

**CONFORMED COPY**

**MDTF-NS GRANT NUMBER TF097683**

# **Multi-Donor Trust Fund for the Sudan**

## **Grant Agreement**

**(Additional Financing for Blue Nile State Start-up Emergency Project)**

**between**

**REPUBLIC OF THE SUDAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**(acting as administrator of Multi-Donor Trust Fund for the Sudan)**

AGREEMENT dated August 30, 2010, entered into between: REPUBLIC OF THE SUDAN (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for the Sudan (“MDTF-NS”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

The Recipient and the World Bank hereby agree as follows:

**Article I**  
**Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.
- 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 cause the Project to be carried out by state of Blue Nile (“Project Implementing Entity”) in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time (“Project Agreement”).
- 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 three million United States Dollars (USD 3,000,000) (“Grant”) for the purpose of providing additional financing for activities related to the Original Project as described in the Annex (“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 abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

**Article IV**  
**Additional Remedies**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement.
  - (b) The Project Implementing Entity has failed to perform any obligation under the Project Agreement.
  - (c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement.
  - (d) The World Bank has determined after the Effective Date that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the

Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

**Article V**  
**Effectiveness; Termination**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.
  - (b) The Project Agreement has been executed on behalf of the Project Implementing Entity.
  - (c) The Recipient has adopted the ESMF in the manner and substance satisfactory to the World Bank.
- 5.02 Except as the Recipient the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient and the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.03 Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**  
**RECIPIENT'S REPRESENTATIVE; ADDRESSES**

- 6.01. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is the Minister responsible for finance.

6.02. The Recipient's Address is:

Ministry of Finance and National Economy  
Government of National Unity  
Khartoum  
Republic of the Sudan

6.03. The World Bank's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at August 30, 2010, as of the day and year first above written.

## **REPUBLIC OF THE SUDAN**

**By /s/ Mr. Mustafa Yousif Holi**  
**Authorized Representative**

Mr. Mustafa Yousif Holi  
Acting Undersecretary,  
Ministry of Finance and National Economy, Government of the National Unity  
Date: August 30, 2010

## **INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Alassane Sow**  
**Authorized Representative**

Alassane Sow  
Country Manager for Sudan  
Date: August 30, 2010

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are: (a) to assist the Recipient, through the Project Implementing Entity, provide basic services and facilities to conflict-affected residents of state of Blue Nile; and, (b) to help build the capacity of the government of Blue Nile state to enable it to execute its mandate more effectively, especially at the local level. The Project consists of the following four parts:

#### **Part 1. Livelihood Support**

(a) Provision of agricultural equipment, improve seeds and storage.

#### **Part 2. Support to Artisanal Fishing**

(a) Support to artisanal fishing through provision of goods (such as fishing boats and nets) and Training on better fishing practices to fishers and their unions, provision of Training to artisan and craftsmen involving in making fishing boats and nets, and provision of Training on better fish processing techniques to fish processing associations.

(b) Enhancing infrastructure for artisanal fishing and fish marketing through carrying out works to establish an ice-making factory at Damazin, a fisheries service center and a cooling chamber for fish storage.

#### **Part 3. Policy, Institutional and Capacity Building**

(a) Carrying out a program of activities to build the capacity of Blue Nile state to develop, manage and sustain fisheries resources such program to include developing a comprehensive plan for fisheries in Blue Nile state and institutional study of the Blue Nile state's fisheries department.

(b) Carrying out a program of activities to build and enhance the capacity of fishers' cooperative entities such program to include such activities as provision of office equipment and provision of Training and service to enhance operations and management of such entities, Training in improved methods of fishing to fishers, fisheries specialists and leaders of fishers' cooperative entities.

#### **Part 4. Project Coordination Unit**

(a) Carrying out of Project coordination and management, including technical and financial management, procurement, audits, and monitoring and evaluation, and provision of goods, services and Operating Costs required for the purpose.

## SCHEDULE 2

### Project Execution

#### **Section I. Institutional and Other Arrangements**

##### **A. Subsidiary Agreement**

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity under a subsidiary agreement (“Subsidiary Agreement”) between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank.
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

##### **B. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in Section II of the Appendix to this Agreement.

##### **C. Safeguards**

The Recipient shall: (i) not later than six months after effectiveness of this Agreement, 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 guidelines, procedures, timetable and other specifications set forth in the ESMF; (iii) not amend, abrogate, suspend or waive the ESMF without the prior written agreement of the World Bank.

#### **Section II. Project Monitoring, Reporting and Evaluation**

##### **A. Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and shall cause the Project Implementing Entity to prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with 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.

2. The Recipient shall cause the Project Implementing Entity to 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.

**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. Without limitation on the provisions of Part A of this Section, the Recipient shall ensure that interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank 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.
3. The Recipient shall cause the Project Implementing Entity to have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Project Implementing Entity, commencing with the fiscal year in which the first withdrawal was made. 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.

**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 100% of Eligible Expenditures consisting of Goods, Works, services, Operating Costs and Training.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement.



- (b) for any payment for Taxes levied by or in the territory of the Member Country in respect of goods, works, services; or
- 2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2011.

## APPENDIX

### Section I. Definitions.

1. “Environmental Management Plan” or “EMP” means an environmental management plan, acceptable to the World Bank, prepared in accordance with the ESMF and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the ESMF, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such EMP may be amended from time to time with the prior written agreement of the World Bank.
2. “Displaced 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.
3. “ESMF” means the environmental and social management 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 and plans to reduce, mitigate or offset adverse environmental and social impacts and enhance positive impacts of Project, referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the World Bank.
4. “Operating Costs” means the incremental expenses incurred in relation to the implementation, management and monitoring of the Project, including office supplies, transportation, travel, communications, vehicle and equipment operation, but excluding salaries of the Recipient’s civil service.
5. “Original Grant Agreement” means the grant agreement for Blue Nile State Start-up Emergency project between the Recipient and the Association, acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for the Sudan dated December 3, 2007, as amended to the date of this Agreement (TF Grant No. TF091060).
6. “Original Project” means the project described in the Original Grant Agreement.

7. "Procurement Plan" means the Recipient's procurement plan dated 06/22/2010 covering the initial 18-months period (or longer) of the implementation of the Project, as the same shall be updated from time to time, to cover succeeding 18-months periods (or longer) of the implementation of the Project.
8. "Project Implementation Manual" means the project implementation manual referred to in Section II.A of the Schedule to the Project Agreement, as the same may be amended from time to time with the prior written agreement of the World Bank.
9. "Resettlement Action Plan" or "RAP" means a resettlement action plan acceptable to the World Bank and consistent with the ESMF, adopted for the purposes of the Project, and giving details of the specific actions, measures and policies required to provide compensation, rehabilitation and resettlement assistance to Displaced Persons, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such RAP may be amended from time to time with the prior written agreement of the World Bank.
10. "Training" means the training of persons under the Project carried out in accordance with the annual work plan approved by the World Bank, such term to include travel and subsistence of participants of seminars and workshops, rental of training facilities, services of trainers and presenters, preparation and reproduction of training materials, and other costs directly related to preparation and implementation of training programs.

**Section II.** The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:

“(a) sanction in accordance with prevailing Bank's sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-

financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”