

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS**CONFORMED COPY**

February 4, 2011

H.E. David Deng Athorbei
Minister of Finance and Economic Planning
Government of Southern Sudan (GoSS)
Juba, The Sudan

The Sudan: MDTF – SS Grant No. TF096243
Additional Financing for Umbrella Program for Health Systems Development (Phase II)

Excellency:

In response to the request for financial assistance made on behalf of the Government of Southern Sudan (“Recipient” or “GoSS”), I am pleased to inform you that that the International Development Association (“World Bank”), acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for Southern Sudan (“MDTF-SS”), proposes to extend to the Recipient for the benefit of the Sudan (“Member Country”), a grant in an amount not to exceed seven million United States Dollars (USD 7,000,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached annex (“Annex”) for the purpose of providing additional financing for activities related to the Original Project as described in the Annex (“Project”).

This 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 (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ian Bannon
Acting Country Director for the Sudan

AGREED:

By /s/ David Deng Athorbei
Authorized Representative

H.E. David Deng Athorbei
Minister of Finance and Economic Planning

Date: February 23, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds,
dated July 1, 2008

Article I

Standard Conditions; Definitions

1.01. *Standard Conditions.* The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 1, 2008 (“Standard Conditions”), with the modifications set forth in Section II of this Appendix, constitute an integral part of this Agreement.

1.02. *Definitions.* Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II

Project Execution

2.01. *Project Objectives and Description.* The objectives of the Project are: (i) improve the delivery of BPHS; and (ii) to strengthen key stewardship functions of the MOH, including coordination of health sector activities, supervision, monitoring, evaluation, financing and resource mobilization. The Project consists of the following parts of the Original Project:

Part A. Development of core health system

(1) Support of the pharmaceutical management, supply and distribution system: (i) Support for the development of a pharmaceutical management capacity, supply and distribution chain in the MOH; and (ii) Support the MOH in the procurement and the distribution of drugs.

2.02. *Project Execution Generally.* The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. *Institutional and Other Arrangements.*

(a) Project Implementation Manual. (i) The Recipient shall carry out the Project in accordance with the Project Implementation Manual. (ii) Except as the World Bank shall otherwise agree, no amendment or waiver of any provision of the Project Implementation Manual shall be made, without the prior written approval of the World Bank. In the event of any conflict between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall govern.

(b) Project Management. The Recipient shall maintain at all times during Project implementation a Project Management Team with staff, terms of reference and resources acceptable to the World Bank, to be responsible for implementation, management and coordination of the Project.

(c) **Safeguards.** The Recipient shall ensure that the activities are implemented in accordance with the Medical Waste Management Plan.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Member Country's territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following: (i) percentage of children 12 to 23 months old who received measles before the age of 12 months; (ii) percentage of births attended in a health facility; (iii) Percentage of children under 5 sleeping under insecticide treated nets the night before the survey; and (iv) percentage of health facilities submitting health management information system monthly reports within one month of the reporting month.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The Recipient shall ensure that the audited Financial Statements for each such period shall be: (i) furnished to the World Bank not later than six months after the end of such period the date of the World Bank's request; and (ii) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

2.07. ***Procurement***

(a) General. All goods and 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:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, 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 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of 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.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan: (A) Limited International Bidding; (B) National Competitive Bidding; (C) Shopping; (D) Direct Contracting;

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the 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; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

(e) 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.

**Article III
Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, and Consultants’ services, Training and Operation Costs under the Project	7,000,000	100%
TOTAL AMOUNT	7,000,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2011.

**Article IV
Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister at the time responsible for finance.

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

Minister of Finance and Economic Planning
Juba, The Sudan

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INDEVAS

248423 (MCI) or

1-202-477-6391

Washington, D.C.

64145 (MCI)

APPENDIX

Section I. Definitions

1. “**Anti-Corruption Guidelines**” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix.
2. “**BPHS**” means the Basic Package Health Services as defined by the MOH to include, inter alia: (i) integrated management of childhood diseases; (ii) maternal interventions including emergency obstetrical assistance and family planning services, and (iii) interventions to address HIV/AIDS, tuberculosis, malaria, and other priority diseases.
3. “**Consultant Guidelines**” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
4. “**Fiscal Year**” means the fiscal year of the Recipient which commences on January 1 and ends on December 31.
5. “**Medical Waste Management Plan**” means the plan for the management of hazardous health care /medical waste under the Project prepared and adopted by the Recipient under the Original Project, as such plan may be updated with the prior written approval of the World Bank.
6. “**MOFEP**” means the Recipient’s ministry responsible for finance and any successor thereto.
7. “**MOH**” means the Recipient’s ministry responsible for health and any successor thereto.
8. “**Original Grant Agreement**” means the grant agreement for South Sudan Umbrella Program for Health System Development Phase II Project between the Recipient and the Association, acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for Southern Sudan dated February 20, 2010 (TF Grant No. TF096243).
9. “**Operating Costs**”: means reasonable recurrent Project expenditures, based on an annual budget previously approved by IDA, that would not have been incurred by the Recipient absent the Project, including: (i) office equipment and supplies; (ii) office utilities; (iii) office rental expenses; (iv) Project’s vehicles maintenance costs, fuel and spare parts; (v) travel expenses and per-diems for official Project staff (excluding salaries of Recipient’s government staff); and (vi) operation and maintenance of office equipment, financed with proceeds of the Grant , all needed for the supervision of the Project.
10. “**Original Project**” means the project described in the Original Grant Agreement.
11. “**Procurement Guidelines**” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.

12. “**Program**” means the Umbrella Program for Health System Development as described in the cover sheet of attached phase II proposal, adopted and approved on December 16, 2009 by the Oversight Committee.
13. “**Procurement Plan**” means the Recipient’s procurement plan for the Project, dated April 20, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 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 dated April 20, 2010 adopted by the Recipient and setting out details of all procedures, guidelines, timetables and criteria, including administrative, financial, technical and organizational arrangements and procedures, as shall be required for the Project, as the same may be amended from time to time with the prior written agreement of the World Bank, and such term includes any schedules to the Project Operational Manual.
15. “**Training**” means reasonable expenditures, based on an annual budget previously approved by the World Bank, (other than those for consultants’ services) incurred by the Recipient, to finance transportation costs and per diem of trainers and trainees, workshops, rental of training facilities and acquisition of training equipment and material needed for the implementation and supervision of the Project.

Section II. Modifications to the Standard Conditions

The modifications to the Standard Conditions are as follows:

1. The provisions of Section 4.02 (c) of the Standard Conditions are deleted in their entirety.
2. The provisions of Section 4.02 (j) of the Standard Conditions are modified to read as follows:

... (j) *Ineligibility*. IBRD or IDA has declared the Recipient (other than the Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is 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 Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Section III. Modifications to the Anti-Corruption Guidelines

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.”