Development Credit Agreement

(Gezira Rehabilitation Project)

between

THE DEMOCRATIC REPUBLIC OF THE SUDAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 9, 1983
AGREEMENT, dated August 9, 1983, between THE DEMOCRATIC REPUBLIC OF THE SUDAN (hereinafter called the Borrower or Sudan) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) the Borrower intends to contract loans and grants in foreign exchange amounting in the aggregate to at least $73,400,000 equivalent to finance part of the Project;

(C) certain Parts of the Project (as described in Schedule 2 hereto) will be carried out by the Sudan Gezira Board (hereinafter called SGB) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to SGB part of the proceeds of the Credit as hereinafter provided; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions hereinafter set forth and in the Project Agreement of even date herewith between the Association and SGB;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated June 30, 1980, with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:
(a) "Project Agreement" means the agreement between the Association and SGB of even date herewith, as the same may be amended from time to time, and such term includes all schedules to the Project Agreement and all agreements supplemental to the Project Agreement.

(b) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and SGB pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement.

(c) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated March 25, 1983 and April 21, 1983 between the Borrower and the Association.

(d) "km" means kilometer.

(e) "kg" means kilogram.

(f) "m" means meter.

(g) "Gezira Act" means the Gezira Scheme Act 1960, as reenacted or amended from time to time.

(h) "Project Area" means the area referred to in the Gezira Act.

(i) "ARC" means the Agriculture Research Corporation.

(j) "BNHP" means the Blue Nile Health Project.

(k) "RWA" means the Rural Water Administration of the Central Region of Sudan.

(l) "MOAI" means the Borrower's ministry responsible for agriculture and irrigation.

(m) "MOAI(I)" means the MOAI's department responsible for irrigation.

(n) "SPTC" means the Sudan Public Telecommunications Corporation.
ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to seventy four million two hundred thousand Special Drawing Rights (SDR 74,200,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and the Association, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. Except as the Association shall otherwise agree, procurement of the goods and civil works required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.
Section 2.04. The Closing Date shall be June 30, 1989 or such later date as the Association shall establish. The Association shall promptly notify the Borrower and SGB of such later date.

Section 2.05. (a) The Borrower shall pay to the Association a commitment charge at the rate of one-half of one per cent (1/2 of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.06. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.07. Commitment charges and service charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 1 and December 1 commencing December 1, 1993, and ending June 1, 2033, each installment to and including the installment payable on June 1, 2003, to be one-half of one per cent (1/2 of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent (1-1/2%) of such principal amount.

Section 2.09. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) Without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause SGB to perform in accordance with
the provisions of the Project Agreement all the obligations therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable SGB to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall, out of the proceeds of the Credit, relend to SGB the equivalent of at least SDR 45,000,000 and no more than SDR 50,000,000, under a subsidiary loan agreement to be entered into between the Borrower and SGB under terms and conditions which shall have been approved by the Association.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. (a) The Borrower shall, through MOAI, MOAI(I), MOFEP, ARC, BNHP, RWA and SPTC, carry out the Parts of the Project for which it is responsible (as described in Schedule 2 hereto) with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) Without any limitation upon the generality of the foregoing:

(i) the Borrower shall, by September 30, 1983 (or such other date as the Association may agree), establish and, thereafter, maintain until completion of the Project the unit included in Part R of the Project, a Project management committee and a Project procurement committee, such unit and committees to be operated on terms and conditions satisfactory to the Association, and the unit and PPC to be headed by a director and a chairman, respectively, whose qualifications and experience shall be satisfactory to the Association;
(ii) (A) the Borrower shall, in cooperation with SGB:

(1) by April 1 of each year, prepare and submit to PMC for its review and approval a draft annual work program covering its proposed activities under the Parts of the Project for which it is responsible for the following fiscal year, such program to be prepared according to a format and to include items (including the funding of said Parts of the Project) acceptable to the Association, it being specified that, for the balance of fiscal year 1983/1984, such draft annual work program shall be prepared and submitted to PMC for its review and approval by August 31, 1983; and

(2) promptly upon approval of such draft work program by PMC and, in any event no later than May 1 of each year, submit such draft work program to the Association in order to ensure that it is satisfactory to the Association, it being specified that, for the balance of fiscal year 1983/1984, such draft annual work program shall be submitted to the Association for such purpose by September 30, 1983;

(B) Promptly upon receipt of the Association's notification that it has found the draft annual work program satisfactory, the Borrower shall take all appropriate steps to finalize such annual work program and to carry it out in cooperation with SGB;

(iii) unless the Association shall otherwise agree, the Borrower shall make quarterly transfers of funds to the local currency account opened by SGB pursuant to Section 2.08 of the Project Agreement, in conformity with the provisions of the annual work programs prepared as provided in sub-paragraph (ii) hereof and Section 2.01 (b) of the Project Agreement;
(iv) unless the Association shall otherwise agree, the Borrower shall maintain an account with Bank of Sudan under the name of MOAI(I) for the purposes of the Parts of the Project for which it is responsible and shall make transfers of funds to such account in conformity with the provisions of the annual work programs prepared as provided in sub-paragraph (ii) hereof;

(v) the Borrower shall ensure that until completion of the Project SGB shall have access to an appropriate line of credit with Bank of Sudan in order to cover its working capital needs;

(vi) the Borrower shall ensure that, until completion of the Project, timely allocations of fuel, fertilizers, pesticides, herbicides and other necessary recurrent inputs in sufficient quantities shall be made available to SGB and the Borrower's departments and agencies involved in the Project and shall provide the Association with quarterly reports on the availability of such inputs, such reports to be prepared according to a format acceptable to the Association; and

(vii) the Borrower shall, by September 30, 1984 (or such other date as the Association may agree), prepare and submit to the Association for its information an action program for the implementation of the recommendations emanating from the study included in Part T (b) of the Project, and no later than December 31, 1984 (or such other date as the Association may agree), exchange views on such program with the Association.

Section 3.03. In order to assist the Borrower in carrying out the Parts of the Project for which it is responsible, the Borrower shall, as and when needed, employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association, such experts to be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.
Section 3.04. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) The Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the purposes of the Project.

Section 3.05. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the plans, specifications, reports, contract documents and work and procurement schedules for the parts of the Project for which it is responsible, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower: (i) shall maintain records and procedures adequate to record and monitor the progress of the parts of the Project for which it is responsible, (including their costs and the benefits to be derived therefrom), to identify the goods and services financed out of the proceeds of the Credit, and to disclose their use in the parts of the Project for which it is responsible; (ii) shall enable the Association's representatives to visit the facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning the parts of the Project for which it is responsible, their cost and, where appropriate, the benefits to be derived therefrom, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

(c) Upon the award by the Borrower of any contract for goods, works or services to be financed out of the proceeds of the Credit, the Association may publish a description thereof, the name and nationality of the party to whom the contract was awarded and the contract price.

(d) (i) Not later than December 31, 1986 or such other date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall, in cooperation with SGB, prepare
and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower, the Association and SGB of their respective obligations under the Development Credit Agreement and the Project Agreement and the accomplishment of the purposes of the Credit, all until that date; and (ii) the Borrower shall, thereafter, exchange views with the Association on this report in cooperation with SGB and prepare, in cooperation with SGB and in agreement with the Association, a plan for the further execution of the Project.

(e) Promptly after completion of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall, in cooperation with SGB, prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower, the Association and SGB of their respective obligations under the Development Credit Agreement and the Project Agreement and the accomplishment of the purposes of the Credit.

Section 3.06. The Borrower shall take, or cause to be taken, all such action as shall be necessary to acquire, as and when needed, all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Association, promptly after such acquisition, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

Section 3.07. The Borrower shall cause SPTC to enter, by June 30, 1984 (or such other date as the Association may agree), into an agreement with SGB and MOAI(I) acceptable to the Association providing for the tariffs which shall be applicable for the use of the facilities included in Part K of the Project until June 30, 1988. The Borrower shall not change or fail to enforce any provision of such agreement without the Association's consent.

Section 3.08. The Borrower shall, by June 30, 1984 (or such other date as the Association may agree), cause the Agricultural
Bank of Sudan to make available to the tenants of the Project Area the financing necessary for the purchase of about 75 tractors and associated implements.

ARTICLE IV

Other Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained separate accounts adequate to reflect in accordance with consistently maintained appropriate accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower (namely MOFEP, MOAI, ARC, BNHP, RWA, MOAI(I) and SPTC) responsible for carrying out certain Parts of the Project.

(b) Without limitation to the foregoing, the Borrower shall: (i) maintain or cause to be maintained separate accounts reflecting all expenditures on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure; (ii) retain, until one year after the Closing Date, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing the expenditures on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure; and (iii) enable the Association's representatives to examine such records.

(c) The Borrower shall: (i) have the accounts referred to in paragraphs (a) and (b) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association; (ii) furnish to the Association, no later than six months after the end of each such year, copies of the unaudited financial statements related to such accounts; (iii) furnish to the Association, as soon as available, but in any case not later than nine months after the end of each such year, a certified copy of the report of such audit by such auditors, of such scope and in such detail as the Association shall have reasonably requested, including without limitation to the foregoing, a separate opinion by said auditors in respect of the expenditures and records referred to in paragraph (b) of this Section as to whether the proceeds of the Credit withdrawn from the Credit Account on the basis of statements of expenditure have been used for the purpose for which they were provided; and (iv) furnish to the Association such other information concerning said accounts,
records and expenditures and the audit thereof as the Association shall from time to time reasonably request.

Section 4.02. (a) The Borrower shall, at all times, cause the facilities, machinery, equipment and other property included in the Parts of the Project for which it is responsible to be operated and maintained, and from time to time, promptly as needed, cause all necessary repairs and renewals thereof to be made, all in accordance with sound engineering, financial, administrative and agricultural practices.

(b) Without any limitation upon the generality of the foregoing:

(i) the Borrower shall, by June 30, 1985 (or such other date as the Association may agree), carry out the remedial works identified as being required for the proper maintenance of the Roseires dam during the 1982 inspection thereof and, to this end, the Borrower shall provide MOAI(I) with all necessary funds in a timely fashion; and

(ii) the Borrower shall, under arrangements satisfactory to the Association, cause the Sennar and Roseires dams (and their related structures) to be periodically inspected, in accordance with sound engineering practice, in order to determine whether there are any deficiencies in the condition of such structures, or in the quality and adequacy of maintenance or methods of operation of the same, which may endanger their safety; to this end, the Borrower shall, by December 31, 1983 (or such other date as the Association may agree), propose to the Association appropriate arrangements for the Association's review and comments and, upon receipt of the Association's comments, the Borrower shall promptly take all appropriate action to make such arrangements operative, taking into account the Association's comments.

Section 4.03. The Borrower shall, by December 31, 1983, (or such other date as the Association may agree), prepare and submit to the Association for its review and comments a ten-year program for its proposed investments in the irrigation sub-sector.
Section 4.04. The Borrower shall, until completion of the Project, set cotton and wheat price levels applicable to the producers of the Project Area by December 1 and November 1 of each year, respectively, the criteria to be taken into account for the setting of such levels to be acceptable to the Association and such levels to be set after consultations with the Association.

Section 4.05. The Borrower shall, until completion of the Project, set annually the levels of machinery hire applicable to the tenants of the Project Area on the basis of full recovery of costs.

Section 4.06. The Borrower shall, until completion of the Project, set by May 1 of each year the levels of water and land charges applicable to the tenants of the Project Area, the criteria to be taken into account for the setting of such levels to be acceptable to the Association and the levels to be set after consultations with the Association.

ARTICLE V

Remedies of the Association

Section 5.01. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified pursuant to paragraph (h) thereof:

(a) SGB shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that SGB will be able to perform its obligations under the Project Agreement.

(c) The Gezira Act shall have been reenacted, amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SGB to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SGB or for the suspension of its operations.
(e) (i) Subject to subparagraph (ii) of this paragraph:

(A) The right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(f) The Borrower shall have failed to receive, by December 31, 1983 (or such other date as the Association may agree), appropriate notification showing that all the conditions precedent (if any) to the disbursement of at least $23,400,000 equivalent (in addition to the $50,000,000 equivalent referred to in Section 6.01 (b) hereof) out of the grants and loans referred to in Part (B) of the Preamble hereto have been fulfilled.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified pursuant to paragraph (d) thereof:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower;

(b) any events specified in paragraphs (c) or (d) of Section 5.01 of this Agreement shall occur; and
(c) the event specified in paragraph (e) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of subparagraph (ii) of that paragraph.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Subsidiary Loan Agreement has been executed on behalf of the Borrower and SGB;

(b) the Association has received appropriate notification showing that all the conditions precedent (if any) to the disbursement of at least $50,000,000 equivalent out of the grants and loans referred to in Part (B) of the Preamble hereto have been fulfilled, save for the effectiveness hereof;

(c) the Association has received evidence satisfactory to the Association showing that RPMU has been staffed, as provided in Section 3.02 (b) (i) hereof;

(d) the Association has received evidence satisfactory to the Association showing that the transfer of the operation of minor canals, for at least one sub-division, thereof from SGB to MOAI (I) has been effected, as provided in Section 2.07 of the Project Agreement; and

(e) the draft law submitted to the Association prior to the date hereof promulgating amendments to the Gezira Act has been duly enacted, as provided under the laws of Sudan.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that:

(a) the Project Agreement has been duly authorized or ratified by SGB, and is legally binding upon SGB in accordance with its terms;
(b) the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and SGB and is legally binding upon the Borrower and SGB in accordance with its terms; and

(c) the draft law submitted to the Association prior to the date hereof promulgating amendments to the Gezira Act has been duly enacted, as provided under the laws of Sudan.

Section 6.03. The date November 9, 1983 is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Sections 4.02, 4.03, 4.04, 4.05 and 4.06 of this Agreement and the provisions of paragraphs (a) and (b) of Section 5.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty-two (22) years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance and Economic Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purpose of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance and
Economic Planning
P.O. Box 2092
Khartoum
The Democratic Republic of the Sudan

Cable address: EIMAR
Telex: 3324
Khartoum
For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INDEVAS
Telex: 440098 (ITT)
Washington, D.C.
248423 (RCA) or
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

THE DEMOCRATIC REPUBLIC OF THE SUDAN

By /s/ Omer S. Eissa
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Willi A. Wapenhaus
Regional Vice President
Eastern Africa
## SCHEDULE 1

**Withdrawal of the Proceeds of the Credit**

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Civil Works</td>
<td>8,750,000</td>
<td>100% of foreign expenditures and 35% of local expenditures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35% of local expenditures</td>
</tr>
<tr>
<td>(a) carried out under a contract</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) carried out under force account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Vehicles, equipment, machinery, materials and spare parts</td>
<td>44,470,000</td>
<td>100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 55% of local expenditures for other items locally procured</td>
</tr>
<tr>
<td>(3) Technical services</td>
<td>8,060,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) RPMU Expenses</td>
<td>1,860,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Credit Allocated (Expressed in SDR Equivalent)</td>
<td>% of Expenditures to be Financed</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------------------------------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>(5) Training</td>
<td>1,390,000</td>
<td></td>
</tr>
<tr>
<td>(a) overseas</td>
<td></td>
<td>100% of foreign expenditures</td>
</tr>
<tr>
<td>(b) local</td>
<td></td>
<td>40% of local expenditures</td>
</tr>
<tr>
<td>(6) Operation and maintenance</td>
<td>1,650,000</td>
<td>60% of local expenditures</td>
</tr>
<tr>
<td>(7) Refunding of Project Preparation Advance</td>
<td>560,000</td>
<td>Amount due under Section 2.02 (b) here-of</td>
</tr>
<tr>
<td>(9) Unallocated</td>
<td>7,460,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>74,200,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than the Borrower and for goods or services supplied from the territory of any country other than the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Disbursements under Categories 1 (b), (4), (5) (b) and (6) may be made on the basis of statements of expenditures which shall be in form, and contain information, satisfactory to the Association.
4. The disbursement percentages have been calculated in compliance with the policy of the Association that no proceeds of the Credit shall be disbursed on account of payments for taxes levied by, or in the territory of, the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof; to that end, if the amount of any such taxes levied on or in respect of any item to be financed out of the proceeds of the Credit decreases or increases, the Association may, by notice to the Borrower, increase or decrease the disbursement percentage then applicable to such item as required to be consistent with the aforementioned policy of the Association.

5. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

6. Notwithstanding the allocation of an amount of the Credit or the disbursement percentages set forth in the table in paragraph 1 above, if the Association has reasonably estimated that the amount of the Credit then allocated to any Category will be insufficient to finance the agreed percentage of all expenditures in that Category, the Association may, after consulting with the Borrower and by notice to the Borrower: (i) reallocate to such Category, to the extent required to meet the estimated shortfall, proceeds of the Credit which are then allocated to another Category and which in the opinion of the Association are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

7. If the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as, in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.
SCHEDULE 2

Description of the Project

The main objective of the Project is to raise crop yields and production in the Project Area over a five-year period; it consists of the following Parts:

Part A: Canal Regulators and Structures

Replacement by MOAI(I) of canal regulators and repairs to the canal structures, through the acquisition of inter alia roller sluice gates, steel pipes, regulator doors and water level gauges.

Part B: Canal Maintenance

Program by MOAI(I) of canal maintenance, through the acquisition of inter alia loaders, tipper lorries and elevating graders, the upgrading of the irrigation operation and maintenance organization of MOAI(I), and the overseas training of its staff.

Part C: Drainage Systems

Improvement by MOAI(I) of the drainage systems, through, inter alia, the excavation of silt in about 1,480 km of major drains, the excavation of about 190 km of main drains, the reconstruction of about 6,000 km of minor drains, the construction of 5 drainage pumping stations, the acquisition of mobile pumps, the construction of 2 syphons and the installation of about 600 road crossings along major drains.

Part D: Pumping Stations

Rehabilitation and improvement of pumps at, inter alia, the Wad Haddad East and West, Tambul, Hag Abdulla, Shawl 1 and 2, Rabaa, Gundal and Guneid pump stations and replacement of the existing Mezagila pumping station by an electrically driven pumping station, all to be carried out by MOAI(I).

Part E: Sennar Dam

Repair of gates, overhauling of cranes and upgrading of mechanical equipment and workshop facilities for the Sennar dam, all to be carried out by MOAI(I).
Part F: Agricultural Machinery

Improvement by SGB of its farm machinery through, inter alia, the acquisition of about 150 tractors and various farm implements.

Part G: Extension, Farmer Training and Research

(a) Agronomic research programs to be carried out by SGB and ARC at Al Gadid and Abdul Rahman, through, inter alia, the provision of about 12 tractors, implements and laboratory equipment.

(b) Introduction by SGB of a training and visit extension system in two of its field-extension groups of the Project Area, through, inter alia, the training of its staff (including overseas training of field inspectors), the construction and equipping of a SGB's training center at Barakat, and the provision of training and education equipment.

(c) Strengthening by SGB of its seed propagation department, through, inter alia, the provision of equipment, and overseas training for its staff.

Part H: Workshops and Fuel Supply

Upgrading and extension of SGB facilities and MOAI(I) workshops through, inter alia, the provision of equipment, spare parts, overseas training of SGB and MOAI(I) staff.

Part I: Motor Vehicles

Improvement of the supervision and delivery of services to farmers in the Project Area, through the provision of, inter alia, (i) light and four-wheel drive vehicles, buses, lorries, fuel tankers and fire lorries to SGB, (ii) light and four-wheel drive vehicles and lorries to MOAI(I), and (iii) lorries and light-mobile maintenance units to RWA.

Part J: Roads

Spot repairs and general maintenance by MOAI(I) on about 6,000 km of roads, and acquisition of road graders therefor.
Part K: Telecommunications

Installation by SPTC of three telephone exchanges and one multi-access rural telephone system with a capacity of about 1,500 lines and expansion of the existing telephone exchange at Barakat to about 1,000 lines.

Part L: Gezira Light Railway

Improvement of GLR operating capability in the Project Area, through, inter alia, (i) the acquisition of motorized and hand pump trolleys, elevating motor graders and handtools for corrective maintenance of tracks, (ii) the replacement of about 38 km of 12.4 kg/m track by 17.4 kg/m rails, (iii) the rehabilitation of the wagon fleet by replacing worn-out wagon running parts and providing 20 tanker wagons, and (iv) re-engining of 10 Hunslet McLaren locomotives.

Part M: Ginneries, Cotton Handling and Storage

(a) Mechanization by SGB of three existing labor intensive ginneries and fitting of these ginneries and the existing mechanized ginneries with pre-cleaning and humidification equipment, improvement of existing factory workshops and factory and yard infrastructure, and installation of two saw-gins and a seed dressing plant.

(b) Improvement by SGB of its existing storage and handling facilities, through, inter alia, the construction of hard surfaces and the provision of equipment for mechanical handling.

Part N: Schistosomiasis Program

Program by BNHP to combat schistosomiasis, through, inter alia, the provision of tablets to the farmers of the Project Area and focal mollusciciding for irrigation canals.

Part O: Rural Water Supply and Sanitation

Improvement and extension of the RWA's water supply systems through, inter alia, (i) the acquisition of pumps and storage tanks for about 60 wells, (ii) the rehabilitation of about 100 slow sand filter treatment plants in the Managil area, (iii) the construction and equipping with handpumps of about 145 borewells, (iv) the construction and equipping of four regional maintenance
workshops, (v) the provision of lorries and small mobile maintenance units, and (vi) the establishment of four slab manufacturing units at the RWA's regional maintenance workshops.

Part P: Staff Housing and Utilities

(a) Construction of (i) houses for SGB staff and (ii) houses for MOAI(I) staff.

(b) Provision of electricity, water supply and sanitation to existing staff housing of SGB and MOAI(I).

Part Q: Rehabilitation Project Management Unit

Establishment and operation of a rehabilitation Project management unit within MOAI.

Part R: Management Information System

Establishment and operation by SGB of a management information system.

Part S: Management and Training

Strengthening of the management, administration and training capability of SGB and MOAI(I), including the construction of training facilities.

Part T: Studies

(a) Studies by RPMU on, inter alia, the tenancy system, credit availability, marketing system, livestock development and agricultural machinery use in the Project Area.

(b) Study by MOFEP on the ways and means required to ensure the adequate and timely financing of the foreign exchange recurrent costs of the agricultural activities included in the Project.

* * *

The Project is expected to be completed by December 31, 1988.
SCHEDULE 3

Procurement

A. International Competitive Bidding

1. Except as provided in Part D hereof, goods and civil works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in the current edition (Edition of July 1980) of the "Guidelines for Procurement under World Bank Loans and IDA Credits" published by the Bank in March 1977 (hereinafter called the Guidelines), on the basis of international competitive bidding as described in Part A of the Guidelines.

2. For goods and works to be procured on the basis of international competitive bidding, in addition to the requirements of paragraph 1.2 of the Guidelines, the Borrower shall prepare and forward to the Association as soon as possible, and in any event not later than 60 days prior to the date of availability to the public of the first tender or prequalification documents relating thereto, as the case may be, a general procurement notice, in such form and detail and containing such information as the Association shall reasonably request; the Association will arrange for the publication of such notice in order to provide timely notification to prospective bidders of the opportunity to bid for the goods and works in question. The Borrower shall provide the necessary information to update such notice annually so long as any goods or works remain to be procured on the basis of international competitive bidding.

3. Contracts for vehicles, machinery, equipment and spare parts will be grouped into appropriate bidding packages in order to attract the interest of both smaller and larger manufacturers/suppliers.

4. For the purpose of evaluation and comparison of bids for the supply of goods to be procured on the basis of international competitive bidding: (i) bidders shall be required to state in their bid the c.i.f. (port of entry) price for the imported goods, or the ex-factory price or off-the-shelf price of other goods, offered in such bid; (ii) customs duties and other import taxes levied in connection with the importation, or the sales and similar taxes levied in connection with the sale or delivery, pursuant to the bid, of the goods shall not be taken into account.
in the evaluation of the bids; and (iii) the cost of inland freight and other expenditures incidental to the delivery of the goods to the place of their use or installation shall be included.

B. Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedure described in Part A of this Schedule, goods manufactured in Sudan may be granted a margin of preference in accordance with, and subject to, the following provisions:

1. All bidding documents for the procurement of goods shall clearly indicate any preference which will be granted, the information required to establish the eligibility of a bid for such preference and the following methods and stages that will be followed in the evaluation and comparison of bids.

2. After evaluation, responsive bids will be classified in one of the following three groups:

   (1) **Group A**: bids offering goods manufactured in Sudan if the bidder shall have established to the satisfaction of the Borrower and the Association that the manufacturing cost of such goods includes a value added in Sudan equal to at least 20% of the ex-factory bid price of such goods.

   (2) **Group B**: all other domestic bids.

   (3) **Group C**: bids offering any other goods.

3. In order to determine the lowest evaluated bid of each group, all evaluated bids in each group shall first be compared among themselves, without taking into account customs duties and other import taxes levied in connection with the importation, and sales and similar taxes levied in connection with the sale or delivery, pursuant to the bids, of the goods. Such lowest evaluated bids shall then be compared with each other, and if, as a result of this comparison, a bid from group A or group B is the lowest, it shall be selected for the award.

4. If, as a result of the comparison under paragraph 3 above, the lowest bid is a bid from group C, all group C bids shall be further compared with the lowest evaluated bid from
group A after adding to the evaluated bid price of the imported goods offered in each group C bid, for the purpose of this further comparison only, an amount equal to: (i) the amount of customs duties and other import taxes which a non-exempt importer would have to pay for the importation of the goods offered in such group C bid; or (ii) 15% of the c.i.f. bid price of such goods if said customs duties and taxes exceed 15% of such price. If the group A bid in such further comparison is the lowest, it shall be selected for the award; if not, the bid from group C which as a result of the comparison under paragraph 3 is the lowest evaluated bid shall be selected.

C. Preference for Domestic Contractors

With respect to the evaluation of bids for any contract for civil works included under Category (1) (a) of the table set forth in Schedule 1 to the Development Credit Agreement and to be procured in accordance with the procedures described in Part A of this Schedule, the Borrower may grant a margin of preference of 7-1/2% to domestic contractors, in accordance with, and subject to, the following provisions:

1. Contractors applying for such preference shall be asked to provide, as part of the data for qualification, such information, including details of ownership, as shall be required to determine whether, according to the classification established by the Borrower and accepted by the Association, a particular firm or group of firms qualifies for a domestic preference. The bidding documents shall clearly indicate the preference and the method that will be followed in the evaluation and comparison of bids to give effect to such preference.

2. After bids have been received and reviewed by the Borrower, responsive bids will be classified into the following groups:

(i) bids offered by domestic contractors eligible for preference; and

(ii) bids offered by other contractors.

For the purpose of evaluation and comparison of bids an amount equal to 7-1/2% of the bid amount shall be added to bids received under group (ii) above.
D. Other Procurement Procedures; Procurement without Contracting

(a) Annual requirements of spare parts for vehicles, machinery and equipment may be purchased directly from the manufacturer thereof or after obtaining quotations from at least two reputable manufacturers (if there is more than one reputable manufacturer), provided that the aggregate cost of the spare parts so acquired shall not exceed $6,300,000 equivalent.

(b) Medicines and molluscicides may be purchased through international shopping or purchased directly from one supplier (if there is only one reputable supplier), provided that the aggregate cost of the medicines and molluscicides so acquired shall not exceed $9,000,000 equivalent.

(c) Contracts for fertilizers and herbicides may be procured under local procedures acceptable to the Association, provided that the aggregate cost of contracts so awarded shall not exceed $200,000 equivalent.

(d) Goods, which come under contracts of less than $20,000 equivalent each, may be purchased off-the-shelf or through local shopping (after obtaining at least three quotations), provided that the aggregate cost of the goods so acquired shall not exceed $100,000 equivalent.

(e) Goods, which come under contracts of less than $100,000 equivalent each, may be procured under local procedures acceptable to the Association, provided that the aggregate cost of the contracts so awarded shall not exceed $1,000,000 equivalent.

(f) Contracts for civil works, included in the Parts of the Project other than Part 0 thereof and whose estimated individual cost is less than $500,000 equivalent, may be procured under local procedures acceptable to the Association, provided that the aggregate cost of the contracts so awarded shall not exceed $8,500,000 equivalent.

(g) Civil works included in Part 0 of the Project may be carried out under force account by RWA, and according to procedures acceptable to the Association, provided that the estimated cost of works so carried out shall not exceed $17,000,000 equivalent.
E. Review of Procurement Decisions by the Association

1. Review of invitations to bid and of proposed awards and final contracts:

With respect to all contracts for civil works and goods estimated to cost the equivalent of $500,000 or more:

(a) Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedures as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.

(b) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to which it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report, by the consultants referred to in Section 3.03 of this Agreement, on the evaluation and comparison of the bids received, together with the recommendations for award of the said consultants and such other information as the Association shall reasonably request. The Association shall, if it determines that the intended award would be inconsistent with the Guidelines or this Schedule, promptly inform the Borrower and state the reasons for such determination.

(c) The terms and conditions of the contract shall not, without the Association's concurrence, materially differ from those on which bids were asked or prequalification was invited.

(d) Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract.

2. With respect to each contract not governed by the preceding paragraph (except for contracts on account of which withdrawals are allowed from the Credit Account on the basis of statements of expenditures), the Borrower shall furnish to the Association,
promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids, recommendations for award and such other information as the Association shall reasonably request. The Association shall, if it determines that the award of the contract was not consistent with the Guidelines or this Schedule, promptly inform the Borrower and state the reasons for such determination.

3. Before agreeing to any material modification or waiver of the terms and conditions of a contract, or granting an extension of the stipulated time for performance of such contract, or issuing any change order under such contract (except in cases of extreme urgency) which would increase the cost of the contract by more than 20% of the original price, the Borrower shall inform the Association of the proposed modification, waiver, extension or change order and the reasons therefor. The Association, if it determines that the proposal would be inconsistent with the provisions of this Agreement, shall promptly inform the Borrower and state the reasons for its determination.
INTERNATIONAL DEVELOPMENT ASSOCIATION

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Development Association.

In witness whereof I have signed this Certificate and affixed the Seal of the Association thereunto the 9th day of August, 1983.

FOR SECRETARY