Name: [Signature]
Title: [Signature]
SCHEDULE 1

Project Description

The objective of the Project is to improve the Recipient’s pro-poor budgeting and monitoring, strengthen state revenue budget credibility and increase budget transparency.

The Project consists of the following parts:

Part A: Strengthening Pro-poor-Based Budgeting

1. Support Implementation of the I-PRSP and Preparation of the Full PRSP

Supporting the implementation of the I-PRSP and preparation of the full PRSP, including providing planning, management and program implementation support, and monitoring, evaluation and progress reporting, through the provision of technical advisory services and Training.

2. Strengthening Fiscal Capacity of the Ministry of Finance and National Economy

Carrying out a program of activities to strengthen the fiscal capacity of the MoFNE for effective fiscal adjustment and economic transition, including: (a) increasing public expenditure management efficiency through (i) strengthening MoFNE’s capacity in effective public investment management; (ii) strengthening procurement system and procedures; (iii) supporting internal audit; (iv) and Training MoFNE senior officials on policy reforms; and (b) promoting greater public budget transparency through (i) improving the quality and classification of public budget data; (ii) developing consolidated budget reporting; and (iii) improving MoFNE’s website, all through the provision of technical advisory services, Training and acquisition of goods.

Part B: Strengthening Revenue Mobilization in Pilot States

Strengthening state revenue mobilization and administration in the Pilot States to improve efficiency and ensure equity in revenue collection, and promote private sector investment and development through: (a) improving the Recipient’s revenue planning capacity; (b) improving revenue administration efficiency; and (c) enhancing controls and financial management, all through the provision of technical advisory services, Training and acquisition of goods.

Part C: Enhancing Budget Transparency through Strengthening Oversight Institutions and the Media

1. Strengthening the National Audit Chamber’s Oversight Capacity

Strengthening the technical capacity of the National Audit Chamber to facilitate effective financial with a focus on compliance financial indicators through supporting:
(a) audit process, planning and standards; (b) information technology audits and application controls; (c) forensic audits and fraud investigation; (d) risk-based audit methodology; (e) audit report writing skills; and (f) printing and dissemination of audit manuals, all through the provision of technical advisory services, Training and acquisition of goods.

2. **Strengthening the Capacity of the National Parliament**

   Strengthening the capacity of the National Parliament for effective oversight to enhance transparency and accountability in use of public resources through: (a) provision of Training to members of the National Parliament on: (i) public administration, including accountability mechanisms; (ii) public finance planning and management; and (iii) reviewing external audit reports; and (b) supporting the development and implementation of a monitoring and evaluation framework to increase availability of budget and financial information and improve budget analysis, progress reporting, and performance measures in the use of public resources.

3. **Strengthening the Capacity of the Sudanese Media to Enhance Budget Transparency**

   Carrying out a program of activities to strengthen the capacity of the media in order to enhance public budget transparency, through the provision of technical advisory services, Training and acquisition of goods.

**Part D: Project Management**

   Strengthening the capacity of the Project Implementing Unit for effective management and implementation of the Project, including fiduciary (financial and procurement) management, coordination and communication of Project activities, and monitoring and evaluation, through the provision of technical advisory services, financing of Operating Costs, Training, and acquisition of goods.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Steering Committee

   (a) The Recipient shall establish, not later than three (3) months after the Effective Date, and thereafter maintain at all times during the implementation of the Project, a Steering Committee with composition, functions and responsibilities satisfactory to the World Bank, as set forth in the Project Implementation Manual, for purposes of providing strategic direction and overseeing Project implementation.

   (b) Without limitation to the provisions of sub-paragraph (a) of this paragraph, the Steering Committee shall be responsible for, inter alia:

      (i) reviewing progress made in implementation of the Project;

      (ii) assessing results achieved based on agreed Project indicators; and

      (iii) such other functions as set forth or elaborated in the Project Implementation Manual.

2. Ministry of Finance and National Economy (MoFNE)

   (a) The Recipient shall, at all times during the implementation of the Project, ensure that resources satisfactory to the World Bank are available to MoFNE for the purpose of ensuring prompt and efficient implementation of the Project.

   (b) Without limitation to the provisions of sub-paragraph (a) of this paragraph, the Recipient shall, not later than two (2) months after the Effective Date, recruit or appoint to the Academy for Financial and Economic Studies (“AFES” or “Project Implementation Unit”) in accordance with the provisions of Section III of Schedule 2 to this Agreement, a Project coordinator, operations officer, financial management specialist, accountant, procurement specialist, monitoring and evaluation specialist, media specialist, and administrative and support staff, all with qualifications, experience and terms of reference satisfactory to the World Bank and shall, at all times during the implementation of the Project, maintain the AFES in a manner satisfactory to the World Bank with the responsibility for day-to-day management, coordination and monitoring of Project activities, including: (i) communicating with the piloted state ministries of finance
on all implementation matters related to Project activities on revenue mobilization in Pilot States; (ii) implementation and monitoring of outcome and output indicators; (iii) preparing and submitting periodic Project Reports to the MoFNE and the World Bank; (iv) resolving implementation issues and ensuring timely removal of any obstacles to the implementation of the Project; (v) fiduciary (financial and procurement) management; and (vi) such other technical, administrative, organizational and financial functions as set forth in the Project Implementation Manual.

B. Implementation Arrangements

1. Project Implementation Manual

(a) The Recipient shall, not later than one (1) month after the Effective Date, prepare and adopt in form and substance satisfactory to the World Bank, a Project Implementation Manual, which shall include, *inter alia*, the following provisions: (a) procedures for capacity building activities for sustained achievement of the Project's objective; (b) disbursement, financial management and procurement procedures; (c) institutional administration, coordination and day-to-day execution of Project activities; (d) monitoring, evaluation, reporting, and communications; (e) Project performance and implementation indicators, including the procedures for monitoring and evaluation of Project activities; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

(b) The Recipient shall carry out the Project in accordance with the provisions of the Project Implementation Manual, and shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the World Bank; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. Annual Work Plan and Budget

(a) The Recipient shall prepare and furnish to the World Bank for its approval, not later than June 30 of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing all activities proposed to be carried out under the Project in the following fiscal year.
(b) The Recipient shall afford the World Bank a reasonable opportunity to review and exchange views with the Recipient on each such proposed Annual Work Plan and Budget, and thereafter, shall implement the Project or cause it to be implemented with due diligence in accordance with such Annual Work Plan and Budget as shall have been approved by the World Bank.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Donor Visibility and Visit

1. 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.

2. 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 donors to visit any part of the Recipient's territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

2. 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 (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days
after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project 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 (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, non-consulting-services and consultants' 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:

   (a) Section I of the Procurement Guidelines in the case of goods and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and

   (b) the provisions of this Section III, 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 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

2. Definitions. The capitalized terms used below in 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.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the provisions of Schedule 3 to this
Agreement; (c) Shopping; (d) Direct Contracting; and (e) Procurement from UN Agency.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality- and Cost-based Selection, may be used for 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 of consulting firms; (f) Selection of UN Agency; (g) Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.

D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. 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 table in paragraph 2 below.

2. The following 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 Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, and Training under Part A of the Project</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, and Training under Part B of the Project</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants’ services, and Training under Part C of the Project</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, non-consulting services, consultants’ services, Training, and Operating costs under Part D of the Project</td>
<td>645,050</td>
<td>100%</td>
</tr>
<tr>
<td>Unallocated</td>
<td>49,950</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>4,995,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is March 30, 2016.
SCHEDULE 3

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 Republic of 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 Republic 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 for 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 Republic 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 the 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 the bid as originally submitted.
m) There shall be no post-bidding negotiations with the lowest or any other bidder.
APPENDIX

Definitions


3. “Annual Work Plan and Budget” means the annual work plan and budget prepared by the Project Implementing Unit, and approved by the World Bank in accordance with Section I.B.2 of Schedule 2 to this Agreement.

4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


7. “MoFNE” means the Recipient’s Ministry of Finance and National Economy, or any successor thereto.

8. “National Audit Chamber” means the Recipient’s national audit institution established pursuant to Article 205 (1) of the 2005 Interim National Constitution of the Republic of the Sudan, or any successor thereto.

9. “National Parliament” means the Recipient’s national legislative authority, or any successor thereto.

10. “Operating Costs” means the incremental expenses incurred on account of Project management and implementation, including servicing of office machines and equipment, bank charges, sundry recurrent expenses, office supplies, consumables, travel costs, including travel per diem, and accommodation, but excluding salaries of the Recipient’s civil servants.


13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 11, 2014, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

14. "Project Implementation Manual" means the manual for the Project to be prepared and adopted by the Recipient, in form and substance acceptable to the World Bank, and referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the World Bank.

15. "Project Implementation Unit" means the AFES, established within MoFNE and referred to in Section I.A.2(b) of Schedule 2 to this Agreement.


17. "Steering Committee" means the steering committee to be established under the Project and referred to in Section I.A.1 of Schedule 2 to this Agreement.

18. "Training" means the cost associated with the training and workshops, based on each Annual Work Plan and Budget approved by the World Bank, for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with Training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.