No. 30072

DENMARK
and
SUDAN

Agreement for financing the implementation of a consolidation phase for rehabilitation of water yards in Sudan (with annex). Signed at Copenhagen on 28 August 1992

Authentic text: English.

Registered by Denmark on 1 June 1993.

DANEMARK
et
SOUDAN

Accord en vue de financer l'exécution de la phase de consolidation pour la réhabilitation des vergues d'eau au Soudan (avec annexe). Signé à Copenhague le 28 août 1992

Texte authentique : anglais.

Enregistré par le Danemark le 1er juin 1993.

AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SUDAN AND THE GOVERNMENT OF THE KINGDOM OF DENMARK FOR FINANCING THE IMPLEMENTATION OF A CONSOLIDATION PHASE FOR REHABILITATION OF WATER YARDS IN SUDAN

THIS AGREEMENT is made this .28th day of ..August..... 1992 between Government of THE REPUBLIC OF SUDAN (hereinafter referred to ad "the Government of Sudan") of the one part; and

The Government of THE KINGDOM OF DENMARK (hereinafter referred to as "the Government of Denmark" of the other part;

WHEREAS

the Government of Denmark is willing to support on a grant basis the implementation of a Consolidation Phase for Rehabilitation of Water Yards in Sudan as described in the Project Appraisal report of June 1992; and

WHEREAS

The Government of Denmark and the Government of Sudan have agreed on technical cooperation in accordance with the present exchange of notes dated 31 July, 1983:

NOW THEREFORE it is agreed as follows;

Article 1

Definitions

For the purpose of this Agreement, unless otherwise stated, the terms listed below mean the following:

a) "Competent Authorities" means, in the case of the Government of Denmark, the Ministry of Foreign Affairs, (Danida), and in the case of the Government of Sudan, the Ministry of Finance and Economic Planning, or, for both parties, any other authority empowered to perform the functions presently exercised by the said authorities.

b) NRWC - Abbreviation for National Rural Water Corporation.

c) "The Consultant" means Water & Power Planners A/S, Kemp & Lauritzen A/S, and Burmeister & Wain Scandinavian Contractor A/S, in consortium.

[1] Came into force on 28 August 1992 by signature, in accordance with article 18.

Article 2

Objectives of the Project

The overall development objectives to which the project is related are:

Improved living conditions for rural communities in Northern and Central Regions through well functioning water yards.

The immediate objectives of the project are:

- An efficiently working Rehabilitation Department of NRWC.
- The availability to NRWC of spare parts of Danish origin, i.e. Bukh and Grundfos parts.
- Transfer of know-how to the Rehabilitation Department of NRWC at all levels, i.e. management, technical and administrative.

Article 3

Outputs of the Project

- Educated staff at management -, technical - and administrative level in the Rehabilitation Department, in the workshop in Wad Medani, and in the field teams rehabilitating the water yards.
- 2-3 technicians from each existing Maintenance Centre in the Central and Northern Regions trained in rehabilitation activities in the workshop in Wad Medani as well as in the field, for later performance in their respective Maintenance Centre.
- Establishment of a procurement system for Bukh and Grundfos parts enabling NRWC to handle the procurement themselves at the end of the two years' period.
- NRWC Rehabilitation Department's capability increased to rehabilitate additional 75 water yards per year, provided the financial means are available - from a functioning Water Tariff system or from other budget allocations.
- Water yard operators trained in service and preventive maintenance of the equipment of each of the water yards rehabilitated during the "Consolidation Phase".

Article 4

Project Implementation

In accordance with the Project Document[1] annexed to this agreement the implementation of the project will be the responsibility of NRWC and the Consultant.

[1] The Project document does not constitute an integral part of the Agreement (information supplied by the Government of Denmark).

NRWC and the Consultant shall present an Annual Plan of action for the first year of the consolidation phase not later than 1st December 1992, and for the second year not later than 1st September 1993.

Article 5

Items to be Provided by the Government of the Sudan

Under this Agreement, the Government of the Sudan shall provide:

- All local salaries and allowances for NRWC staff.
- Funds for payment of all taxes and duties which might be levied on imported equipment and materials, or exemptions from such taxes, duties or levies.
- Workshop and storage facilities and offices at Wad Medani at no costs.
- All machines and tools provided for the workshop in Wad Medani as well as vehicles, office equipment and any other item inherited from phase 1 "Rehabilitation of 150 water yards in the Sudan".
- Funds for payment of all other expenses required for the establishment and operation of the project, which are not mentioned as items to be provided by the Government of Denmark.
- Directives concerning the Water Tariff and budgets for the Rehabilitation Department of the NRWC allowing the latter to perform rehabilitation of 75 water yards per year including importation of Bukh and Grundfos parts at the expiration of the Danish financed Project period.
- Provision of the necessary amount of diesel (costs to be borne by the Government of Denmark).

Article 6

Items to be Provided by the Government of Denmark

The Government of Denmark will provide the following for the effective implementation of the project:

		DKK (mill.)
1)	Employment of Danish Consultants	7.2
2)	Spareparts and Equipment	11.0
3)	Reimbursables	6.0
4)	Contingencies (10%)	2.4
	Total	26.6

Any proposal for additional components or for the reallocation between components shall be subject to approval by both parties.

Equipment, etc. will be purchased by the consulting company and paid for directly by Danida.

The Government of Denmark will enter into a contract with Water & Power Planners A/S, Kemp & Lauritzen A/S, and Burmeister & Wain Scandinavian Contractor A/S in consortium from funds included above to cover:

- Employment, including salaries, insurance and travel of one assistant project manager, one assistant field manager, and one assistant workshop manager to be posted to Sudan as well as head office support services.

Article 7

General Obligations

Sustainable water supply systems, including cost effective and cost recovery options, constitute important policy issues of the socio-economic reform process of the Sudan. To improve input supplies and revenue collection it is accepted by the Government of the Sudan that informal community organized committees will be allowed to assist NRWC in the supply of fuel and lubricants, maintenance, and in collection of water charges, etc.

Article 8

Shipment

All shipments of capital goods covered by this Agreement will be in keeping with the principle of free circulation on ships in international trade in free and fair competition.

Article 9

Importation, Import Taxes and Other Public Charges

The Government of the Sudan shall secure a timely importation and clearance through customs of goods covered by this Agreement.

The Danish grant shall not be used for payment of any import duty, tax, national or other public charge such as import surcharges, duties to compensate for domestic excise taxes, charges or deposits in connection with the issuance of payments, licences or import licences for all equipment, materials, supplies and spare parts supplied by Denmark to the activities agreed upon, whether imported or purchased within Sudan.

Article 10

Status of Expatriate Personnel

1. The technical assistance provided through the Danish consulting company will be regulated by the Agreement on technical

cooperation dated 31st July 1983[1] with the following amendments:

a) House rent will be paid out of project funds (included in article 6).

b) Travelling costs and subsistence allowance in Sudan will be paid out of project funds (included in article 6).

c) The term "personal effects" shall additionally include for each household:
One washing machine, one vacuum cleaner, one cooker, one compact disc player, one personal computer with printer, one video set, and one video camera.

2. The Government of the Sudan shall issue free multiple entry and exit visa for the officers and their families, work permits and residence permits for the officers and for the families of the officers.

3. The Government of the Sudan shall allow every officer to operate an external account. Regarding the repatriation of sale proceeds of the officers' motor vehicles, the officers shall apply separately to the Bank of Sudan and their applications will be dealt with in accordance with the foreign exchange control regulations prevailing at the time of their departure.

Article 11

Project Organization and Coordination

The project will be implemented by a project organization similar to the one responsible for the implementation of phase 1, but with NRWC as overall responsible for implementation and the Consultant in an advisory role. The Steering Committee formed during phase 1 also continues.

The strategy for the consolidation phase is to continue the transfer of know-how to NRWC by means of intensified training. Training will take place not only on the technical level, but also at managerial level, including help to the procurement service in NRWC.

It must be noted, however, that it is still Danida, represented by the Consultant who, in accordance with the results of field surveys, takes the final decision about which water yards to rehabilitate. This to ensure that the villages most in need will benefit from the Danish grant.

[1] United Nations, *Treaty Series*, vol. 1717, No. I-29866.

Article 12

Information, Monitoring and Evaluation

1. The parties shall collaborate fully to ensure that the purposes of this Agreement be accomplished. To that end the Parties shall exchange views with regard to matters relating to the project and provide each other with all such information as can reasonably be requested with regard to the matters in question. Joint Danish-Sudanese project reviews shall be carried out at the request of either party.

2. Danida shall have the right to carry out any technical or financial mission that it considers necessary to follow the execution of the project. To facilitate the work of the person or persons instructed to carry out such a monitoring mission, the Government of the Sudan shall provide all relevant assistance, information, and documentation.

3. Evaluation of the project, preferably undertaken jointly by Danida and the Government of the Sudan, may be carried out at the request of either party.

4. Danida shall have the right to carry out monitoring and evaluation according to this article after the termination of the project.

Article 13

Reporting and Project Reviews

The following procedure will be used for reporting and monitoring of the project:

a) The project manager shall submit monthly progress reports and Minutes from monthly meetings to NRWC, local authorities and the Steering Committee.

b) NRWC shall submit quarterly progress reports to Danida containing financial and physical status.

c) The reporting system employed during phase 1 shall continue.

d) At the completion of the project, the NRWC and the Consultant will prepare a Project Completion Report in accordance with Danida's guidelines.

Article 14

Project Duration

The project will have a duration of 24 months. The estimated starting date is 1st September 1992.

Article 15

Transfer of Ownership

Items provided by the Government of Denmark shall remain the property of the project for the duration of the project period, unless the Parties agree otherwise. On the event that a third phase of the project will materialize such items shall remain the property of the project during phase 3.

Article 16

Prerequisites

1. It is a pre-condition for rehabilitation of a wateryard that the community undertakes to rehabilitate the distribution network where necessary in order to reduce waste.

2. It is a pre-condition that the Government of Sudan implements the water tariff introduced July 1st 1990 and revised October 1st 1991, thus ensuring clearly defined procedures for collection of the water tariff, for the proportion to remain with the collage committees and the various levels of NRWC, and for the purposes for which the money can be spent at the various levels.

3. It is a pre-condition that the Government of Sudan maintains trained personnel in key-positions in a number of years after completion of the project to establish a technical sustainable maintenance system.

4. It is a pre-condition that only water yards with Danish diesel engines and/or pumps will be part of the rehabilitation programme, and that such yards have competent wateryard operators.

5. It is a pre-condition that the Government of Sudan allows importation of spareparts of Danish origin.

Article 17

Accounting Procedures and Audit

1. Within 6 months after the expiry of the fiscal year of the Government of the Sudan, audited accounts shall be submitted to Danida in accordance with the provisions of Annex 2 to this Agreement.

2. Representatives of the Auditor General of Denmark shall have the right to carry out any audit or inspection considered necessary as regards the use of the Danish funds in question, on the basis of all relevant documentation.

Article 18

Entry into force

This agreement shall enter into force on the date of the signatures.

Article 19

Termination

This agreement shall remain in force until termination of the project on 31st August 1994.

The parties may terminate the project by agreement through an exchange of notes or unilaterally by a notice of termination. Such notice will come into effect 6 months after having been received by the other party.

Article 20

Notices

Any communication or notice required to be given under this Agreement shall be addressed to:

In case of the Government of Sudan

The Embassy of Sudan
Drottninggatan 81 A
Box 45081
104 30 Stockholm
Sweden

In case of the Government of Denmark

Danish Ministry of Foreign Affairs
Asiatisk Plads 2
1448 Copenhagen K
Denmark

IN WITNESS WHEREOF the authorised representatives of the parties hereto have signed this Agreement in duplicate, both texts being equally authentic, on the date and year first mentioned above.

For and on behalf of the Government
of the Republic of Sudan:

[*Signed — Signé*[1]]

For and on behalf of the Government
of the Kingdom of Denmark:

[*Signed — Signé*[2]]

[1] Signed by Mohamed Zein Elabdeen — Signé par Mohamed Zein Elabdeen.
[2] Signed by Birger Riis-Jørgensen — Signé par Birger Riis-Jørgensen.

[ANNEX 2]

Royal Danish Ministry
of Foreign Affairs

File: 104.Dan.6/5

General Guidelines for Accounting, Documentation, Auditing, Reporting, etc. for Recipients of Danish Bilateral Development Assistance

Section 1 - Scope

The present general guidelines for accounting, documentation, auditing, reporting, etc. apply to central and local authorities, official and semi-official institutions and other in developing countries, that receive, on a bilateral basis, official grants from Denmark for the financing of development projects or similar development-oriented activities.

These guidelines cover grant assistance, consisting of contributions for full or partial financing of described activities, to which Denmark and the recipient country have agreed, through government agreements, by exchange of notes, or by other procedures.

Section 2 - The Grant and its Payment

The amount of the Danish grant, its designated use and the expected period of disbursement are specified in the agreement. The agreement includes also as a rule a budget divided into major items, and a timetable for the disbursement of the Danish grant.

Payment of a Danida grant in accordance with an existing agreement is effected on the basis of a request addressed to the Danish authorities by the Ministry of Finance or other competent central authority of the recipient country. The request for payment of the grant must state the bank account

to which the grant is to be transferred. Immediately after receiving the transfer, the recipient country shall forward a receipt, giving the value of the transfer in its own currency to the Danish authorities.

The Danish authorities shall have the right to withhold payment of an instalment on the grant until the authorities of the recipient country have submitted sufficient documentation that previously paid instalments have been spent in accordance with the agreement. Such documentation may also be required where payment is requested before the date specified in the agreement.

Unused grants shall be repaid the Danish government or, after prior agreement with the Danish authorities, be credited against subsequent grants that may be authorized under any future extension of the agreement.

Spending in excess of the allocated budget for activities - also when the excess spending has been caused by increases in costs - only concern the Danish government if provisions for this have been explicitly agreed upon in advance.

Section 3 - Application of the Grant and Reporting Procedures

The Danish grant shall be spent solely on the objectives specified in the agreement. The authorities of the recipient country are expected to do what is within their power to ensure maximum adherence to the time-tables set for the implementation of activities and to see to it that the grant is spent in accordance with the accepted budgets.

Major budget shifts or reallocations of the grant can be made only after prior agreement with the Danish authorities.

It is the responsibility of the authorities of the recipient country to open negotiations with the Danish authorities

where changes in activities, not envisaged by the provisions of the agreement, prove necessary. This is also the case where a delay occurs in the envisaged progress of activities, or where any other essential changes occur in the original conditions of the grant.

Once a year, or at the frequency specified in the agreement, the authorities of the recipient country must report on the over-all progress of activities. These reports shall include facts and figures on the results achieved. Where activities include building or other construction projects the authorities of the recipient country will normally be required to forward building certificates at regular intervals to the Danish authorities. This procedure is usually a requirement for payment of grant instalments, cf. Section 2.

When activities have been completed or an agreement has expired, it is the responsibility of the authorities of the recipient country to discuss with the Danish authorities the procedure for and scope of the final report which is to be filed along with the accounts.

The Danish assistance authorities are entitled (a) to request from the authorities of the recipient country all relevant information which has a bearing on the implementation and progress of activities, and (b) to carry out inspection at any time during the period covered by the agreement.

Section 4 - Accounting

It is the responsibility of the authorities of the recipient country to see to it that the use of the Danish grant is appropriately accounted for. The Danish authorities thus normally expect that

- the Danish grant be entered into the accounts as income

- expenditures be specified in the accounts with at least the same amount of detail as in the budget for activities

- accounts at all times show proof of the existence of transfer, although as yet unused, portions of the Danish grant

- a list be kept of major Danish financed purchases of equipment and fixtures

- accounts (and inventory lists, if any) be signed by the authority responsible for the activities as well by the auditors, cf. Section 5

Once a year, with the frequency specified in the agreement, the recipient country authority shall submit accounts in respect of implemented activities. The rendering of the accounts may follow the fiscal year of the recipient country, and they should under all circumstances not be submitted later than six months after expiry of the fiscal year under the review.

Where warranted the Danish authorities may request separate, itemized accounts for individual activities which are part of the agreement (as, for example, for building and construction projects.)

As far as possible within six months after the completion of activities or after the expire of the agreement, the authorities of the recipient country are responsible for submitting the final accounts. These accounts must show a final balance for the total grant paid out in accordance with the agreement. Any balance in the favour of Denmark must at the same time be repaid to the Danish authorities, cf. Section 2.

Where the agreement at its expiry provides for a de facto transfer of equipment, fixtures or buildings constructed, which have been paid for out of the funds of the Danish grant, the two Parties are required to prepare a specified list of the items and their value. This list shall be included in the transfer documents.

Section 5 - Audit

All accounts rendered by the authorities of the recipient country shall be appropriately audited. The audit must be completed either by the competent central authority of the recipient country or by a certified public accountant.

The audit of the accounts shall appear as an endorsement of audit on the accounts, accompanied by the comments in the auditor's records, if any.

The authorities of the recipient country shall assist as necessary the Danish auditors whenever the latter during the period covered by the agreement in the recipient country. By agreement with the authorities of the recipient country, the Danish auditors shall be allowed to study report, accounts, inventory lists, and other pertinent material in terms of the agreement and the guidelines outlined here.