H.E. Ibrahim Ahmed Elbadawi  
Minister of Finance and Economic Planning  
Ministry of Finance and Economic Planning  
P.O. Box 298  
Khartoum  
Republic of Sudan

Re: Sustainable Livelihoods for Displaced and Vulnerable Communities in Eastern Sudan Project Phase II (Grant Number TF0A3002)  
Amendment No. 2 to the Grant Agreement

Your Excellency:

We refer to the Grant Agreement between the Republic of the Sudan ("Recipient") and the International Development Association ("World Bank"), acting as administrator of the State and Peace-Building Multi-Donor Trust Fund, effective as of November 29, 2016, regarding the Sustainable Livelihoods for Displaced and Vulnerable Communities in Eastern Sudan Project Phase II ("Agreement"). We also refer to your letter dated December 30, 2019 requesting modifications to the Agreement. Please note that the capitalized terms used in this letter ("Amendment Letter") and not defined herein have the meanings ascribed to them in the Agreement.

We are pleased to inform you that the World Bank proposes to amend the Agreement as follows:

1. Part IV in Section 2.01 of the Annex to the Agreement is hereby amended to add new subparagraph (d) to read as follows:

"(d) Youth Entrepreneurship: Supporting youth entrepreneurship opportunities in target Project locations, through, inter alia: (i) the provision of livelihoods subgrants to eligible youth to be used for financing viable business plans to cover initial investments or business expansion; and (ii) capacity building support to eligible youth to develop business proposals, improve technical capacity, and provide follow-up support."
2. Section 2.03(A) of the Annex to the Agreement is hereby amended to add a new subparagraph (v) to read as follows:

"(v) Without limitation upon Section 2.03(A)(ii) above, the PCU shall report to the MFEL activities to be implemented under Part IV of the Project, as further detailed in the Operations Manual.

3. Section 2.03(B)(iii) of the Annex to the Agreement is hereby amended to read as follows:

"(iii) **Livelihood Grants**

(a) The Recipient shall appraise, approve and monitor Subprojects under Part IV of the Project and administer the Subgrants in accordance with the provisions and procedures set forth or referred to in this Section, as further detailed in the Operations Manual.

(b) The Subprojects shall be carried out under Subgrant Agreements, each such agreement, on behalf of the Recipient, and the respective Beneficiary, and acknowledged by the relevant CDC and locality government, under terms and conditions described or referred to in more detail in the Operations Manual and satisfactory to the World Bank, which, *inter alia*, shall include the following:

(i) the description of the Subproject activities to be implemented under the respective Subgrant Agreement, including the outputs and performance targets to be achieved, the terms for repayment of the value received, and the arrangements for monitoring and reporting;

(ii) the modalities of transfer of Subgrants to the Beneficiary, which should include, *inter alia*, a requirement that the Subgrants are transferred to the Beneficiary only after a Subgrant Agreement between the Recipient and the Beneficiary, acknowledged by the relevant CDC and locality government, where applicable, and satisfactory to the World Bank, has been duly executed;

(iii) the obligation of the Beneficiary to: (a) carry out the specified activities with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, managerial practices, and the Anti-Corruption Guidelines; and (b) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the specified activities:
(iv) the requirement that the goods, works, non-consulting services and consultants' services to be financed from the proceeds of the Subgrant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the Operations Manual and provisions of Section 2.07 of the Annex to this Agreement, and shall be used exclusively in the carrying out of the specified activities; and

(v) the right of the Recipient, to: (a) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods, works, sites, plants and construction included in the specified activities, the operations thereof and any relevant records and documents; (b) obtain all information as it, or the World Bank, shall reasonably request regarding the administration, operation and financial conditions of specified activities; and (c) suspend or terminate the right of the Beneficiary to use the proceeds of the Subgrant upon failure by the Beneficiary to perform any of its obligations under the respective Subgrant Agreement.

(c) The Recipient shall exercise its rights under each Subgrant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Project, and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Subgrant Agreement or any substantial provision thereof."

4. All references to “shall cause MFEL” are hereby deleted throughout the Agreement.

5. The Appendix to the Agreement is hereby amendment to add a new definition in paragraph (5) to read as follows, and, consequently, paragraphs (5) through (21) are re-numbered as paragraphs (6) through (22):

“5. “Eligible Youth” means individual or group entrepreneurs who meet basic eligibility requirements, including age and financing limits and who propose feasible business ideas.”

6. Renumbered definitions in the Appendix to the Agreement are amended to read as follows:

“13. “PCU” means the Project Coordination Unit, established within the Recipient’s Ministry of Finance and Economic Planning, as referred to under Section 2.03 A(ii) of the Annex to this Agreement.”

“18. “Subgrants” means livelihood grants by the Recipient to a Beneficiary, to be made under part IV of the Project, in accordance with the provisions set forth in Section 2.03 B(ii) of the Annex to this Agreement and further detailed in the Operations Manual.”
All other provisions of the Agreement, except amended herein, shall remain in full force and effect.

Please confirm your agreement with the foregoing on behalf of the Recipient by signing, dating and returning to us the enclosed copy of this letter. Upon receipt by the World Bank of the copy of this Amendment Letter countersigned by your, this amendment will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Carolyn Turk
Country Director, Ethiopia, Eritrea, Sudan and South Sudan
Africa Region

AGREED:

REPUBLIC OF SUDAN

By

H.E. Ibrahim Ahmed Elbadawi
Minister of Finance and Economic Planning
Ministry of Finance and Economic Planning

Date: 8 March 2020