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SUDAN MULTI DONOR TRUST FUNDS FIRST PROGRESS REPORT

Reporting Period
July 1 - December 31, 2005



February 26, 2006

**Multi Donor Trust Fund - National
Technical Secretariat
The World Bank
Khartoum, Sudan**

**Multi Donor Trust Fund - Southern Sudan
Technical Secretariat
The World Bank
Juba, Sudan**

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ABBREVIATIONS AND ACRONYMS

CBTF	Capacity Building Trust Fund
CDF	Community Development Fund
CPA	Comprehensive Peace Agreement
CY	Calendar Year
DDR	Demobilization, Disarmament, and Reintegration
EC	European Commission
FPP	Final Project Proposal
GA	Grant Agreement
GONU	Sudan Government of National Unity (former Government of Sudan)
GOS	Government of Sudan
GOSS	Government of South Sudan
IDA	International Development Association
IDP	Internally Displaced People
IMF	International Monetary Fund
IPP	Initial Project Proposal
IT	Information Technology
IOC	Interim Oversight Committee
JAM	Joint Assessment Mission
JNTT	Joint National Transition Team
KfW	Kreditanstalt fuer Wiederaufbau
LICUS	Low Income Countries Under Stress
MA	Monitoring Agent
MDGs	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
MDTF – N	Multi-Donor Trust Fund - National
MDTF – S	Multi-Donor Trust Fund - South
MIC	Ministry for International Cooperation (GONU)
MOFEP	Ministry of Finance and Economic Planning (GOSS)
MOFNE	Ministry of Finance and National Economy (GONU)
NGO	Non-Governmental Organization
OC	Oversight Committee
OCHA	Office for the Coordination of Humanitarian Affairs
PER	Public Expenditure Review
PPF	Project Preparation Facility
PRSP	Poverty Reduction Strategy Paper
RIEP	Rapid Impact Emergency Project
SC	Sudan Consortium
SETIDP	Sudan Emergency Transport and Infrastructure Development Project
SPLM	Sudanese People’s Liberation Movement
TAF	Technical Assistance Facility
TF	Trust Fund
TS	Technical Secretariat
TT	Task Team
TTL	Task Team Leader
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Program
UNOPS	United Nations Office for Project Services
WB	World Bank
WFP	World Food Program
US	United States

DEFINITIONS

Approved Project: A project for which a Grant Agreement has been negotiated and signed with the Recipient.

Disbursement: The actual transfer of money from the MDTF for specific uses authorized by the OC, such as administrative expenses of the Technical Secretariat and payments for project expenditures supported by MDTF.

Donor Commitment: A pledge that has been expressed in a specific sum and formalized by an Administration Agreement between the donor and the World Bank as Administrator of the MDTF.

Fund Allocation: A notional set aside from MDTF for a discrete task or activity.

Government Allocation: A notional set aside from the Government budget for a discrete task or activity.

Pledge: An indication of intent to mobilize funds for which an approximate financial contribution is specified.

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Executive Summary

As Administrator of the Multi-Donor Trust Funds (MDTFs) for Sudan, the World Bank has agreed to furnish to the donors, on a semi-annual basis, a report describing the operations of the MDTFs during the preceding reporting period, including contributions, disbursements, and implementation progress. This report covers the period July - December, 2005, and serves as a combined progress report for both funds – MDTF-National and MDTF-Southern Sudan.

The report serves four main objectives:

- To outline the operational strategy of the MDTFs in the context of the Comprehensive Peace Agreement (CPA) and the Joint Assessment Mission (JAM) Framework.
- To describe the functions and working modalities of the MDTFs, as well as achievements to date of the Technical Secretariats that administer the Trust Funds.
- To keep key stakeholders informed and updated on implementation progress and the sources (including donor pledges and commitments) and uses (allocations and disbursements) of the MDTFs.
- To establish a written record of MDTF activities and outputs for partners and others with interest in Sudan's post-conflict recovery and development.

Background

The signing of the CPA on January 9, 2005, between the Government of Sudan (GOS) and the Sudanese People's Liberation Movement (SPLM) marked the end of two decades of civil war. The CPA calls for a six-year interim period and encompasses power and wealth sharing agreements that give the recently established Government of Southern Sudan (GOSS) regional autonomy and the people of Southern Sudan the right to vote, at the end of the interim period, on whether to remain within the Republic of Sudan.

In December 2003, the World Bank and UN were asked to coordinate a Joint Assessment Mission (JAM) to assess the recovery and reconstruction needs of Sudan over the six-year interim period and develop with Government authorities a framework for reconstruction and development. The JAM's primary output is a "Framework for Sustained Peace, Development and Poverty Eradication," which highlights the requirement for substantial resources and collaboration between government authorities and the international community.

The MDTFs were established after the Oslo donor conference in April 2005 with an initial pledged amount of \$508 million; one fund supports the Government of National Unity, primarily in the reconstruction and development of war-affected and marginalized areas in the Northern states, and another supports the Government of Southern Sudan for its recovery and development programs. The objectives of the MDTFs include supporting priority activities identified by the JAM for pro-peace, pro-poor investments, while ensuring government ownership, transparency and accountability in the use of MDTF resources. The MDTFs are administered by the World Bank through two Technical Secretariats, one located in Khartoum for the

MDTF-N, and the other in Juba for the MDTF-S. It is expected that the MDTFs will be functional throughout the six years of the interim period.

The World Bank carries sole fiduciary responsibility for the MDTFs. All MDTF funding proposals are subject to review and approval by MDTF Oversight Committees with representation from the two Governments, the MDTF donors, the United Nations, and the World Bank.

The strategic agenda of the MDTFs is to accelerate progress in improving development (poverty, income and human development and governance) outcomes on a sustained basis. This goes hand-in-hand with the post-conflict recovery and development objectives of the GONU and GOSS that have evolved over several years, were technically strengthened and articulated in the JAM, and have been reaffirmed and established in the new interim National and Southern Sudan constitutions.

Highlights of achievements

Since their establishment four months after the Oslo pledging conference, the MDTFs have made significant progress on a number of fronts.

From the commitment and disbursement perspective, the following accomplishments are noteworthy:

- Of \$508 million pledged to the two MDTFs in April 2005, \$485 million (or 95%) has been committed through legal Administration Agreements with the World Bank; this includes \$183 million for the MDTF-N and \$301 million for the MDTF-S.
- Of a total of \$150 million paid-in capital (deposits by donors) in the two MDTFs (as of December 31, 2005), \$90 million has been committed in the form of Grant Agreements with implementing agencies.
- The total MDTF requirements for the portfolio of projects approved through December 31, 2005, is estimated at about \$294 million, leveraging an estimated \$860 million in government funds.
- Fund disbursements of \$1.3 million were made in CY 2005 for the operation of the Technical Secretariats and development of the project pipeline; in addition, the MDTFs leveraged funding from the CBTF, the LICUS Fund, bilateral aid (e.g. USAID), UN agencies and the World Bank to support fund management, as well as project preparation and start-up activities.
- A Monitoring Agent was appointed for the MDTF-S, and the selection process for the MDTF-N Monitoring Agent for MDTF-N is expected to be completed by mid-March 2006.

From a project perspective, the following has been achieved (through end-December, 2005):

- Two projects—a Community Development Fund (with initial coverage focused on Blue Nile, South Kordofan, North Kordofan, and Kassala states) and a Technical Assistance Facility (for project preparation)—were approved for a total commitment of \$20 million from the MDTF-National to support the first phase of implementation of these projects.

- Three projects—a Rapid Impact Emergency Project, the first phase of the Emergency Transport and Infrastructure Development Project, and the Core Fiduciary System Support Project—were approved by the MDTF-South for a total commitment of about \$70 million from the MDTF-Southern Sudan.
- A healthy pipeline of projects and sector-wide programs was approved for further development and appraisal.
 - (i) MDTF-N: Fifth Population Census; Capacity Building for Judiciary; National Emergency Transport Project; Capacity Building for Public Sector Reform and Decentralization; and Interim National Demobilization, Disarmament, and Reintegration Program.
 - (ii) MDTF-S: Umbrella Health Program; Education Rehabilitation Program; Rural Water Supply and Sanitation; Agriculture and Forestry; Livestock and Fisheries, Institutional and Human Resource Development; and Rule of Law (Police Support).

In addition to the MDTF's quantitative accomplishments, the Technical Secretariats have made efforts to ensure high quality of projects and a consultative process for project preparation. These efforts have included the establishment of linkages and partnership between the MDTFs and UN agencies, NGOs, and donors through regular meetings and open dialogue.

Prospects and Risks

As noted above, the Governments (GONU and GOSS) working with the World Bank and UN agencies, and in coordination with the MDTF Interim Oversight Committees, have developed a comprehensive pipeline of projects for both the North and the South. The first project disbursements from the MDTFs are expected by March 31, 2005. A staffing plan has also been developed for both the National and South Technical Secretariats to ensure coverage and capacity for MDTF needs.

However, the MDTFs face a number of challenges and risks, including:

- Fragility of the peace and the need to consolidate peace throughout Sudan;
- The overall security situation, which poses risks for operations;
- Weak implementation capacity and perception of slower than expected progress;
- Fiduciary aspects of project implementation;
- Difficult working and living conditions in Southern Sudan and the Three Areas; and
- Management of donor, NGO, and government expectations to counter the ultimate risk of disillusionment with the MDTFs as effective mechanisms for delivering the peace dividend.

The Technical Secretariats are actively working to mitigate these risks while acknowledging some inherent constraints. Significant efforts are underway to build capacity among government counterparts – including through specific components in many MDTF projects – and to ensure ownership as well as transparency of the entire MDTF process, irrespective of the MDTF implementation arrangements.

Sudan Multi-Donor Trust Funds
Report to Donors
July 1 – December 31, 2005

A. Introduction

1. As Administrator of the Multi-Donor Trust Funds (MDTFs) for Sudan, the World Bank has agreed to furnish to the donors, on a semi-annual basis, a report describing the operations of the MDTFs during the preceding reporting period, including contributions, disbursements, and implementation progress.
2. The MDTFs are managed by two Technical Secretariats, one for a national fund with special focus on war-affected areas of northern states (based in Khartoum), and a second one for Southern Sudan (based in Juba). This progress report covers both the MDTF-National (MDTF-N) and the MDTF-South (MDTF-S), for the period July – December, 2005. As agreed in the World Bank Board paper¹, subsequent progress reports will also be prepared by the Technical Secretariats on a semi-annual basis.

B. Background

3. Sudan's reconstruction and development present extraordinary challenges. Several parts of the country have been devastated by decades of conflict, destruction of physical and human resources, and erosion of institutions and social capital. The historic Comprehensive Peace Agreement (CPA) signed on January 9, 2005, between the Government of Sudan (GOS) and the Sudanese People's Liberation Movement (SPLM), signaling the end of decades of civil war, includes a set of protocols covering, inter alia, power and wealth sharing agreements. The signing of the CPA was followed by the formation of the Government of National Unity (GONU) and the establishment of the Government of Southern Sudan (GOSS) which will have extensive autonomy. The CPA also includes special provisions for Abyei, Southern Kordofan and Blue Nile (also referred to as the Three Areas). Following a six-year Interim Period, the people of Southern Sudan will vote on whether to remain within the Republic of Sudan.
4. The challenges of Sudan's recovery and reconstruction call for an unprecedented response by the international community, both in terms of funding and in terms of coordination of the recovery and reconstruction effort. A Joint Assessment Mission² (JAM) coordinated by the World Bank and UN has assessed the needs of Sudan over the six-year Interim Period to develop with Government authorities a framework for reconstruction and development. The JAM's primary

¹ "Memorandum of the President of the International Bank for Reconstruction and Development to the Executive Directors on a Proposal for the World Bank to Administer Two Multi-Donor Trust Funds for Sudan," March 17, 2005.

² <http://www.unsudanig.org/JAM/index.jsp>

output is a “Framework for Sustained Peace, Development and Poverty Eradication,” with strong domestic ownership and with clear commitments and monitoring indicators which will be supported by domestic efforts and resources, as well as development partners, in addressing underlying structural causes of conflict and underdevelopment.

5. The JAM places special focus on Phase I of the Interim Period (2005-2007) and on the poorest and most disadvantaged parts of the country—in particular Southern Sudan; the Three Areas of Southern Kordofan, Blue Nile and Abyei; and other zones seriously affected by decades of conflict and underdevelopment. The JAM does not provide an assessment of the impact of the Darfur conflict.

6. At a pledging conference held in Oslo, Norway, in April 2005, donors pledged over \$500 million for the two MDTFs, which were established to enable effective donor coordination and aid harmonization, to preserve scarce capacity, and to enable key programs to be launched through pooled trust funds. The Government of Sudan and the SPLM requested that the World Bank be the Administrator of both MDTFs.

7. Unless otherwise agreed by the GONU, GOSS, donors and the World Bank, the MDTF arrangement is expected to be operational through the six years of the Interim Period, and cease operating thereafter. Over this period, it is expected that an increasing share of Sudan’s development needs would be met through domestic resources, while all MDTF funds would be transparently recorded in the government budgets to ensure government ownership and accountability. The governance and implementation of the MDTFs are structured so as to support these objectives and hence ensure the sustainability of MDTF-supported programs and projects beyond the Interim Period.

C. MDTF Objectives and Strategy

8. The overarching goal of the MDTFs is to accelerate progress in improving development (poverty, income and human development and governance) outcomes on a sustained basis. This goes hand-in-hand with the strategic objectives of the GONU and GOSS that have evolved over several years, were technically strengthened and articulated in the JAM, and have been reaffirmed and established in the new interim National and Southern Sudanese constitutions.

9. The Sudan Poverty Eradication Strategy Concept Note and the commitments made in the JAM orient all levels of government to the following key objectives and actions in the context of forging a sound recovery and development program aimed at achieving the MDGs:

- Promote democratic principles, good governance and political pluralism;
- Uphold and implement CPA;
- Initiate a process of reconciliation and healing so as to promote harmony, unity and peaceful co-existence among all people;
- Maintain law and order and uphold fundamental and basic human rights;

- Promote culture of peace and tolerance;
- Empower people of Southern Sudan through a decentralized system of governance that is characterized by transparency, accountability and equitable resource allocation;
- Provide basic social services (primary education, primary health and clean water);
- Develop and regulate economy to achieve prosperity and self-reliant and efficient economy and craft necessary policies to ensure a stable macro-economic framework;
- Facilitate development of private sector and encourage private initiatives with special emphasis on rural development and small and medium enterprises;
- Promote agricultural, industrial and technological development; and
- Implement a comprehensive capacity building and institutional strengthening program.

The Poverty Context

10. Poverty as measured by human deprivation is prevalent throughout Sudan, but is higher in rural areas, where up to 70% of the population resides (per the 1993 census). While more of the poor are in rural areas, urban poverty is also growing, especially due to the influx of internally displaced rural people and communities into urban areas. In addition, inequalities are wide between states and regions, between urban and rural areas, between war affected and more peaceful areas, between displaced populations and residents, and between men and women.

11. The causes of rural poverty in Sudan are exacerbated by the urban bias of development strategies adopted since independence. These have tended to neglect the traditional agricultural sector where the vast majority of population lives and which is the main source of rural livelihood. Traditional rain-fed agriculture has not seen increases in productivity, and migration to urban areas, where the large unskilled labor pool competes for scarce low-paying jobs, has increased. These trends were further aggravated by those displaced by both natural (drought) and man-made disasters (civil strife). The GOS' stabilization policies of the mid-1990s brought down inflation and achieved a relatively stable exchange rate, but at the expense of drastic cuts in public expenditures on social services and infrastructure development.

12. The extremely low starting point in Southern Sudan with respect to the MDGs highlights the scale of the challenge at hand. Available data paint a bleak picture of post-conflict conditions. About 90 percent of the population is poor, and 48 percent of poor children are malnourished. The gross primary enrolment of about 20 percent, coupled with youth illiteracy rate of 70 percent in Southern Sudan, makes such level of access to education the worst in the world.

Development Strategy

13. A viable development strategy for Sudan must reflect and be based on the characteristics of the country and its economy, i.e. its large size; low population density; predisposition to arid or semi-arid conditions and unpredictable rain; the overwhelmingly rural nature of the population, with low levels of education and

health; poor infrastructure and institutional and human capacity; and wealth of resources such as oil, minerals, forests, fish, and wildlife.

14. These characteristics require a two-pronged approach to development. First, the resource endowment of the country suggests that Sudan's future depends on this critical economic base. The rapid growth in oil revenues, however, poses a daunting challenge for economic management. Continued currency appreciation and stagnating exports could lead to a full-blown case of Dutch disease. This calls for a shift in Sudan's development strategy towards rural areas and traditional agriculture. The second equally important aspect of the overall strategy would be an emphasis on devolution and decentralization of power designed to bring political empowerment to local communities throughout the country. This would decrease the sense of marginalization, thereby enforcing the peace process and reducing the danger of further regional conflicts. For both elements of the development strategy to succeed and become sustainable, the creation of appropriate institutions, capacity building, and good governance are critical.

15. For the South, the Three Areas, and other war-affected areas of the North, the needs are vast – but both the commitment and resources available are also extraordinary. In this context, the strategy of the MDTF must be ambitious – financing existing programs, which are generally fragmented, limited in scope and very expensive to deliver on a unit basis will not enable the people to realize their aspirations for income security and expanding opportunities. And an integral element in the approach must lie in the rapid development of decentralized local systems for policy and program design, implementation and monitoring, with a concomitant increase in financial resources transferred to sub-national levels of government.

16. The poverty context and the development strategy outlined above have informed the MDTF operational strategies at the National (see Box 1) and Southern Sudan (Box 2) levels. These operational strategies, agreed with the respective governments, will be periodically revised with inputs from the Sudan Consortium, the MDTF Oversight Committees, and broader consultations with the civil society.

17. Given the immensity of the task and the need to be effective in the Sudan post-conflict environment, the MDTFs will be selective and driven by the agreed operational strategies. A results orientation will be a cross-cutting objective; performance indicators for reforms and actions were agreed during the JAM. Additional capacity, however, is needed within the GONU and GOSS to assess progress against promised actions, indicate where the process is lagging, and identify and discuss next steps with the relevant agencies. The aim is to support and use local monitoring systems as far as possible, to better describe how policies are mapping into outcomes. This has required close coordination with key development partners and UN agencies that are tracking donor financial flows and results.

MDTF Allocation Criteria and Prioritization

18. MDTF operations are in the form of stand-alone investment projects or sector-wide programs of smaller projects and activities that meet a common development objective. In particular, proposals submitted for funding under the MDTF must

address priority issues reflected within the JAM Framework for Sustained Peace, Development and Poverty Eradication and should be included in the government's budget.

19. Priority is given to proposals that support the implementation of the pro-peace, pro-poor agenda embodied in the CPA, and have strong capacity building and decentralization elements.

Box 1: The MDTF-National Strategy

The national strategy for the MDTF is guided by the JAM Framework and is focused on two central goals – the consolidation of peace and pro-poor growth, both to help reach the Millennium Development Goals (MDGs), and as a means to make peace sustainable. These goals are not easy to achieve given the structural inequalities and social and ethnic fragmentation of Sudan.

The pro-peace emphasis of the MDTF means supporting the CPA through programs such as Demobilization, Disarmament, and Reintegration (DDR) and support for the actions and institutions envisaged under the CPA, such as the establishment of various Commissions. Its pro-poor emphasis means reversing the pro-elite and urban-centered patterns of development of the past.

The strategic objectives for the MDTF-N suggest a balanced approach encompassing the following five guiding principles for prioritization of MDTF-supported programs and projects:

- **Support priority national investments to consolidate peace** (DDR, Census, New Currency, Emergency National Infrastructure);
- **Support state- and locality-level investment programs** with high visibility in war affected zones in Northern States and Three Areas (Community Development Fund, Recovery and Development programs for the Three Areas);
- **Focus on making rural development pro-poor** with support for micro/small-enterprises (rural development programs for smallholders and pastoralists, gum arabica liberalization, support for micro and small enterprises);
- **Make decentralization work** in the context of reforming the public service and expanding access to basic services (capacity building for federal, state and local-level institutions; reform of public procurement and financial management, basic health care, primary education, safe water and sanitation); and
- **Lay the groundwork for good governance**, in particular by opening up the private sector, unleashing the creativity of civil society, and possibly, supporting direct interventions in opening up the media and establishing the rule of law (rule of law and judiciary projects).

In developing this approach, the regional dimension must be recognized. The key priorities are: the Three Areas, other war affected areas in Northern States, marginalized urban areas, the East, and, once peace is established, Darfur.

The comparative advantage of the MDTF-N does not reside as much in its financial muscle as in its influence and ability to innovate and coordinate. The yearly budget of the GONU is over \$9 billion and growing, while annual MDTF financing is likely to be in the \$100-200 million range. The MDTF will work hand in hand with other donors, including the World Bank, IMF, European Commission, bilateral donor countries, and Arab donors to help mobilize additional resources for pro-peace and pro-poor investments at the national level.

Box 2: The MDTF-South Strategy

Building on the cooperation and lessons learned during the JAM, the operational strategy of the MDTF-S is to be a central partner of the GOSS in all the key sectors. There will be special emphasis on ownership and capacity building, as well as on enabling GOSS to prioritize among a vast array of recovery and development needs. This would permit expeditious decision-making and phasing of investments and provide a basis for scaling up.

The strategic objectives for the MDTF-S suggest a balance across five key areas:

- Establishing an **effective core of public sector administration**, including core capacity to plan and finance GOSS programs with key accountability mechanisms in place;
- Preparing selected investments to consolidate the peace and generate social capital through **access to basic services** with rapid scale-up of education programs; and
- Putting **priority sector programs in place**, including basic infrastructure (roads, electricity, water) education, and health;
- Supporting preparation of programs, including agriculture and private sector development to **facilitate the transition from subsistence-based livelihoods to a development-oriented economy**;
- **Harmonizing development assistance.**

Several cross-cutting strategic objectives will also be addressed, including explicit recognition of the regional dimension in all programs, and the importance of transparency and accountability. The risk of funds mismanagement and corruption is high and requires special attention. Large-scale public sector programs supported by donors should be designed to avoid crowding out the nascent local private sector and civil society. Specific measures are being put in place to ensure that each of these risks is addressed on a systematic basis.

Southern Sudan is quite unique among low income post conflict situations in terms of the amount of domestic resources available in the immediate post-conflict period. In this context, the comparative advantage of the MDTF-S, much like the MDTF-N, resides not only in its financial muscle, but equally if not more in its ability to help establish robust sectoral programs that can expand to scale to bring much needed technical assistance to ministries and to support transparency and good fiduciary standards for large contracts. The yearly budget of the GOSS is expected to be between \$1 and \$1.5 billion in the next two years, while MDTF financing is likely to be in the \$200-300 million range (on a commitment basis).

The GOSS budget is critical to the strategy and success of the MDTF, not only as the primary means of actually financing development programs, but in a broader sense as an indication of GOSS priorities (which should be subject to parliamentary and public debate and scrutiny) and as the key signal to inform donor choices and partnership across sectors.

Linkages with Government Budgets

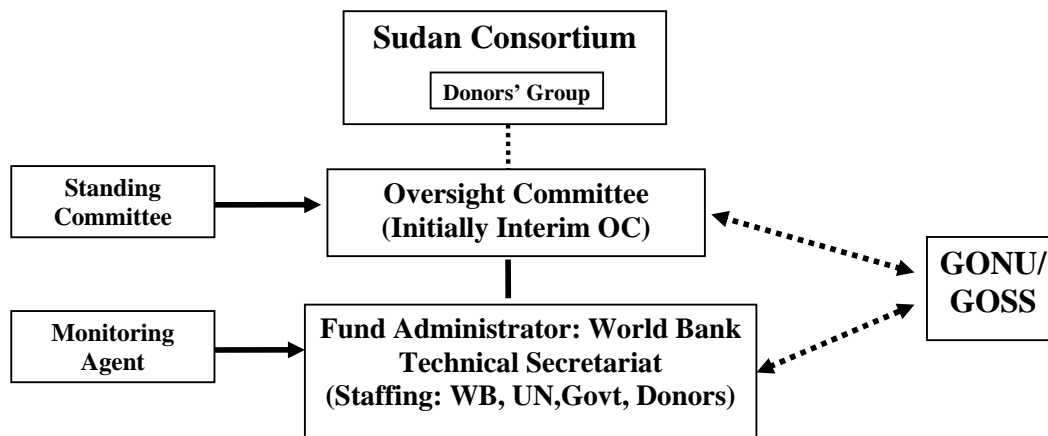
20. An important element of the MDTFs is their linkages with the respective government budget. Each project approved under the fund should include cofinancing by the Government, with ideally two-thirds of the funding provided by the GONU or GOSS. All MDTF-N projects are included in the GONU's budget, and all MDTF-S projects are included in the GOSS budget. For both MDTFs, all projects must also be consistent with poverty alleviation and peace-building objectives of the respective government. A programmatic approach has been applied

to MDTF support for the GOSS, with co-mingling of GOSS and MDTF funds for multi-year investment programs.

21. Embedding the MDTFs in the government budgets has many positive features such as strong government ownership of MDTF-supported programs, greater transparency in the application of both donor resources and government funds allocated to MDTF-supported projects, and an opportunity for development partners to engage in a dialogue on spending priorities with the governments through Public Expenditure Reviews (PERs) and Poverty Reduction Strategy Papers (PRSPs). The downside is that project implementation can become hostage to the vagaries of government budgets (especially the timely release of funds), the lack of institutional capacity, and bureaucratic inertia, thus slowing down progress in achieving results on the ground. This is a delicate balance and calls for much closer cooperation among the government, UN agencies, and the NGO community in project implementation to help accelerate the delivery of the peace dividend.

D. The Sudan Multi-Donor Trust Funds- Governance Structure

22. As illustrated in the diagram below, a three-tier governance structure has been established for the MDTF. As Administrator of the MDTF, the World Bank houses the Technical Secretariats (one for the MDTF-N and one for the MDTF-S), which receive and review proposals and make recommendations to the Oversight Committees (OC) regarding allocation of resources. The OC exercises programmatic and allocational responsibility for MDTF operations. A Sudan Consortium (SC) meets once or twice a year to review past performance and discuss future priorities and funding needs. The Consortium convenes the GONU and GOSS, all donors, the World Bank, IMF, UN, and representatives of civil society and the private sector.



Sudan Consortium

23. As noted above, the MDTFs are embedded in a Sudan Consortium that brings together on a regular basis all donors, joined by the GONU, GOSS, and representatives of civil society and the private sector to discuss past performance and future priorities and directions. This process is intended to help provide transparency and coordination regarding the use of all national and international resources (oil revenues, taxation, and international aid). In addition, the Sudan Consortium is a forum for consultations focusing on social and economic development, as well as for renewing of donor pledges. A key role of the Consortium is to jointly, with the GONU or GOSS, assess progress against explicit benchmarks, in particular those developed in the JAM Framework. Given that successful implementation of MDTF-financed activities depends on a stable environment, progress on security and meeting the commitments in the CPA forms part of the background information for Consortium meetings. The World Bank and UN have prepared the First Sudan Consortium scheduled for March 9-10, 2006, in Paris, in collaboration with the IMF and JNTT. As a prelude to the Sudan Consortium, a Sudan event was organized and held in conjunction with the World Bank-IMF Annual Meetings in Washington, DC, (September 22-24, 2005) to apprise the donor community of post-Oslo developments in Sudan. This event had high-level (ministerial) representation from the GONU, GOSS, and the donor community.

Oversight Committees

24. The Interim Oversight Committees for the National and South MDTFs comprise representatives of the World Bank, the UN, the GONU or GOSS (with the other government – GOSS or GONU – as an observer), and the four largest contributing donors. In addition to the US, the largest bilateral donor in Sudan, other donors who have pledged or expressed interest in joining the MDTFs may attend committee meetings as observers. Discussions are also underway on giving OC observer status to NGO representatives. In addition, donors are considering the composition of the OCs, including a proposal to have one OC representative for all participating EU donor countries. The rules for constituting the OC³ will be adopted at the Sudan Consortium meeting in Paris on March 9-10, 2006. Until then, the Interim Oversight Committees (IOCs), established in June 2005⁴ will continue to discharge the OC functions.

³ The responsibilities of the Oversight Committee include the following: (i) approving proposals for funding; (ii) setting/revising general guidelines for MDTF operations (e.g. criteria for allocation of funds); (iii) deciding on a ceiling beneath which allocation responsibility may be delegated to the Technical Secretariat; (iv) reviewing decisions in cases where allocation has been delegated to the Technical Secretariat; (v) reviewing results on the ground and discussing major issues emanating from MDTF operations; (vi) and ensuring the integrity, competition, and equity of allocation of implementation responsibilities to different entities consistent with the overall objectives of the JAM Framework and the MDTF. In addition, the OC reviews, approves, and monitors the administrative and operating budgets and staffing of the Technical Secretariats.

⁴ Minutes of the Interim Oversight Committee Meeting, MDTFs –Northern Sudan and Southern Sudan, Khartoum, June 20, 2005

25. The IOC-National chair is held by a State Minister of the GONU Ministry of Finance and National Economy (MOFNE), while the representative of the Netherlands is the co-chair. The IOC-South chair is held by the GOSS Minister of Finance and Economic Planning, with the representative of Norway as the co-chair. Other donor members of the IOC include the EC and the UK. The Oversight Committees have final authority to approve proposals for funding out of the MDTFs. Donors, however, are considering giving the Technical Secretariats authority to approve proposals below a certain financial ceiling. The Committee meets on a regular basis (at least once each quarter) and decisions are taken by consensus.

26. The IOCs have met regularly since June 2005 in Khartoum and Juba. The Technical Secretariats have prepared official minutes for each of the IOC meetings. Following a joint organizational meeting of the MDTF-N and MDTF-S IOCs held on June 20, IOC-N meetings were held on July 20, September 14, and December 10, 2005. Likewise, IOC-S meetings were held on July 20, September 12, October 11, and December 11, 2005.

Standing Committees

27. In order to ensure continuity and follow-up between OC meetings, Standing Committees (for both MDTFs) have been established to: (i) approve proposals to be funded by the Technical Assistance Facility (TAF) and the proposed window for small projects/programs; (ii) follow-up on recommendations and finalize conditional approvals made by the OCs to avoid implementation delays; and (iii) provide a forum for periodic consultations among key partners on other activities of the Technical Secretariat.⁵

28. The first meeting of the Standing Committee for MDTF-N was held on October 1, 2005; among other business, this meeting signaled an important transition in government relationships with the MDTFs—henceforth, the GONU/MOFNE and the GOSS/MOFPP, respectively, would be the primary government counterparts for MDTF-N and MDTF-S in place of the Joint National Transition Team (JNTT). The meeting of the Standing Committee for MDTF-S was held on Nov 1-2, 2005. This meeting endorsed the contents of a MDTF-supported recovery operation entitled Rapid Impact Emergency Project, and reviewed the funding modalities and implementation schedule for a permanent office for the MDTF-S Technical Secretariat in Juba.

Technical Secretariats

29. The Technical Secretariats (TSs) of the MDTFs, administered and managed by the World Bank, are staffed and located in Khartoum and Juba. World Bank staff, in their capacity as Fund Managers head the Technical Secretariats, while operational staff are drawn from the World Bank, the UN, GONU, GOSS, and MDTF donors. Each TS works jointly with the GONU and GOSS respectively to receive and review proposals to ensure consistency with the JAM Framework and to undertake

⁵ Minutes of the Interim Oversight Committee Meeting, MDTF-National, Khartoum, September 14, 2005

appraisals. The TSs review and monitor progress and present regular assessments against agreed benchmarks to the relevant Oversight Committee. The MDTF-N Technical Secretariat in Khartoum shares office space and common services with the World Bank Country Office (currently located in rented space in the UNDP Building, with an expected move to the new World Bank office at end-March 2006), while the MDTF-S Technical Secretariat in Juba is currently lodged in tents and temporary structures in the OCHA compound. A satellite office in Nairobi provides support to the TS in Juba as a transitional arrangement. Work started in October 2006 on plans to refurbish and equip a run-down GOSS building (which served as a World Bank project office in the 1970s) to serve as the MDTF-S Secretariat. The plans have been prepared but implementation has been slow on account of finding an appropriate funding arrangement (whether from MDTF or World Bank), identifying procurement arrangements for the works and services, and various legal and security issues pertaining to the building site. It has been agreed that the permanent premises (offices and staff residences) for the TS in Juba would be acquired as part of a proposed sub-national World Bank office to be established in Juba at the request of the First Vice-President of GONU. Implementation of this proposal is under discussion with the governments.

30. The Technical Secretariats⁶ are supported by project Task Teams (TTs), each led by a Task Team Leader (TTL) appointed by the World Bank (WB). The TTL is an experienced WB staff member (normally a senior technical specialist) who must hold the WB's Trust Fund (TF) accreditation, acquired by passing a standardized test of the Bank's TF policies and regulations. The Task Team is composed of technical, fiduciary, and safeguards (social and environmental) specialists⁷ from World Bank headquarters and field offices (including the staff in MDTF Technical Secretariats), and international/national consultants. UN and donor agencies are invited to participate in project appraisal and supervision. The task teams, working with Government counterparts, are entrusted with project identification, analysis, appraisal, supervision (including oversight and approval of procurement, financial management and safeguards functions), and monitoring and evaluation. The task teams also carry out sector assessments prior to project identification. The TTs do not directly prepare or implement MDTF projects but they may advise on project design and implementation modalities. In short, the TTs are the backbone of the MDTF organization, with TSs facilitating and supporting the operations, liaising with the MDTF partners, and managing the Trust Fund proceeds. This facilitation role includes day-to day oversight of MDTF operations and operational contacts with the Government and donor partners.

MDTF Staffing

31. Staffing Plans for the Technical Secretariats for CY 2006 were approved by the respective IOCs in December 2005 (for details see the Annex on Staffing and Budget). Some staff assigned to the Technical Secretariat in Juba telecommute from Nairobi as Juba lacks basic housing and educational facilities associated with a

⁶ Minutes of the Interim Oversight Committee Meeting, MDTF-S, includes a note on the role of the Technical Secretariats. Juba, December 11, 2005.

⁷ World Bank safeguards specialists conduct gender analysis as part of the social assessment of projects. It is intended to fill a Gender Specialist position in the Technical Secretariats, seconded from a donor organization.

family station, especially for expatriate staff. Most of the TS staff are expected to relocate to Juba as soon as housing and office facilities become available. Progress has been made in identifying and recruiting seconded staff from the UN, the donors and the governments. The current secondee complement includes staff from UN agencies, EC and Germany, and from GOSS. EC, Canada, Netherlands, and Norway have offered to provide additional seconded staff in critical areas such as gender, community development, infrastructure, and public sector management. These staff will mostly be assigned to the Juba office, with some cross-support for MDTF-N programs.

MDTF-National

32. The Secretariat consists of the Fund Administrator (who is also the World Bank's Country Manager for Sudan), a Senior Operations Officer (a UN secondee who also serves as deputy manager of the MDTF-N), a Food Security and Rural Development Specialist seconded by the European Commission, who works across both the MDTFs, , a Communications Specialist, and an Operations Officer , who is supporting the project start-up activities for TAF. The administrative staff are currently all funded by the World Bank to provide the requisite support services – IT, resource management, office administration—to the Secretariat. In addition, a GONU secondee is expected to be selected in March 2006. On-going recruitment of other secondees and interns continues as needed, and staffing is expected to increase once the Technical Secretariat moves to the new World Bank office, which will include a Public Information Center, in March 2006.

MDTF South

33. The core team of the Secretariat in Juba consists of the MDTF-S Manager (who telecommutes from Nairobi for family reasons) and two Senior Operations Officers – one a World Bank staff and the other seconded by the UN. These appointments and working modalities have been made in accordance with World Bank Human Resource policies. The core team shares overall responsibility for both sectoral and cross-sectoral management, as well as organization and coordination. In addition to the core team, the Secretariat is assisted by a small number of technical experts. These include a Senior Economist – seconded by GOSS (based in Juba) ; a Food Security and Rural Development Specialist – seconded by the European Commission and covering both North and South(based in Khartoum); a Water and Sanitation Specialist seconded by KFW Germany (based in Juba); a junior consultant to provide day-to-day operational support to the education and health teams.(based in Juba);and administrative staff

34. Based on the staffing plan approved by the IOC, recruitment of remaining staff is expected to be completed in the second quarter of 2006. With the recent establishment of the MDTF-S Technical Secretariat in temporary offices in Juba, the Secretariat is gearing towards having the agreed staff complement in place at the earliest possible date. However, difficult living and working conditions remain a challenge for attracting qualified staff to work in Juba. It is intended to expand the recruitment of additional national staff as the program enters the implementation phase.

Common Staffing Arrangements

35. Both Technical Secretariats rely on two staffing components: (i) staff and consultants permanently based in Khartoum and Juba (as noted above) , and (ii) technical staff drawn from World Bank headquarters and regional offices, the private sector, and UN agencies to appraise and supervise projects and extend technical and policy advice to the GONU/GOSS. While it is not cost-effective to staff the Secretariats with specialists in all required operational areas, it has been agreed that staff and secondees will be shared between the MDTF-N and the MDTF-S through flexible arrangements.

Monitoring Agent

36. The Monitoring Agents for the National and South MDTFs have responsibility for recommending withdrawal applications, monitoring the procurement of goods, works and services, and monitoring expenditures out of the MDTFs to ensure that funds are disbursed only for the purpose intended and in accordance with acceptable accounting, financial reporting and auditing standards. In the case of the MDTF-N, the agent will also provide technical assistance to the GONU to help build its own capacity in the procurement and financial management areas.

37. A Monitoring Agent (MA) for the MDTF-S (Price WaterhouseCoopers-PWC) has been selected and is in the process of mobilizing staff and services to Juba. A MA is now being recruited for the MDTF-N. As an earlier competitive selection process for an MA for MDTF-N did not result in responsive proposals on account of inadequate qualifications and possible conflicts of interest, PWC has been invited to submit a combined technical and financial proposal on a sole-source basis. Contract negotiations are scheduled for mid-March 2006, with the contract award within a few weeks thereafter.

E. Fund Operations and Implementation

Chronology of Key Events and Performance Benchmarks

38. Several key events influenced the development and implementation of the MDTFs during 2005. Despite a changing context with the formation of two new governments (the GONU and GOSS) and the untimely death of National First Vice President Dr. John Garang, the MDTFs have met important performance benchmarks.

MDTF Chronology of Key Events

2005

April 7 World Bank Executive Board approves the World Bank as Administrator of MDTFs

April 11 Oslo Pledging Conference

- July 9** Presidency of the new National Government of Sudan (GONU) sworn in
 - July 30** First VP John Garang killed in a helicopter crash
 - Aug. 1** Technical Secretariats established; Fund Managers of two MDTFs appointed and in place
 - Aug. 11** Salva Kiir sworn in as First VP, replacing John Garang
 - Aug. 23** MDTFs effective with first donor contributions received
 - Sept. 22** Cabinet of Government of National Unity formed
 - Oct. 23** Cabinet of Government of Southern Sudan formed
 - Nov. 24** First MDTF-S Grant Agreement (GA) signed for a recovery operation entitled Rapid Impact Emergency Project (Southern Sudan), totaling \$20 million
 - Dec. 20** Second MDTF-S GA signed (Transport and Urban Infrastructure): \$50 million (leveraging \$100 million of GOSS funds)
- 2006**
- Jan. 16** First two MDTF-N GA's signed (Community Development Fund: \$15 million; Technical Assistance. Facility: \$5 million)

Performance Benchmarks

- Compared to \$505 million pledged to the two MDTFs in April 2005, \$495 million (or 97%) has been committed through legal Administration Agreements with the World Bank-\$188 million for the MDTF-N and \$307 million for the MDTF-S.
- Of a total of \$150 million deposited (paid-in) by donors ,as of December 31, 2005, in both MDTFs, \$90 million has been committed in the form of signed Grant Agreements; \$20 million from MDTF-N (out of \$50 million available) and \$70 million from MDTF-S (out of \$100 available).
- The total MDTF requirements for the portfolio of projects approved through Feb. 28, 2006 is estimated at about \$520 million, leveraging an estimated \$1300 million in government funds.
- For the MDTF-N, the 2006 funding requirements (time slice) totals \$184 million, compared to a current MDTF commitment authority of \$122 million, while for the MDTF-S, the requirements amount to \$181 million compared to a current commitment authority of \$220 million.
- Total disbursed, as of December 31, 2005: \$1.3 million (for the operation of the technical secretariats, and development of project pipeline).

Elapsed Time

- Pledging Session to MDTF Effectiveness: **4 months**
- Formation of GOSS to Signing of First Agreement: **1 month**
- Formation of GONU to Signing of First Agreement: **4 months**
(projects ready for signing 3 months: signing postponed by GONU)

Financial Status

Donor Pledges, Commitments, and Deposits

39. As of December 31, 2005, twelve donors had pledged \$558.5 million to the MDTFs for 2005-2007. Donor commitments (formalized through signed Administration Agreements) stood at \$494.7 million. Of this, pledges for the MDTF-N amount to \$194.2 million, with donor commitments at \$188 million. For the MDTF-S, pledges total \$304.4 million, with \$306.3 million in commitments. In terms of deposits (actual paid-in amounts), \$49.8 million has been paid into the MDTF-N and \$100.7 million paid into the MDTF-S (Table 1 and Table 2).

Table 1 MDTF-N: Pledges, Commitments and Deposits, 2005-2007

(as of December 31, 2005)

	2005-07	2005	2005	2006	2007	2005-07
Donor	Total Pledge*	MDTF-N Pledge	Deposited	Committed	Committed	Total
Netherlands	195.0	22.8	23.4	35.1	33.8	92.3
Norway	100.0	**	11.2	12.8	12.5	36.5
UK	80.7	12.3	11.8	15.4	15.4	42.6
EC	45.5	6.5				0.0
Sweden	28.6	1.4	3.4	4.2	4.2	11.8
Denmark	15.0	2.0				0.0
Finland	12.0	0.0				0.0
Iceland	0.5	0.0	0.0	0.1	0.1	0.2
Greece	0.06		0.06			0.1
Germany	26.0	13.0				0.0
Italy	5.2	2.6				0.0
Total (Oslo)	508.5	60.6	49.8	67.6	66.0	183.4
Post Oslo						
World Bank				5.0		
Saudi Arabia	50.0					
Grand Total	558.5		49.8	72.6	66.0	188.4
<i>Cumulative Commitment Authority</i>			<i>49.8</i>	<i>122.4</i>	<i>188.4</i>	

* Total MDTFs combined pledged at Oslo at April 2005 exchange rates.

**Norway did not disaggregate MDTF-NS and MDTF-SS.

NB: "Paid In" and "Committed" means Administrative Agreement signed.

Table 2 MDTF-S: Pledges, Commitments and Deposits, 2005-2007*(as of December 31, 2005)*

	2005-07	2005	2005	2006	2007	2005-07
Donor	Total Pledge*	MDTF-S Pledge	Deposited	Committed	Committed	Total
Netherlands	195.0	22.8	23.4	35.1	33.8	92.3
Norway	100.0	**	20.3	23.7	23.2	67.2
UK	80.7	12.3	11.8	15.4	15.4	42.6
EC	45.5	39.9	28.2	28.2		56.4
Sweden	28.6	5.2	6.3	7.8	7.8	21.9
Denmark	15.0	2.0	6.2	0.0		6.2
Finland	12.0	6.0	4.4	4.8	5.2	14.4
Iceland	0.5	0.1	0.1	0.1	0.1	0.3
Greece	0.06					0.0
Germany	26.0	13.0				0.0
Italy	5.2	2.6				0.0
Total (Oslo)	508.5	103.9	100.7	115.1	85.5	301.3
Post Oslo						
World Bank				5.0		
Saudi Arabia	50.0					
Grand Total	558.5	103.9	100.7	120.1	85.5	306.3
	<i>Cumulative Commitment Authority</i>		<i>100.7</i>	<i>220.8</i>	<i>306.2</i>	

* Total MDTFs combined pledged at Oslo at April 2005 exchange rates.

**Norway did not disaggregate MDTF-NS and MDTF-SS.

NB: "Paid In" and "Committed" means Administrative Agreement signed.

40. So far, the Netherlands has been the largest donor to the MDTFs, with 38% of the total MDTF commitments (\$185 million). Norway, the UK, and the EC were the next three largest donors, with 21%, 18%, and 12% of total commitments, respectively. In addition to donors (Sweden, Denmark, Iceland, Greece, Germany) who have already committed or are in the process of committing funds to the MDTF, other donors have expressed interest in participating. A non-traditional donor, Saudi Arabia, also pledged \$50 million to the MDTF after the Oslo Conference. The World Bank has recently committed \$10 million from its net income to the Sudan MDTFs for 2006.

Fund Allocation and Disbursements

41. At the July 20, 2005, IOC-N meeting, the GONU presented its priority list of project investments for MDTF financing, with an approximate overall Government contribution of about 68% of the total estimated cost. The IOC-N endorsed this program – some 12 operations for consideration over three annual phases (CY05, 06, and 07), although it was noted that relative priorities might shift over the coming years. This program has formed the basis for the identification and preparation of the current MDTF project pipeline, which together with the proposed New Currency project and a special Recovery and Development program for the Three Areas would more than exhaust the current donor commitments for MDTF-N through December 2006. The IOC meeting affirmed that MDTF support at the national level is for development priorities of Sudan with a primary focus on directly war-affected

and marginalized areas.⁸ Likewise, at the July 20, 2005, IOC –S meeting, the GOSS presented a list of high priority areas for MDTF-financing – infrastructure and urban development, DDR, health and education, rural water, rural development and food security, financial services and private sector development, livelihoods, and social protection, with the requirements of Internally Displaced Persons (IDPs) addressed as a cross-cutting theme. To date, the IPPs submitted by the GOSS for MDTF financing have followed the order expressed in this priority list.⁹ The MDTF investment priorities for 2007 and beyond are expected to emerge from the work of sectoral thematic groups led by the government with active participation of donors and other stakeholders. It is also expected that MDTF priorities will be agreed with the government with notional allocation amounts in advance of the formulation of budget proposals by GONU and GOSS.

42. In 2005, the IOC-N approved grants of \$20 million for two projects, while the IOC-S approved grants of \$71 million for three projects. Estimated cumulative grant amounts for projects in the pipeline are given in Table 3. Summary descriptions of approved projects as well as projects in the pipeline are presented in Annexes I of this report.

Through:	Dec 31, 2005	June 30, 2006	Dec 31, 2006
MDTF-N	20 (A)	97 – 125 (E)	183 (E)
MDTF-S	71 (A)	115 – 141(E)	180 (E)
Total	91(A)	212 - 266(E)	363 (E)

A= Actual E = Estimate

43. The first project disbursements from the MDTFs are expected by end-March 2006, as soon as the grants are effective and special accounts established for the approved projects. In the meantime, project start-up work has included preparation of subsidiary agreements with implementing agencies (e.g. WFP, UNOPS, and UNDP), preparation of terms of reference and bid documents for the initial set of contracts, establishing and staffing project coordination units, and establishing project accounts and disbursement procedures. The seemingly slow pace of disbursements is partly explained by the fact that costs associated with project start-up activities have been paid from other sources such as the Capacity Building Trust Fund (CBTF), the World Bank’s LICUS Fund and its own administrative budget, and support from UN agencies. These and other funding sources (bilateral assistance) have substituted for an estimated disbursement of close to \$2 million from the MDTFs. To improve project readiness for implementation (and hence reduce the delay in project disbursements), a preliminary proposal to establish a Project Preparation Facility (PPF) within each MDTF was discussed by the IOC-N meeting on February 26, 2005. Such a facility would support project preparation and start-up activities even before a GA is signed. The TSs will prepare a proposal for consideration at the next meeting of the OC, planned for April 2006. It is also

⁸ Minutes of Interim Oversight Committee Meeting, MDTF-National, Khartoum, July 20, 2005. See table on page 2 for the list of priority projects.

⁹ Minutes of Interim Oversight Committee Meeting, MDTF-South, Khartoum, July 20, 2005. See para 15.

expected that the TAF would provide funding for project development and preparation activities, especially for large infrastructure projects and sector-wide programs. Where UN agencies are the implementing agencies, project start-up costs would continue to be supported by them.

Operational Status

44. The implementation of the Sudan MDTF was initiated with high expectations of rapid delivery of results on the ground. It was anticipated that Fund disbursements (as a measure of delivery) would occur soon after the Administration Agreements were signed with the donors and that a tangible peace dividend would emerge quickly thereafter. Conventional development projects have a much slower build-up period as compared to recovery and humanitarian aid operations and it takes longer to show demonstrable results on the ground, especially where project implementation has a secondary objective of building up government capacity and integrating donor assistance with government plans and public expenditures. The transition from humanitarian to development assistance takes time, especially if the results on the ground are to be produced and sustained through capacity building. The main challenge today, a little over six months into MDTF implementation, is management of expectations which might require continuing mid-course adjustments that balance the visibility of immediate results with long-term sustainability. It is worth noting that the Rapid Impact Emergency Project (RIEP) (addressing immediate requirements of public administration, primary education, basic health, water and sanitation, and urban services) supported by the MDTF-S was conceived and processed in record time as a response to the immediate recovery needs in Southern Sudan. Similarly, the GONU's 2006 Budget consultations with the MDTF-N Technical Secretariat identified the need for a highly visible, special recovery and development program for the Three Areas, which has been included in the 2006 program for MDTF funding. These adjustments to the MDTF program suggest that recovery programs can be planned and implemented under a MDTF framework provided that the recovery needs are identified and prioritized early on.

45. As noted earlier, the strategic objectives of the MDTFs are aimed at supporting pro-peace, pro-poor investments, while ensuring government ownership and high levels of transparency and accountability in the use of MDTF resources. This basic tenet is at the heart of every MDTF-supported project, and the current project pipeline is fully embedded in the JAM framework while supporting the implementation of the CPA. Table 4 shows the distribution of MDTF financing (first slice support) for this project pipeline across JAM clusters. The project pipeline is reasonably well-balanced across the JAM clusters. The MDTF experience to date, however, suggests that the composition of MDTF project portfolios should have a higher recovery content for more visible and immediate impact in the early phases of project/program implementation.

Table 4 Projected MDTF (First Slice) Commitments through Dec 2006				
JAM Clusters	MDTF-N		MDTF-S	
	(\$ million)	(percent)	(\$ million)	(percent)
1. Capacity Building/Inst. Dev	14.7	7.9	12.5	6.9
2. Governance/Rule of Law	6.0	3.2	20.0	11.0
3. Economic Policy	15.0	8.1	15.0	8.3
4. Productive Sectors	12.0	6.5	15.0	8.3
5. Basic Social Services	31.0	16.8	33.0	18.2
6. Infrastructure	50.0	27.1	50.0	27.6
7. Livelihoods/Social Prot.	28.1	8.1	11.1	-
8. Information and statistics	7.1	3.8	4.3	2.3
<i>Sub-Total</i>	<i>(163.9)</i>	<i>(89.1)</i>	<i>(160.9)</i>	<i>(89.4)</i>
Other: RIEP, Three Areas*	20.0	10.9	19.1	10.6
Total	183.9	100	180.9	100

*These multi-sectoral projects have components that cut across JAM clusters.

Project Pipeline – MDTF-National

46. The MDTF-N project pipeline reflects investment priorities identified by the JAM and the requirements of the CPA. The MDTF-N pipeline has been developed through discussions with the GONU and relevant sector ministries or state governments, and in coordination with other donor programs to avoid duplication and foster synergies. This informal consultative process is now expected to be formalized in 8-9 thematic groups chaired by relevant GONU sectoral agencies. Earlier establishment and functioning of these thematic groups would have allowed better prioritization and sequencing of proposed MDTF investments and a more holistic approach to the design of project components. Sequencing of project implementation in time-bound slices is partially intended at developing core capacities and initiating critical reforms in the initial phases. To this end, the Technical Assistance Facility was among the first two projects supported by MDTF-N, with the aim of developing a foundation of sector and project-specific studies that will set the stage for well-conceived, high priority public investments. The tenor of MDTF assistance at the national level is to support a mix of investment and policy-based operations aimed at consolidating peace and expanding pr-poor spending to improve livelihoods, especially in rural areas. Capacity building is a common denominator of all MDTF –supported projects. (also see Box 1) All MDTF proposals are screened and reviewed by an inter-ministerial committee headed by the MOFNE before submission to the Technical Secretariat.

47. Besides the recently approved CDF and TAF operations, the current MDTF-N pipeline (Table 5 for details) includes projects in the following areas: Emergency Transport Rehabilitation; Demobilization, Disarmament, and Reintegration (DDR); Population Census; Rural Development and Agriculture Sector Reform; Education; Health; Water and Sanitation; Private Sector Development; New Currency, and Capacity Building (Judiciary, Public Sector Reform and Decentralization, and Aid Management).

Project Pipeline- MDTF-Southern Sudan

48. The MDTF-S pipeline of projects is based on the priorities of JAM, requirements of CPA, and the emerging sectoral policies of the GOSS and its line ministries. To ensure GOSS ownership and prioritization, all IPPs and FPPs are reviewed by an inter-ministerial Appraisal Committee – appointed by the GOSS and the Ministry of Finance and Economic Planning (MOFEP) – before these are forwarded to the IOC for consideration. At all stages of development, pipeline projects are subject to a consultative process – led by the GOSS and involving interested donors, relevant UN agencies, World Bank specialists, and NGOs. The objective of these consultations is to foster synergies, avoid duplications, and ensure that the most cost-effective and workable delivery solutions are identified. This consultative process is expected to evolve well-functioning and effective sectoral thematic groups led by GOSS and supported by one or more champions from the donor community.

49. Most approved projects in the MDTF-S portfolio reflect a sectoral partnership with GOSS. In general, MDTF sector-wide operations leverage GOSS co-financing by a factor of 2-3. Such programs have been initiated in roads, health, and education sectors. Capacity building is a core value in the design of MDTF-S projects (Box 2). The current MDTF-S pipeline (Table 6) reflects GOSS priorities in the areas of Infrastructure and Roads, Health Systems, Education, Agriculture, Animal Resources, Water and Sanitation, and Rule of Law. In addition, acknowledging the capacity limitations in the South, the current pipeline includes a number of projects aimed at capacity building of both central and state institutions. Moreover, consistent with the requirements of CPA, the pipeline includes GOSS involvement in the national projects, such as DDR, Population Census, and the New Currency.

50. Summary descriptions of pipeline projects for both the National and South MDTFs are provided in Annex I of this report. A few recent entries in the project pipeline (e.g. Three Areas Program, New Currency) with no IPPs as yet are not included in this section.

Table 5 Status of the MDTF-National Portfolio					
Projects	Implementation period (years)	Total Project Cost (US\$ million)	Total MDTF Contribution (US\$ million)	MDTF Phase I (US\$ million)	Status
Approved FPPs or GA signed					
TAF (Technical Assistance Facility)	2	5.7	5.0	5.0	GA signed Jan, 16,2006
CDF-I (Community Development Fund)	3	50.0	30.0	15.0	GA signed Jan 16,2006
Fifth Population Census (National) (a)	3	73.7	20.0	7.1	FPP approved; Feb 26, 2006
Capacity Building: Judiciary	3	18.0	13.0	6.0	FPP approved conditionally; Feb 26, 2006
<i>Subtotal (1)</i>		147.4	68.0	33.1	
Projects in the Pipeline: Approved IPPs					
Sudan Emergency Transport	2	80.0	50.0	50.0	IPP approved, Dec 20,2005
Capacity Building : Public Sector Reform/Decentralization	3	24.0	8.0	8.0	IPP approved, Dec 20,2005
Decentralized Health System Development	3	70.0	23.0	6.0	IPP approved, Feb 26, 2006
<i>Subtotal (2)</i>		174.0	81.0	64.0	
Projects in the Pipeline: IPPs in Process					
DDR Interim Program (National) (a)	1.5	69.4	13.1	13.1	IPP submitted but NOT yet approved
Education	3	48.4	35.4	15.0	IPP received; under TS review
Water and Sanitation	2	40.0	20.0	10.0	IPP received; under TS review
New Currency (National) (a, b)	2	100.0	30.0	15.0	IPP under preparation
<i>Subtotal (3)</i>		257.8	98.55	53.1	
Projects in the Pipeline: Identification Stage					
Agriculture Reform	2	34.0	17.0	7.0	
PSD (Micro-Enterprise Development)	2	22.8	5.0	5.0	
Capacity Building for Aid Management	3	4.0	1.7	1.7	
Three Areas Dev. Prog.	2	110.1	20.0	20.0	
<i>Subtotal (4)</i>		170.9	43.7	33.7	
Total		750.1	291.2	183.9	

(a) National Projects: Total Project Cost includes both North and South

Table 6 Status of the MDTF-South Sudan Portfolio					
Projects	Implementation period (years)	Total Project Cost (US\$ million)	Total MDTF Contribution (US\$ million)	MDTF Phase I (US\$ million)	Status
Approved FPPs or GA signed					
Rapid Impact Emergency Project	2	27.3	19.1	19.1	GA signed, Oct 25, 2005
SETIDP-Emergency Transport & Infra. Dev. Program	6	777.0	250.0	50.0	GA signed, Dec 11, 2005
Core Fiduciary System Support Project	3	6.0	3.0	0.5	GA Signed, Feb 21, 2006
Umbrella Program for Health System	2	225.0	75.0	20.0	FPP approved, Feb 21, 2006
Education Rehabilitation Program	3	152.7	91.9	7.7	FPP approved Feb 21, 2006
Fifth Population Census (National) (b)	3	See MDTF-N	13.3	4.0	FPP approved ; IOC-N Feb 26, 2006
Subtotal (1)		1188.0	452.3	101.3	
Projects in the Pipeline: Approved IPPs					
Rural Water Supply and Sanitation Serv.	2	34.6	33.1	5.0	IPP approved, Oct 11, 2005
Agriculture and Forestry: Support Services	3	46.0	22.0	7.0	IPP approved, Dec 11, 2005
Livestock and Fisheries: Capacity Building	3	42.0	20.0	8.0	IPP approved, Dec 11, 2005
Institutional and HR Development	2	11.5	5.3	5.3	IPP approved Feb 21, 2006
Rule of Law (Police Support) Project	3	70.1	32.0	20.0	IPP approved, Feb 26, 2006
Subtotal (2)		204.2	112.4	45.3	
Projects in the Pipeline: IPPs in Process					
DDR Interim Program (National) (a)	1.5	See MDTF-N	11.1	11.1	IPP submitted but NOT yet approved
Capacity of State Governments.	1	8.5	8.5	8.5	IPP approved conditionally ; Feb 21, 2006
New Currency (Nat), (a, b)	2	See MDTF-N	30.0	15.0	IPP under preparation
Subtotal (3)		8.5	49.6	34.6	
Total		1400.7	614.3	181.2	

(a) National Programs (Census, DDR and Currency). Total Project Cost in MDTF-National table

(b) Currency: the amounts indicated are approximate estimates. Precise figures to be provided in the IMF report and IPP (not yet submitted)

Capital Rationing and Contingent Liabilities

51. The World Bank's Trust Fund Regulations only permit Fund commitments against actual paid-in capital (deposits). This requires capital rationing by balancing aggregate MDTF commitments for expenditures against paid-in capital. This has been achieved by applying the concept of program/time "slicing" to MDTF project design. Under this arrangement, where donor commitments have not yet matched donor pledges, grants for projects with a total MDTF contribution above the available limit of funds may still be approved but with a smaller amount (slice) actually committed, with a signed GA, to meet disbursement requirements over a specified period. For instance, in the case of MDTF-N, the grant for the CDF project, (with a total expected MDTF-N contribution of \$30 million), was approved for \$15 million for the first year, with the expectation that the remaining \$15 million will be approved from the MDTF-N for the second year when donor funds become available – i.e. when donors have converted their pledges/commitments into actual paid-in capital. Similarly, in the case of MDTF-S, the initial grant (first slice) for the SETIDP project (transport and urban infrastructure) was approved for only \$50 million, although the total expected MDTF-S contribution is estimated at \$250 million. Time and program slicing also helps to reduce large undisbursed fund balances given the time lag between fund deposits (paid-in capital) through commitments to disbursement -- typically 9-18 months for investment projects.

52. This capital rationing approach allows available MDTF proceeds to be allocated to a larger number of projects, but it does create contingent liabilities for GONU and GOSS in the event that MDTF pledges are not converted to paid-in capital in a timely manner.

Monitoring and Evaluation

53. Each project approved for funding from the MDTFs follows World Bank guidelines for monitoring and evaluation. This includes specific evaluation criteria, or "key performance indicators," which serve to guide the qualitative monitoring of each project. Quantitative World Bank monitoring processes also apply to each project, and the project's progress and success in meeting all stated indicators forms the core of status reports on implementation, which typically are prepared semi-annually. There is an ongoing process of feeding lessons learned from approved projects into the design of new MDTF operations. In addition, the Technical Secretariat is expected to conduct an ex-post evaluation of each project.

F. Coordination, Outreach and Communications

MDTF Donors

54. The MDTF Technical Secretariats take the lead in involving the donor community in the approval of IPPs and the development of FPPs. A donor representative co-chairs the MDTF IOC meetings—currently, Netherlands for IOC-N and Norway for IOC-S. The donors appoint a spokesperson, based on comparative advantage, to represent the donors' views at IOC meetings and to

consolidate donor inputs for the approval process of IPPs, the appraisal of projects, and approval of FPPs. In the South, donors – the Netherlands, Norway, Sweden, and UK – have set up a Joint Donor Office to strengthen the consultative linkages with the MDTF Technical Secretariat, UN agencies and the GOSS.

55. Donors are also invited to participate in pre-appraisal, appraisal, and supervision of projects under development. Few donors, however, have responded to these invitations. MDTF donors are also regularly briefed by TTLs on development and implementation of MDTF-supported projects and programs. They have also participated in Government-led sectoral coordination meetings, which are now evolving into Thematic Groups with support from UN and bilateral donor agencies.

UN Agencies

56. All programs submitted for MDTF financing are a part of the Governments' (GONU/GOSS) development plan and budget and are consistent with the JAM. It is in this context that the UN and its agencies, based on their comparative advantage, can assist the Governments in conceptualizing projects or programs during the development of an IPP

57. With the benefit of hindsight, the Rapid Emergency Impact Project (MDTF-S), which supports the procurement and distribution of pharmaceuticals, textbooks, school kits, and office equipment for the GOSS and the ten Southern states, could have been prepared and implemented immediately after the first deposits were made by the donors in the MDTF-S in August 2005, with implementation assigned to UNDP by the Presidency of Southern Sudan (in the absence of GOSS), under a tripartite Grant Agreement among the World Bank, UNDP (the only UN institution with a Financial Management Agreement with the World Bank), and the Presidency of Southern Sudan. This in turn required a better understanding and appreciation of recovery needs in the transition from humanitarian to development assistance in the JAM process, especially the institutional and implementation dimensions of recovery programs.

58. Furthermore, the operational modality between the UN agencies and the World Bank, as Administrator of the MDTF, should have been agreed during the JAM process. This would have helped expedite the implementation of initial projects approved by the IOC-S.

59. As Administrator, the World Bank, however, carries the sole fiduciary responsibility for the MDTFs. All proposed programs and projects for MDTF funding are subject to appraisal and review by the World Bank to ensure conformity with the Bank's operational policies, especially its social and environmental safeguards and disclosure policies. Special exemptions from the World Bank's procurement policies apply to Sudan MDTF projects implemented by UN agencies. In addition, the intention is to apply UN financial regulations and rules to such MDTF-supported projects, in accordance with the terms of the forthcoming UN-WB Financial Management Framework Agreement. This inter-agency agreement intended to promote harmonization of fiduciary policies, thus allowing closer collaboration between the World Bank and UN agencies, is expected to be signed in the coming weeks, in all likelihood before the end of March 2006.

60. Efforts to facilitate coordination between the World Bank and UN agencies are underway, to agree on formal arrangements for coordinating project preparation and implementation. In order to clarify the position of the UN in its involvement in the preparation and approval process of MDTF projects, a coordination meeting was held on February 12, 2006, in Khartoum between the World Bank and UN agencies based in Sudan

61. In addition, preparation of several IPPs by GOSS/GONU has been supported jointly by World Bank and UN staff. However, formal (legal) agreements governing working arrangements currently exist only between the World Bank and UNDP. A forthcoming UN-WB Financial Management Framework Agreement (FMFA), expected to be signed before the end of March 2006, will further facilitate collaboration by establishing mutually acceptable audit assurance on the use of MDTF grants extended by WB to a UN organization. The FMFA will allow UN agencies to act within their respective policies, rules, and procedures. The coordination meeting with UN agencies also clarified the importance of including relevant technical staff from UN agencies in the appraisal process for MDTF-funded projects.

62. If requested by Government partners, UN Agencies can be involved in implementation of MDTF programs under the following modalities: (i) implementation through government agencies under a GA between the World Bank and the government, with a subsidiary agreement between the government and the UN agency for implementation of a part of the project; (ii) direct implementation by a UN agency, when so requested by the government, under a grant agreement between the World Bank and the implementing agency; (iii) UN agencies contracted as procurement agents directly or through government counterparts. The method of involvement is determined during the appraisal process and is based on competencies and cost effectiveness.

NGO Community

63. The MDTF interaction with the NGO community and the civil society in general has not been adequate, to fully reflect the understandings reached at the Oslo Conference. In recent months, the Technical Secretariats for both National and South have begun outreach efforts to share information and increase involvement of NGOs in the MDTF proceedings. The Manager of the MDTF-N met with a number of NGOs in roundtable discussions to present an overview of the MDTF, the specific opportunities for NGO involvement in the MDTF operations such as the Community Development Fund. The TS-National has recruited a Communications Specialist as the official MDTF liaison with NGOs, the media and civil society at large. Regular meetings with NGOs are planned, likely on a monthly basis.

64. Similarly, the Manager of the MDTF-S has briefed NGO representatives through regular meetings on the status and progress of the MDTF, and the overall processes for MDTF engagement. Discussions covered possible roles of NGOs in working with the GOSS on MDTF related activities, ranging from policy formulation to upstream project design and downstream implementation of MDTF programs and projects, along NGO perspectives on the roles that they could fill. The

Technical Secretariat is also planning meetings and information dissemination sessions with NGOs in Juba on a regular basis, including discussions on NGO representation at the Sudan Consortium. In particular, the TS is planning a workshop to bring together NGO and GOSS representatives to discuss the requirements for Sudan Consortium so that expectations on both sides are well articulated.

65. One of the outcomes of the meeting between the MDTF and UN agencies, mentioned above, was an agreement to develop a strategy to increase the involvement of the NGO community and civil society in the development and implementation of MDTF funded programs. A World Bank consultant has been engaged to prepare this strategy in close collaboration with the UN and NGO representatives.

66. As part of stakeholder participation embodied in the Bank's environmental and social safeguards, NGOs are encouraged to participate in the project appraisal process on a consultative basis and attend workshops to develop and finalize projects. However, particularly in the South, NGOs are often located outside of Juba and therefore many are unable to participate in such workshops. NGO involvement is expected to increase once the logistical conditions in Juba become more favorable and more NGOs shift their operations to Juba.

67. The Education and Health programs supported by MDTF-S include many activities and components which are to be implemented by NGOs. In addition, NGOs have been and will be contracted to supply and distribute pharmaceuticals under the Rapid Impact Emergency Project. Similarly, the CDF project supported by MDTF-N is expected to utilize NGOs for community mobilization and service delivery at the grassroots level in collaboration with locality administrations in the northern states.

Communications

68. The TS-National has recruited a qualified Communications Specialist to take the lead in preparing a MDTF Communications Strategy, which will include an MDTF website, currently under preparation. The website will feature information on all past and ongoing activities as well as approved projects of both the MDTF-National and South. It will be aimed primarily at UN partners, NGOs, donors and potential donors, and policymakers or researchers. It will also include information on businesses opportunities stemming from the MDTF projects and how to pursue them.

69. The technical secretariats have been also active in briefing the national and international media on the objectives and operations of the Sudan MDTFs. Local newspapers have regularly published reports on MDTF –supported projects and activities.

70. The project implementation agencies of GONU/GOSS are also expected to play an important role in public dissemination of MDTF programs through appropriate outreach activities at state, local government and community levels.

G. Risks

71. There are a number of risks facing the MDTFs. First and foremost, peace is fragile and consolidating peace throughout Sudan will be a challenge. The continuing crisis in the Darfur region, in particular, could undermine the Comprehensive Peace Agreement reached between the GOS and the SPLM. Experiences in other countries have also demonstrated the risks of underestimating the chance that conflict could resume. In response, continuous consultation and information sharing among different stakeholders will be essential in order to avoid potential disengagement of international partners. Moreover, appropriate international partners will need to vigorously support current efforts to bring a just peace to the Darfur region. The JAM was prepared with a conflict analysis framework of Sudan in mind to ensure that proposed JAM activities do not in themselves trigger renewed conflict.

72. Second, the current situation in Sudan, as in many post-conflict countries poses risks for operations. Through the auspices of the UN peace-keeping mission in Sudan, it will be crucial to establish and maintain security in order to implement projects and protect assets created by MDTF instruments. In return, visible peace dividends generated through MDTF programs that focus on recovery (e.g. DDR and IDP programs), could help to ease security tensions. Infrastructure projects (roads, water and sanitation, and urban service infrastructure) also have high visibility in projecting the peace dividend.

73. Third, weak implementation capacity, combined with a general desire on part of the Government partners to rely primarily on the public sector or national technical and project management services could result in slow progress, at least in terms of MDTF donor expectations. This risk is being mitigated through institutional capacity assessments by the Task Teams as part of project appraisal and designing implementation mechanisms that take into account the institutional weaknesses (special project implementation and coordination units with the objective of absorbing the functions of these units into line agencies over time, outsourcing (where appropriate) the procurement and financial management functions to external agencies, contracting technical staff for line agencies from the private sector and universities). Broader capacity building programs supported by the MDTF should help to alleviate constraints in the medium term.

74. Another set of risks revolves around fiduciary aspects of project implementation. The GONU has not been actively involved in Bank operational procedures since the mid-1990s and the newly-formed GOSS has virtually no experience in dealing with World Bank operations. The LICUS Trust Fund grant and other capacity building trust funds are helping to strengthen aid management processes and practices. In addition, the GONU and GOSS are expected to retain, on a need basis, the services of procurement and financial management specialists in order to provide short-term technical assistance and help build local capacity.

75. The foregoing risks are compounded by the difficult working and living conditions in Southern Sudan and the Three Areas. High staff turnover could jeopardize project implementation. Special pay and other incentives besides

reasonable workplace, housing, transport, and IT service will be needed to attract competent technical and administrative staff for implementing MDTF programs.

76. The ultimate risk is disillusionment, on part of donors and the governments, with MDTFs as effective mechanisms for delivering the peace dividend. This risk is best mitigated by more effective communications, by better management of expectations, and through collaborative engagement among the parties entrusted with MDTF implementation, in particular the World Bank and United Nations. These measures will help to change MDTF perceptions but the onus for delivery, irrespective of how it is assessed, rests primarily with the government partners.

H. Budget and Expenditures

77. Approved staffing plans and the project pipeline were used as the primary inputs for preparing the budget proposals for 2006, which were submitted to the IOCs by the Fund Managers and duly approved in December 2005.¹⁰ Details are provided in Annex II: MDTF Staffing and Budget.

78. The World Bank recovers the costs of administering the MDTFs under two categories:

- An administrative fee that helps recover the cost of central services provided by the trust fund operations, accounting and other support units. The fee is set at 0.4% of the paid-in deposits and is payable when donor contributions are deposited in the MDTFs.
- Actual full cost of other support , which covers eligible expenditures for the following items:
 - (i) Operational and administrative costs of the Technical Secretariats¹¹, including staff salaries and benefits of UN and Government secondees;
 - (ii) Costs of project analysis, appraisal, and supervision ,including fiduciary and safeguards review and oversight; supervision of the Monitoring Agent; outreach and dissemination activities, and organization of Sudan Consortiums and Oversight /Standing Committee meetings.
 - (iii) Costs of contracts for the Monitoring Agents and independent review of their performance; costs of MDTF reporting and audits.

79. The sources and uses of MDTFs are summarized in Tables 7 and 8, for MDTF-N and MDTF-S, respectively. The aggregate donor contributions received in 2005 amounted to \$147.58 million. The investment income realized on these deposits was \$ 0.64 million, while the World Bank's administrative fee (0.4%) was 0.43 million.

¹⁰ Minutes of the Interim Oversight Committee, MDTF-S, Khartoum , December 10, 2005

Minutes of the Interim Oversight Committee, MDTF-N, December 11, 2005.

¹¹ The salaries and benefits of Fund Managers are paid by the World Bank and are not reimbursed from MDTFs. Salaries of support and administrative staff jointly shared by the WB's Country Office and the MDTF-N Technical Secretariat in Khartoum are paid also by the World Bank and are not charged to the MDTF.

Table 7 MDTF-N: Sources and Uses of Funds as of 12/31/05	
(in US\$ '000)	2005
Sources of Funds	
Net Donor Contribution:	48,203.1
1. Donor contributions received	48,047.0
2. Investment Income	348.3
3. IDA Overhead (0.4%)	-192.2
4. Carried forward from the previous year	0
Uses of Funds:	
Commitments:	20,531.5
1. Grant Agreements signed	20,000.0
2. Monitoring Agent	0.0
3. Program Administration (actual)	531.5
Net Commitment Authority Available	27,671.5

Table 8 MDTF-S: Sources and Uses of Funds as of 12/31/05	
(in US\$ '000)	2005
Source of Funds	
Net Donor Contribution:	99,381.8
4. Donor contributions received	99,232.8
5. Investment Income	388.8
6. IDA Overhead (0.4%)	-239.8
4. Carried forward from the previous year	0
Uses of Funds:	
Commitments:	71,078.9
1. Grant Agreements signed	70,000.0
2. Monitoring Agent	280.0
3. Program Administration (actual)	798.9
Net Commitment Authority Available	28,302.9

80. The actual MDTF expenditures in CY05, the budgets for CY06, as approved by the IOCs, and the estimates for CY07 are summarized in Tables 9 and 10, respectively for MDTF-N and MDTF-S.

Table 9 MDTF Secretariat – National: Approved Budget *			
('000 US\$)	MDTF-N		
	2005 (actual)	2006 (est.)	2007 (est.)
Secretariat Admin Costs	112	1025	1135
<i>Capital Costs</i>	0	100	0
<i>Recurrent Costs</i>	112	925	1135
Project Appraisal/Supervision	419	2220	1965
Monitoring Agent	0	1300	1300
Total	531	4545	4400

* MDTF Costs reported on Calendar Year basis. WB FY = July 1 - June 30.

Table 10 MDTF Secretariat – Southern Sudan: Approved Budget *			
('000 US\$)	MDTF-S		
	2005 (actual)	2006 (est.)	2007 (est.)
Secretariat Admin Costs	205	1736	1256
<i>Capital Costs</i>	57	400	0
<i>Recurrent Costs</i>	147	1336	1256
Project Prep/Supervision	594	2025	1270
Monitoring Agent	280	1300	1300
Total	1079	5061	3826

* MDTF Costs reported on Calendar Year basis. WB FY = July 1 - June 30.

81. For the period May-December, 2005, the Bank's cost recovery was about \$1.33 million for direct reimbursable costs (MDTF-N: \$0.53 million; and MDTF-S: \$0.8 million), and another 0.28 million for the Monitoring Agent (MDTF-S). The expenditures for CY05 are under-reported by about \$ 0.12 million as CY05 reimbursements to UNDP for UN seconded staff and for office rental and services were not cleared during the calendar year. These charges have been carried forward and have been paid in 2006. With the establishment of permanent MDTF offices in Khartoum and Juba and the scaling up of the project activities in 2006, including the cost of the monitoring agents, the cost of managing and administering the MDTFs is estimated to increase to \$9.5 million in 2006 and \$8.2 million in 2007.

Annex I

MDTF Project Portfolio

MDTF – National

1. Community Development Fund Project
2. Technical Assistance Facility
3. Capacity Building of the Judiciary
4. Sudan Emergency Transport Project
5. Public Services reform, Decentralization and Capacity Building Project (PSCAP)

Community Development Fund Project – Phase I (CDF-I)

Total Project Cost: US\$ 50 million
MDTF Financing: US\$ 30 million in two tranches, US\$ 15 million each

Implementation Period (Phase I): 3 years

Project Description and Objective: The project supports community-led development in Northern Sudan through partnerships among local stakeholder, incl. local communities, NGOs and community-based organizations, on the basis of sub-projects submitted by local communities and developed through a consultative, participatory planning process. The project's objective is to meet urgent community-driven recovery and development needs in the war-affected and underdeveloped areas of Northern Sudan incl. the Three Areas by providing social and economic services and infrastructure.

Project Components

- *Community Development Sub-projects:* This component would serve to address poor community development priorities as laid out in the peace protocols, with particular emphasis on access and quality of basic education, health and water services.
- *Capacity Building, Monitoring and Evaluation, and Project Management:* Training, technical assistance and capacity building would be provided to localities, NGOs and local Community-Based Organizations (CBOs), to improve their technical skills in the identification, planning, programming, management and delivery of sub-projects.

Institutional Arrangements

The MoFNE will delegate CDF project execution to a Project Implementation Unit (PIU), established at the central level as an independent unit with administrative and financial autonomy. Overall policy and strategy direction would be provided by the Project Steering Committee (PSC). The PSC is in charge of coordination at the federal, state and locality levels. The PIU will be responsible for channeling the funds directly to localities satisfying the approved criteria.

Under PIU guidance, the Locality will prepare an Annual Joint Work Plan (AJWP) based on the Communities Action Plans (CAPs) to avoid overlapping of activities and adoption of coherent methodologies and approaches.

Locality Implementation Units will be established in each of the targeted localities and will be in charge of implementation in collaboration with communities, CBOs, NGOs and local authorities.

The localities AJWPs will be consolidated and endorsed by the State Strategic Planning Committee for Community Based Projects (SPCCBPs).

The role of SPCCBP will be: (i) coordination between the state line ministries, federal entities within the state and other related agencies; (ii) develop Annual Joint Work Plan at the state level for all localities targeted within the state to avoid overlapping with other initiatives and ensure coordination with other funding agencies; (iii) consolidation of localities AJWPs, (iv) provide the necessary recurrent budget and related counterpart funds necessary to implement and operate subprojects at the locality level; (v) consolidate the state CDF annual report; and (vi) endorse internal audit report for each LIU.

Community Development Fund Project**(Cont.)****Project Implementation Status**

- Grant Agreement signed on January 16, 2006
- PIU established with five staff including Manager.
- Counterpart funding provided by the MoFNE for 2006 allowing for the rental of new premises and the purchase of essential mobilization equipment for the PIU.
- Visits to all states, Governors and localities, including locality officials completed.
- Recruitment of the LIU Manager (competitive selection) and locality staff as part of the LIU is underway and should be completed by end February. Localities engaged in the selection of staff and allocation of necessary resources.
- Draft Social and Conflict Analysis in four states completed. Final report being validated by Bank social development specialist in February, including field visits to selected sites. The assessment included extensive visits and consultations with communities and meetings with CBOs to determine social needs and priorities.
- Draft Environmental Management Guidelines completed. Final report being validated by Bank's environmental specialist in February, including field visits to selected sites.
- Draft Operational manual completed. Final OM being validated by Bank's specialist in February. The OM includes relevant annexes on: institutional and implementation arrangements, procurement, financial management, revised subproject cycle, eligibility and design criteria, poverty targeting, social, environmental, monitoring and evaluation, reporting, capacity building, training and dissemination activities.
- The two effectiveness conditions, mainly the recruitment of PIU and LIU staff and the finalization of the OM should be completed no later than mid March. Therefore, the project should be declared effective before end March.

Technical Assistance Facility

Total Project Cost: US\$ 5 million¹²
MDTF Financing: US\$ 5 million

Implementation Period (Phase I): 3 years (Dec 2005-Dec 2007)

Project Description and Objective: A technical assistance facility to support studies, training and advisory assistance for the post-conflict development program of Sudan's GoNU. The project aims at supporting the GoNU and state governments to strengthen their professional and technical capacities for formulation of policies, programs, and projects derived from the JAM Framework for Sustained Peace, Development, and Poverty Eradication.

Project Components

- Technical and advisory assistance to central government line ministries and corporations, and state ministries for identification, preparation and supervision of projects primarily in the areas of health, education, infrastructure, agriculture/rural development, and community-driven reconstruction and development.
- Preparation of sector policies, strategies and plans.
- Preparation of feasibility studies and detailed engineering for investment projects.

Institutional Arrangements

The GoNU proposed that a TAF Coordinating Unit (TCU) be established in the MoFNE under the direct jurisdiction of the Under-Secretary of the Ministry. The TCU is supported by a management advisor, who provides guidance on policies, procedures and monitoring systems. In addition, the TAF will contract short-term consultants to provide technical expertise, on an as-needed basis. All proposals for funding (studies and TA) through the TAF will be reviewed for approval by a Steering Committee in the MoFNE, the Technical Secretariat, and the MDTF Standing Committee. (An exception is for proposals of less than US\$ 50,000, for which final approval can be granted by the Steering Committee.)

Project Implementation Status

- FPP approved by IOC-N on December 10.
- Grant Agreement signed on January 16.
- PIU ("TAF Unit) installed, Manager selected and appointed by the MoFNE, and TAF staff have been appointed and have begun work.
- TAF Steering Committee held on February 10; administrative issues and training program approved.
- Counterpart funds account established and first tranche of MoFNE funds deposited, February 14.
- TAF Launch event held on February 22 with under-secretaries from line ministries; operational guidelines, detailed proposal guidelines, and proposal process presented.
- The two effectiveness conditions – that the TAF Coordinating Unit be established and with a financial specialist (with qualifications satisfactory to the Technical Secretariat) recruited; and that the Steering Committee be appointed – have been met.

¹² With the possibility of periodic replenishment

Capacity Building of the Judiciary

Total Project (preliminary estimated) Cost: US\$ 18 million
 MDTF Financing: US\$ 13 million

Implementation Period: 3 years (2006-2008)

Project Objectives: This Project's overarching goal is to strengthen the capacity of the Judiciary to: enhance its independence; build the knowledgebase of judges; and, empower the judiciary to effectively and fairly apply the law and deliver justice.

Project Components

- *Support for the National Judicial Service Commission (NJSC):* the Project will support a series of activities enabling the NJSC to study various models of judicial management from around the world judges; and will support the establishment of the NJSC Secretariat through the provision of equipment, training, and technical support to the NJSC's long-term strategic planning, including: human resource development, quality management, and improved access to justice.
- *Judicial Training (central and state levels):* the Project will provide training in modern legal analysis and application will include topics in constitutional law, international human rights norms, and comparative international experiences. Managerial capacity training will cover topics including court administration and case management. The Project will also develop training materials and curriculum for future trainings.
- *Establishment of the National Legal Training and Resource Centre (NLTRC) and rehabilitation of the Judiciary's existing training facility:* the NLTRC will house a state-of-the-art legal reference library, lecture rooms for training, and internet facilities. The NLTRC's programming will be developed by the Judiciary in partnership with academic institutions, including the faculty of law at major universities. The NLTRC will be managed by the Judiciary and will be accessible to all legal practitioners nationwide.
- *Rehabilitation of selected Court facilities:* the Project will undertake minor rehabilitation of facilities in Khartoum, Abyei, Southern Kordofan, Blue Nile, and Eastern Sudan in order to improve the delivery of judicial services.

Institutional Arrangements

The Project will be implemented jointly by the Judiciary and UNDP, under UNDP's Direct Execution Modality (DEX). The Project Executive Board (PEB) – incl. representatives from the Judiciary, UNDP, and other implementing partners – will supervise the overall management, monitoring and evaluation of the Project. The PEB will report the 3-year outcome to the Program Outcome Board, composed of representatives of the GoNU, the Judiciary, UNDP, and the MDTF Technical Secretariat.

Project Implementation Status

- IPP approved by the IOC-N on Dec 10, 2005.
- Appraisal mission planned for mid-Feb 2006: FPP expected to be submitted for approval in late Feb 2006.

Sudan National Emergency Transport Project

Total Project (preliminary estimated) Cost: US\$ 80.4 million
MDTF Financing: US\$ 50.58 million

Implementation Period: March 2006-December 2008

Project Objective: To rehabilitate critical rail and river transport infrastructure, improve operational capacity of Sudan Railway Corporation and other transport agencies, increase available capacity for container traffic and remove supply constraints and transport capacity limitations in key traffic demand corridors.

Project Components

- Rehabilitation of critical rail infrastructure
- Improvement to operational capacity of Sudan Railway Corporation
- Removal of supply constraints and transport capacity limitations on key traffic demand corridors
- Emergency Rehabilitation of Kosti to Juba River Transport System

Institutional Arrangements

The Ministry of Transport will have overall responsibility for the due implementation of the proposed project. This responsibility will be coordinated in liaison with the close involvement of the inter-ministerial Task Force set up by the Minister for Finance to diagnose and remedy the transport and trade blockages which are affecting the Port of Sudan and which has been promoting actions contained in Component 4. During project preparation, the specifics of this proposal will be discussed and agreed with the parties concerned. This may lead to a single inter-ministerial group being responsible for oversight of the project. Components 1 and 2 will be implemented by SRC through force account.

Project Implementation Status

- IPP approved by the IOC-N on Dec 10, 2005.

Public Service Reform, Decentralization and Capacity Building Project

Total Project (preliminary estimated) Cost: US\$ 24 million
MDTF Financing: US\$ 8 million

Implementation Period: July 2006-June 2009

Project Objective: To begin to build the capacity of the public service at central and state levels in terms of structures, processes, incentives and human resources to improve the delivery of basic services to the poor in accordance with the goals laid out in the CPA, INC and DOP and supported by the JAM under Cluster 1, Capacity Building and Institutional Development.

Project Components

- *Central Government:* establish a lean and efficient center of government; functional reviews will be carried out in all ministries; capacity building support will be given to the Ministry of Labor, incl. support to the Civil Service Commission and the Civil Service Department; restructuring plans will be prepared for each ministry; human resources management processes, structures and tools will also be reviewed; training needs under the new structures and processes will be identified.
- *Financial Management and Procurement:* improve the capacity of central and state government to plan, budget, execute the budget and account for the uses of funds, in particular their impact on reducing poverty and reducing inequalities between and within states.
- *Training Institutes:* improve the capacity of training institutes to provide the training needed for the reformed and decentralization public service; basic improvements in training facilities, in particular at the State level incl. better equipped institutes and better paid staff.
- *State Governments:* to build the capacity of state governments to fulfill their new responsibilities and effectively utilize the new higher levels of funding. It addresses human resources, planning, financial management and procurement skills, while initially focusing on three states.
- *Leadership and Management of the Project:* to assure the effective implementation of the project and the achievement of its expected results. Training and consulting support will be given to the Ministerial Steering Committee and to the Project Implementation Unit.

Institutional Arrangements

The Government will establish a Ministerial Steering Committee with representation from the Ministries of Labor, Public Service and Human Resources Development, Finance, other yet to be selected ministries and the States. A Project Implementation Unit will be established at the appropriate level of Government for the Unit to exercise leadership and management of the public service reform program.

Project Implementation Status

- IPP approved by the IOC-N on Dec 10, 2005.

MDTF Project Portfolio

MDTF – Southern Sudan

1. Rapid Impact Emergency Project
2. Emergency Transport and Infrastructure Development Project
3. Southern Sudan Health Umbrella Program
4. Multi-Donor Education and Rehabilitation Project
5. Core Fiduciary Systems Support Project
6. Establishment of Support Services to Agricultural and Forestry Sectors Project
7. Capacity Building to Livestock and Fisheries Sectors Project
8. Capacity Building Institutional Development & Human Resources Development in Southern Sudan
9. Capacity for State Governments
10. The Fifth Population Census of Sudan
11. Interim Disarmament, Demobilization and Reintegration Program for the Sudan
12. Rule of Law (Policy Support) Project
13. Strengthening Sector Capacity to Deliver Sustainable Water and Sanitation Services

Rapid Impact Emergency Project

Total Project Cost:	US\$ 27.25 million
Grant Agreement Amount:	US\$ 20 million
Date Signed:	November 24, 2005
GoSS Counterpart Funds:	US\$ 7.25 million

Project Implementation period: 2 years

Project's Description and Objective: The project will support the emergency needs of the Government of Southern Sudan in the health, education, and public service sectors through (i) the provision of pharmaceuticals for health facilities, textbooks for primary students, equipment for the President's, Vice President's, 22 Ministries and the Governor's Office in 10 States, and (ii) selection of procurement and accounting service providers to assist GoSS in discharging its fiduciary responsibilities. The project development objectives are to (i) restore livelihoods resulting from the long term civil unrest: (ii) restore basic services to the affected population: and (iii) jumpstart the recovery process in Southern Sudan through the emergency provision of goods and services to improve government functionality.

Project Components

- Appointment of an interim Project Accounting Firm; KPMG has been appointed - Contract will be submitted to IDA for No Objection on February 8, 2006 - Condition met.
- The Project Implementation Manual acceptable to IDA has been adopted, and KPMG has been tasked to complete the Manual under the TOR for (a) above. Draft of manual should be available on or before February 15, 2006 - Condition not met.
- The Designated Pooled Account has been opened. MOF sent letter to Stanbic Bank Nairobi on 6 February to open up pooled foreign currency pooled account. - Condition Not Met.

Institutional Arrangements

The Project will be implemented by the Policy and Planning Unit within the Ministry of Finance. UN Agencies, non-profit manufacturers, and NGOs will be contracted to procure pharmaceuticals, education materials and office equipment and furniture for the GoSS offices and the governor's offices in the 10 states. GoSS will select a Project Procurement Agent for a two year period using the Bank's QCBS procurement method. In addition, KPMG will be selected on a Sole Source Basis to act as the Interim Project Accounting Agent for a 6 month period.

Rapid Impact Emergency Project

(Cont.)

Project Implementation Status

- Supply and Distribution of Pharmaceuticals and Medical Consumables: Support to the Ministry of Health to purchase and distribute a 10 month supply of pharmaceuticals, medical kits, vaccines, and other medical supplies for the hospitals, health centers, and health posts in Southern Sudan, as well as a cold room for the Juba central pharmaceutical warehouse. Status: Contract for supply of pharmaceuticals with IDA finalized - Request for no objection was sent to WB on February 8, 2006. Pharmaceuticals to be delivered by end of March 2006 - Government to resubmit justification to issue a direct contract to PSF to distribute the pharmaceuticals.
- Supply & Distribution of Textbooks & Student and Teacher Kits: Support to the Ministry of Education for emergency purchasing and distributing of textbooks, teacher's manuals, student and teacher's kits to primary schools to support education in grades P-1 through P-4 in Southern Sudan. Status: UNICEF and GoSS are to finalize Memorandum of Agreement on February 9 and 10, 2006.
- Procurement Agent: Provision of consulting services in public procurement for the establishment of a procurement division within the Ministry of Finance, including: (i) reviewing of procurement regulations, policies and procedures: (ii) capacity building, and (iii) carrying out the day-to-day procurement of the Recipient for a period of two years. Status: Expressions of Interest were received from 15 firms on 17 January 2006 - the short list of firms is being prepared.
- Project Accounting Firm: Provision of consulting services for the establishment of a Project financial management unit within the Ministry of Finance, including: (i) establishing and maintaining proper accounting systems and reporting of transactions as per international accounting standards; and (ii) taking fiduciary responsibility regarding the use of funds for an interim period of 6 to 12 months. Status: see Effectiveness conditions (a).
- Support to the Ten States: Support to the new State Governors and their administrations, through rehabilitation of offices and acquisition of basic office equipment, such as computers, copiers, vehicles and v-sat equipment. Status: Memorandum of Agreement between UNOPS and GoSS was request has been sent to the Bank for review and No Objection - It is expected that the NOL can be issued and MOA signed on or before 8 February.
- Furnish and Equip GoSS Offices: Support the acquisition and installation of office furniture, computers and related equipment, photocopiers, scanners, V-sat equipment, and generators, to furnish and equip the Governors' offices in Juba. Status: see part E above as equipment will be purchased together.

Sudan Emergency Transport and Infrastructure Development Project

Total Project Cost:	US\$ 777 million
Grant Agreement Amount Phase I:	US\$ 50 million
Date Signed:	December 20, 2005
GoSS Counterpart Funds:	US\$ 100 million

Implementing period (Phase I): 4 years

Project's Description and Objective: The project will address immediate basic needs in the transport and urban infrastructure sectors and provide for institutional development and capacity building. The project development objective is to rehabilitate and develop critical road and transport infrastructure, improve critical urban infrastructure in the major towns of Southern Sudan and build capacity for planning, construction and sustainable operation, maintenance and management of infrastructure.

Project Components

- **Roads and Transport Development:** This component provides for the phased repair, rehabilitation, reconstruction and maintenance of high priority national and rural feeder roads to all weather gravel or paved standard.
Phase 1: Activities under this phase consist of: (i) emergency accessibility improvements of about 100 Km of tracks and seasonal roads to provide all weather road access, the maintenance of about 820 km of already improved roads and demining of the roads to be improved, all activities being part of Phase 3 of the ERRP, Status: Appointment of contractors expected soon after signing of MSA. (ii) road upgrading to all weather gravel standard -about 250 km of roads under a 'turnkey' contract within which the contractor will carry out works relating to right of way clearance, de-mining, road building and road maintenance, the latter for a period of about 4 years.
- **Status:** Draft ToR for appointment of design consultants for discussion during planned Feb mission.
- **Basic Urban Infrastructure Improvements.** This component will provide for rehabilitation of basic urban infrastructure and services (priority government/public administrative buildings and houses, water supply, sanitation, urban roads and drainage and power supply) in the 11 towns that form the national and state capitals of Southern Sudan, namely, Juba, Wau, Malakal, Rumbek, Aweil, Warap, Yei, Yambio, Torit, Bor and Bentiu; and establishment of a town planning and land administration institute in Juba phased as follows:
- **Phase 1: Juba immediate infrastructure rehabilitation.** This phase will consist of immediate rehabilitation of basic infrastructure and services in Juba to allow it function involving: (i) rehabilitation of priority Government/Public Administrative Buildings and Houses, Hospital Infrastructure and provision of prefabricated Accommodation; (ii) rehabilitation of water supply system of Juba including installation of distribution network and installation of packaged water treatment plants in strategic locations; (iii) rehabilitation/installation of liquid and solid waste management systems (collection, treatment and disposal); (iv) in Juba to asphalt standard including the drainage system and street lighting; and (v) augmentation and strengthening of street lighting for Juba.
- **Status:** Tenders for all planned works launched and first set of contracts are expected to be awarded by end of February and all others by end March.
- **Institutional Development and Capacity Building:** This component provides for institutional capacity building (Technical Assistance and policy studies) and program

Sudan Emergency Transport and Infrastructure Development Project (Cont.)

- Implementation, including costs associated with oversight and management of program implementation (including Technical Assistance support team and supervision of works), monitoring and evaluation and the preparation of activities for implementation in the different phases of SETIDP.
- Phase 1: Activities under this component during this phase includes (i) supervision of the roads to be constructed under Component 1; (ii) provision of TA & policy support to the MTR and MLHPU; (iii) conduct of baseline survey for the establishment of a monitoring and evaluation framework; (iv) formulation of an Information, Education, & Communication (IEC) strategy; (v) provision of consultancy services to carry out feasibility, Environmental Impact Assessment (EIA), and Social Impact Assessment (SIA) studies, as well as, detailed design and/or design review for road works to be included under Phases 2 and 3; (vi) formulation of feeder roads development strategy and plan; (vii) preparatory activities for scoping of the infrastructure rehabilitation in the remaining State capitals as was done for Juba; (viii) study for housing development and financing; and (ix) preparation of a regional development plan. Draft ToRs for appointment of TA support team for project management and environmental and social framework for discussion during planned Feb mission after which proposals will be solicited from consultants. Action plan for other studies e.g. baseline survey, IEC, etc to be agreed during said mission

Institutional Arrangements

The day-to-day implementation of project activities will be the responsibility of a full powered Project Management Team (PMT) which will be staffed with Sudanese professionals supported by a Technical Assistance Support Team to be provided by a firm. The PMT will report to an inter-ministerial Project Steering Committee with members from the Ministries of (i) Finance and Economic Planning; (ii) Lands, Housing, Public Utilities; (iii) Transport and Roads; (iv) Environment and Wildlife; (v) Agriculture and Forestry; (vi) Office of Attorney General.

Project Implementation Status

- Established Interim Project Management Arrangements, and appointed its head, WB issued no objection to nominee but formal appointment is needed.
- Recruited a short term procurement specialist, TOR agreed and contract needs to be issued to the identified consultant
- Hired an interim financial management firm; will be met when KPMG contract is finalized under RIEP.
- Issued the Project Implementation Manual. Drafting will start upon appointment of KPMG and short term procurement specialist
- A generic manual containing procurement, financial management and Disbursement procedures to be referred to in the project specific manual has been contracted by MDTF.
- The Recipient has opened the Designated Pooled Account and other projects accounts; Letter sent to Stanbic Bank, Nairobi on February 6, 2006.
- MOF, MTR and MLHPU have entered into a Framework Agreement in form and substance acceptable to IDA, for the implementation of the Project; Draft to be discussed in detail during planned mission in late Feb when agreement is expected to be finalized. The Recipient has entered into a Management Services Agreement with World Food Program (WFP) under terms and conditions acceptable to IDA. Draft expected to be sent for Bank NO such that NOL can be issued before end of Feb.

Southern Sudan Health Umbrella Program

Estimated Total Program Cost:	US\$ 225 million (US\$ 75 MDTF, US\$ 150 GoSS)
Anticipated Grant Agreement	
Amount for Phase I:	US\$ 20 million
GoSS Counterpart Funds:	US\$ 40 million

Project Implementation Period: April 2006 – March 2009.

Project's Description and Objective: This three-year program focuses on development of core capacities and components of the health system (Track 1) at the same time as supporting rapid expansion of service delivery and selected high-impact preventive health interventions (Track 2). The program will: i) Develop core institutional capacities of the public health administration; ii) Implement a phased infrastructure and equipment investment plan; iii) Invest in human resources for health; iv) Develop the pharmaceutical management, supply and distribution system; v) Expand the coverage of health service delivery; vi) Support selected high-impact health interventions; vii) Ensure effective project implementation by the Ministry of Health; and viii) Develop monitoring and evaluation capacity, including measurement of the performance of this program.

Project Components

- **Development of policy and capacity of the public health administration:** This component will improve the capacities of Health Ministry planners and administrators at GoSS, state, and county levels to formulate policy, set priorities, develop operational plans and budgets, and supervise and coordinate service providers and other sector partners. This component will also fund a training program for core State and county health administrators.
- **Investment in infrastructure and equipment:** This component will significantly expand the network of health facilities, currently composed of about 30 hospitals, 120 health centers, and 650 health units (including Juba and other towns). The first year will largely be devoted to planning and the tendering process, with significant works implemented in years 2 and 3.
- **Pharmaceutical system capacity and supply:** This component will develop MoH's capacity to strengthen the regulatory framework and to manage the procurement, supply and distribution of drugs.
- **Health human resource development:** This component will develop the health human resources required for expansion of basic service delivery and support development of pre- and in-service training capacity and programs, including developing and harmonizing curricula and training material, training of teachers and trainers, and meeting the recurrent costs of training programs.
- **Expansion of basic health service delivery:** This component will provide the mechanisms and capacity to translate the infrastructure, pharmaceutical, and human resource components above (Track 1) into expanded basic service delivery on the ground. It will also immediately support improved and expanded service delivery (Track 2). A first sub-component involves strengthening and reforming service delivery by the three major hospitals in Juba, Malakal and Wau, including contracting management and technical support. The second sub-component focuses on the PHC level, including district (first-referral) hospitals, and will involve contracting of NGOs to support the MoH.
- **High-impact health interventions:** This Track 2 component seeks to reach the 75% of

Southern Sudan Health Umbrella Program (Cont.)

the population of South Sudan without access to formal health services through the introduction of high-impact interventions delivered through community and household channels. These will include mass campaigns (for measles immunization and Vitamin A supplementation), distribution of long-lasting insecticidal nets (LLINs) for malaria prevention, distribution of “Waterguard” for potable water to prevent diarrheal and other water-borne diseases, introduction of community-based treatment of diarrhoea with oral rehydration therapy (ORT) and zinc supplementation, community-based treatment of acute respiratory infection (ARI) with antibiotics, and mass-treatment of bilharziasis.

- Monitoring and evaluation: This component will develop the Ministry of Health’s monitoring and evaluation (M&E) capacity and establish its M&E system; and measure the performance of this program itself.
- Program implementation: This component will provide effective implementation support for the program

Institutional Arrangements

The Ministry of Health of GoSS will be the recipient of the Grant. Within the MOH, the Executive Board will serve as the Project Steering Committee with overall responsibility for project implementation. The Executive Board comprises the Minister, the Undersecretary, and Directors of the six Directorates. The relevant Directorates, each supported by technical assistants, will be responsible and accountable for implementation of the different program components.

Project Implementation Status

- Project Appraisal (Jan 12 - 23) has been completed and the Final Project Proposal has been submitted. The project is to be presented at the Interim Oversight Committee meeting scheduled to be held on February 21, 2006, in Juba. MOF Standing Committee has requested further clarifications on the FPP.

Multi- Donor Education Rehabilitation Project

Estimated Total Program Cost:	US\$ 543 million (US\$ 51 MDTF, US\$ 442 GoSS, US\$27 UN, US\$23 USAID)
Anticipated Grant Agreement Amount for Phase I:	US\$ 7.7 million
GoSS Counterpart Funds:	US\$ TBD million (amount to be determined when 2006 Budget is final)
Project Implementation Period:	April 2006 – June 2009

Project’s Description and Objective: The project development objective is: “Primary school students, IDP’s, demobilized soldiers, and other nontraditional learners have improved access to enhanced quality of education, alternate learning opportunities, development of life skills and basic occupational skill training.”

Consolidating peace and putting Sudan on a sustainable path to poverty eradication requires investing in immediate needs, urgently strengthening capacity, and reorienting policies and programs. In education, the project aims at the following:

- Approximately 20 County Teacher Education Centers (CEC) have been built and approximately 4,000 teachers provided with in-service upgrading.
- Approximately 50,000 demobilized soldiers, IDP’s, overage children, females and other non-formal learners have participated in alternate learning programs, basic skill training or designed to enable them to integrate more effectively into a post-conflict society
- Schools in war affected areas have been rehabilitated to provide an improved learning environment
- MoEST capacity has been strengthened in the areas of policy formulation, education system management, curriculum development and learning assessment.

Project Components

- **Enhance and Expand the Management and Delivery of Education Services at the County Level:** This component will provide a model for a decentralized training program for service delivery mechanisms for the approximately 14,000 new teachers that the MoEST plans to recruit by 2011, and supports the MoEST’s in-service teacher training and certification programs.
- **A Responsive Resources for the Provision of Alternate Education and/or Skill Development for Non-Formal Learners:** This component will provide a pool of resources targeted at demobilized soldiers, IDP’s, overage children, females and other non-formal learners wishing to access educational opportunity. These resources would be made available on a responsive basis to NGO’s, UN agencies, private sector, or other providers to deliver education services against clearly defined criteria developed by MoEST and partners. It is envisaged that the proposed services would include: (i) development of literacy and numeracy (ii) post-literacy accelerated learning opportunities, such as the Accelerated Learning Program (ALP, Annex 8), (iii) short-term occupational skill development; and (iv) life-skills development including the issue of AIDS. While program delivery would be undertaken through external providers in order to achieve quickly the desired level of flexibility and responsiveness, the responsibility for maintaining program content, quality, and

Multi- Donor Education Rehabilitation Project**(Cont.)**

- auditing the achievement of learning outcomes would remain with MoEST.
- Enhancement of the National Level Capacity in Curriculum Development, Establishment and Administration of Examinations and, the Assessment of Learning Achievement: This component will provide resources for technical assistance, training, and procurement in support of (i) preparation of Teachers Guides for core Primary level subjects; (ii) expanding the supply of textbooks at the primary level; (iii) further development of curricula and teacher guides at the secondary level; (iv) enhancement of textbook authoring skills; (v) printing of additional textbooks; (vi) professional development for the core staff of the Examinations and Learning Assessment Center; and, (vii) development of learning assessment tools for the primary and secondary level.
 - Professional Development for Senior Managers at the Central, State and County Level: This component includes the provision of resources to support professional development for senior managers at the central, state and county level, together with resources for technical assistance to support the development of operational, planning and administrative procedures. Activities are expected to include: (i) study tours; (ii) short term professional upgrading; (iii) procedure development relating to critical areas of education system development; (iv) convening policy forums (v) delivery of workshops on system development. Resources provided under this component would also support further development of the EMIS as a foundational tool for policy analysis and formulation.
 - Rehabilitation of School Level Infrastructure: Building on the work of the school survey currently in progress, this component will commence with a rapid assessment of the rehabilitation requirements of schools in former garrison towns and war-affected areas, including rehabilitation of the Juba Training Center. Based on this assessment a pool of resources would be made available for access to rehabilitate the instructional facilities of individual schools. These resources would be administered by the MoEST against criteria to be determined following the rapid assessment of rehabilitation requirements.

Institutional Arrangements

The Ministry of Education Science and Technology (MoEST) through a Project Steering Committee (PSC) chaired by the Minister, MoEST, and including representatives of the relevant state education ministries, directors of key sub-sectors of the Ministry of Education, representative of the Ministry of Finance, chaired by the Minister or Under Secretary of Education will be responsible for implementing this project.

Project Implementation Status

- Project Appraisal was completed on January 14. The Final Project Proposal is being completed. The project is to be presented at the Interim Oversight Committee meeting scheduled to be held on February 21, 2006, in Juba.

Core Fiduciary Systems Support Project

Estimated Total Program Cost: US\$ 6 million
(US\$ 3 MDTF, US\$ 3 GoSS)

Anticipated Grant Agreement
Amount for: US\$ 3 million

Project Implementation Period: 2 years

Project Description and Objective: Help establish minimal fiduciary systems to provide reasonable assurance to the Government of Sough Sudan and the Multi Donor Trust Fund regarding the use of these funds.

Core Fiduciary Systems Support Project will address emergency needs of the Government of Southern Sudan in establishing minimal fiduciary systems for the channeling funds flows from the Multi Donor Trust Fund as well as for counterpart funds. This project, the first in a series of capacity building projects, will support (i) the recruitment of a Project Accounting Agent for providing accounting services (project accounting, as well as aid accounting) as per international standards, through international competitive bidding for a period of two years and (ii) the recruitment of an External Audit Agent, for providing auditing services as per international standards, also through international competitive bidding, for a period of two years.

Project Components

- **Project Accounting Firm:** This component will support the contracting (mobilizing, fees, reimbursable, etc.) of a consulting firm experienced in project accounting to work with the GoSS (MOFEP) to establish the Project Disbursement Unit. **Auditing Firm:** This Component will support the contracting (mobilizing, fees, reimbursable, etc.) of a consulting firm experienced in auditing to undertake audits in Southern Sudan.

Institutional Arrangements

The project will be implemented by the Ministry of Finance and Economic Planning

Project Implementation Status

- The Terms of Reference for the Project Accounting Firm and Auditing Firm are being finalized. The Grant Agreement is being reviewed by World Bank legal department.

Establishment of Support Services to Agricultural and Forestry Sectors Project

Estimated Total Program Cost: US\$ 46 million
(US\$ 22 MDTF, US\$ 24 GoSS)

Anticipated Grant Agreement
Amount for Phase I: US\$ TBD million

Project Implementation Period: 3 years

Project's Description and Objective: To develop core agriculture development planning and service delivery capacities that will provide the basis for increased productivity in the agricultural and forestry sectors in Southern Sudan in order to contribute to poverty eradication.

Provision of assistance to build the institutional and physical capacities of the Ministry of Agriculture and Forestry and of private operators in the agricultural and forestry sectors. Support will enable formulation of adequate policies, agricultural planning monitoring evaluation, development of applied research systems, implementation of appropriate technology transfer, and expansion of agribusiness development and marketing initiatives.

Project Components

- Operational Support to MAF: (a) strengthening of the central MAF administration in Juba including refurbishment of office facilities and procurement of vehicles and office equipment and materials and identification, recruitment and employment of key staff; (b) support the establishment of five State Ministry of Agriculture & Animal Resources and key Country Agricultural Departments and (c) procurement of basic applied research and technology transfer equipment and materials in support of (b) above.
- Agricultural Policy Development: training of public and private sector policy makers and researchers in the principles of agricultural policy development and program planning, including land, natural resource management, forest utilization and trade policies and mechanisms for agricultural research and technology transfer.
- Support to a "National Commission for Agriculture Research" (a) establishment of a technical forum for agricultural research: (b) reviews the research and technology transfer facilities located in state capitals; (c) strengthen the cooperation and transfer of information between MAF, State, NGOs, the private sector and CGIAR; (d) select "best bet" technologies from similar agro-ecological regions; (e) review agricultural research undertaken in Sudan before the conflict and international research centers, national governments and the private sector; (f) review the operations of international research centers, national governments and the private sector in the East Africa region; (g) design a long-term national research program for Southern Sudan; (h) text and develop strategies to shift from supply-led to demand-driven input supply systems and (i) test and develop new methods of packaging and disseminating information generated by research to large numbers of widely dispersed and largely illiterate farmers.
- Training of public and private service providers
- Pilot Project: 'Improving Agricultural Support Services through Group-based Interventions' consisting of the following activities: (i) Support to the multiplication of improved seed varieties; (ii) Capacity building of Community-Based Organisations to implement agricultural and rural development projects; (iii) Development of agricultural extension and technology transfer networks; (iv) Investment in crop production.

Establishment of Support Services to Agricultural and Forestry Sector Project
(Cont.)

- **Operational Support to MAF:** (a) strengthening of the central MAF administration in Juba including refurbishment of office facilities and procurement of vehicles and office equipment and materials and identification, recruitment and employment of key staff; (b) support the establishment of five State Ministry of Agriculture & Animal Resources and key Country Agricultural Departments and (c) procurement of basic applied research and technology transfer equipment and materials in support of (b) above.
- **Agricultural Policy Development:** training of public and private sector policy makers and researchers in the principles of agricultural policy development and program planning, including land, natural resource management, forest utilization and trade policies and mechanisms for agricultural research and technology transfer.
- **Support to a "National Commission for Agriculture Research"** (a) establishment of a technical forum for agricultural research: (b) reviews the research and technology transfer facilities located in state capitals; (c) strengthen the cooperation and transfer of information between MAF, State, NGOs, the private sector and CGIAR; (d) select "best bet" technologies from similar agro-ecological regions; (e) review agricultural research undertaken in Sudan before the conflict and international research centers, national governments and the private sector; (f) review the operations of international research centers, national governments and the private sector in the East Africa region; (g) design a long-term national research program for Southern Sudan; (h) text and develop strategies to shift from supply-led to demand-driven input supply systems and (i) test and develop new methods of packaging and disseminating information generated by research to large numbers of widely dispersed and largely illiterate farmers.
- **Training of public and private service providers** Pilot Project: 'Improving Agricultural Support Services through Group-based Interventions' consisting of the following activities: (i) Support to the multiplication of improved seed varieties; (ii) Capacity building of Community-Based Organisations to implement agricultural and rural development projects; (iii) Development of agricultural extension and technology transfer networks; (iv) Investment in crop production.

Institutional Arrangements

The MAF would manage this project through a **Project Implementation Unit (PIU)** established under the Under-Secretary of Ministry of Agriculture and Forestry and comprising professional staff from the MAF and SSARTO and national consultants and international technical advisers employed by the project.

The **Project Steering Committee** would be chaired by the Under-Secretary of MAF and comprise heads of MAF Directorates and senior representatives of all implementing partners and stakeholders, including Non-State Actors (i.e. representatives of farmers and pastoralist associations, private sector service providers, women's organisations, etc).

Project Implementation Status

- FPP is under preparation

Capacity Building to Livestock and Fisheries Sectors Project

Estimated Total Program Cost: US\$ 42 million
(US\$ 20 MDTF, US\$ 22 GoSS)

Anticipated Grant Agreement
Amount for Phase I: US\$ TBD million

Project Implementation Period: 3 years

Project's Description and Objective: To enhance food security, create employment and income generation through animal and fish production development in order to contribute to poverty reduction.

Provision of technical and institutional assistance to support the establishment of the Ministry of Animal Resources and Fisheries (MARF) at GoSS and state levels, develop policies and regulations, establish capacity for management and delivery of veterinary services and promote private sector involvement. Support will also be given to marketing and trade related-infrastructure (rehabilitation of stock routes, cattle markets, enhancement of fish production sector).

Project Components

- **Operational support to MARF:** (a) strengthening of the central MARF administration in Juba, and (b) support to the establishment of five State Ministries of Agriculture & Animal Resources and key Country Agricultural Departments.
- **Institutional Support:** (i) Policy development and support: (a) development of appropriate animal and fish production support policies; (b) development of animal health policies and legislation; (c) development of a research policy framework for Southern Sudan; (d) provision of studies to support policy making; (e) support to the privatization of veterinary services and establishment of clinics and pharmacies; (f) support to private service providers to the fish sector; and (g) support to the Fisheries Associations and Co-operatives; (ii) Human Resources Development: (a) training needs assessment of MARF staff at GoSS and state levels; (b) curriculum development and identification and training of trainers; and (c) implementation of training programs; and (d) development of specific technical and institutional research-related capacities.
- **Technical Support:** (i) Strengthening CAHW networks (a) review of the performance of the active CAHWs and selection for further training; (b) upgrading of CAHWs through refresher training in basic veterinary science and business management; (c) recruitment and training of CAHWs for key deficit areas; (d) provision of medical kits, drugs and bicycles to all CAHWs on the basis of full cost recovery for the sale of drugs and administration charges; (e) advanced training and placement of best CAHWs and AHAs to co-ordinate CAHWs at country levels; (ii) Support to animal diseases control and surveillance: (a) strengthening of the Rinderpest eradication program; (b) development of other animal diseases surveillance control systems; and (c) maintenance of a diseases emergency preparedness system; (iii) Develop infrastructure for MARF to establish a decentralized diagnostic, disease monitoring and regulatory service within the animal health sub-sector; (iv) Rehabilitation of stock routes in Eastern Equatoria, Jonglei, Leich and Upper Nile States and associated markets.

Capacity Building to Livestock and Fisheries Sectors Project (Cont.)**Institutional Arrangements**

Project Institutional Arrangements The Ministry of Animal Resources and Fisheries would manage this project through a **Project Co-ordination Unit (PCU)** placed under the supervision of the Under-Secretary and comprising professional staff from the MARF, State Governments and national consultants and international technical advisers employed by the project.

The **Project Steering Committee (PSC)** would be chaired by the Under-Secretary of MARF and comprise senior representatives of key implementing partners and stakeholders.

The State MAARs would be involved in the implementations of state-level activities through autonomous **Project Implementation Units (PIUs)**. The PIUs would be guided by and funds disbursed against Annual Work Programmes and Cost Estimates (AWPs) endorsed by PCU and approved by PSC.

Project Implementation Status

- FPP is under preparation

**Capacity Building Institutional Development & Human Resource Development
in Southern Sudan**

Estimated Total Program Cost: US\$ 11.5 million
Anticipated Grant Agreement
Amount for Phase I: US\$ TBD million

Project Implementation Period: 2 years

Project's Description and Objective: To enhance the capacity of the Government of South Sudan and the States to discharge their core public service, human resource development and capacity building functions.

The project will enhance the capacity of the GoSS and the States to fulfill their core functions; efficient governance, institutionalized capacity to prioritize developmental strategies, provide cost effective delivery of services and ensure timely execution of developmental works. This will be achieved by appropriate training of GoSS personnel, institutional development and the provision of institutional support. The project will also support the human resource development needs of Southern Sudan by assessing HRD needs and providing for rehabilitation of training facilities.

Project Components

- **Institutional Development in GoSS:** (i) Public Service: support the development of a cohesive, inclusive and efficient public service for Southern Sudan; (ii) Allocation of business and organization of Ministries: Support the development of an integrated, institutional frameworks with clearly delineated and complementary functions for efficient function of the Government departments/ministries with responsibilities for effective oversight by legislature, judiciary, civil society and other stakeholders; (iii) Distribution of business between GoSS and the States: Support the appointment of consultants to works with GoSS and the States to develop a working consensus on the framework, (iv) Establishment of autonomous institutions: Support the establishment of a Civil Service Commission, its structure, functions and integration into the functioning ministries; (v) Institutional arrangements at the apex within Government: Support the establishment of a Coordination, Monitoring and Evaluation Agency and a web site, to institutionalize coordinating and monitoring arrangements at the apex level of Government.
- **Human Resources Development (HRD)** Support the implementation of an HRD strategy at the national and state levels and the rehabilitation of training centers in selected locations throughout Southern Sudan.
- **Institutional Development:** Support technical advisors in specific areas such as IT, HR, and other priority programs, to assist GoSS coordinate and supervise the scaling up of rapid results activities while developing long term programs.
- **Institutional Support:** Support the upgrading and equipping training institutes, including the Public Services Institute.

Institutional Arrangements

The project will be executed by the Ministry of Labour, Public Service and Human Resource Development (MPSL&HRD).

Project Implementation Status

- IPP is under discussion with Donors.

Capacity for State Governments

Estimated Total Program Cost: US\$ 10.75 million

Anticipated Grant Agreement
Amount for Phase I: US\$ TBD million

Project Implementation Period: 1 year

Project's Description and Objective: Effective, accountable and democratic state administrations.

To support the setting up of 10 state administrations in Southern Sudan, including policy support to define roles, responsibilities and size of state administrations; capacity building, including training and technical assistance; communications and rehabilitation of necessary infrastructure.

Project Components

- **Provide support to Offices of the State Governors and Ministry of Finances:** Provide assistance in establishing the finance (budgeting, public expenditure management, etc.) planning, and human resource functions in the 10 States.
- **Provide support to develop a more complete operational framework.** Provide Technical Assistance to define the operational roles, responsibilities of states and their practical working relationships in relationships in relation to both central GoSS authorities, including technical ministries.
- **Provide support in developing State constitutions.**

Institutional Arrangements

The project will be implemented through the Office of the Presidency. Detailed institutional arrangements await final decisions from the GoSS on how the states will be handled at the centre, however, discussions have been ongoing with all 10 state governors and a mechanism for continuing coordination with them will be built into the programme.

The programme will work as part of UNDP's overall support to decentralised governance. As such it will coordinate closely with the work of the local government recovery programme, with the urban programme, and with the support to the Aid Management . This will involve cooperation with other UN agencies, such as UN Habitat, ILO, UNHCR and FAO. In addition UNDP's work on decentralized governance has been the subject of discussion and cooperation with other agencies working in the governance sector such as the WB, USAID, and Bearing Point.

Project Implementation Status

- IPP being prepared.

The Fifth Population Census of Sudan

**Estimated Total Program Cost:
(North and South)**

US\$ 107 million
(US\$ 66.62 North, US\$ 40.38 South)

Anticipated Amount of Grant

Agreement for South Sudan:

US\$ 19 million

Government Counterpart Funds:

US\$ 21.38 million

Project Implementation Period: 2006 to December 2008 (4 Phases)

Project Description and Objective: The immediate objective of the Fifth Population Census is to produce reliable and accurate demographic, economic and social data that can be used as benchmark for development planning. This project will enable the primary target groups- the government, the international development community and the community providing humanitarian assistance to have accurate and reliable data to formulate and monitor their plans.

The long-term objective is to develop capacities within Sudan for collection and analysis of data from censuses and surveys. The project will result in sustainability of data collection and analysis in the future through increased capabilities, better frames for future surveys, quality maps, and expanded data processing facilities.

The Interim National Constitution (INC) and the Comprehensive Peace Agreement (CPA) have both provided for the Population Census to be conducted in the second year of the Interim Period, while the general elections to be conducted not later than the fourth year of the Interim Period. The conduct of the population census is not only a constitutional obligation, but it is a critical exercise for effective implementation of the CPA as well as facilitating the democratic governance in the Sudan. This project is to support the Fifth Population Census of Sudan to be conducted according to international scientific standards in order to produce credible and accurate results. These results will be used for realizing the political, economic, social and environmental objectives enshrined in the INC and CPA.

Project Components

- A population census is the total process of collecting, compiling, evaluating, analyzing and publishing or otherwise disseminating demographic, economic and social data pertaining, at a specified time, to all persons in a country or in a well-delimited part of a country. The essential features of a population census are individual enumeration, universality within a defined territory, simultaneity and defined periodicity.
- The population census is the largest data collection undertaking in a country by a government. Not only does it cover the whole country, but it provides information on every person, from the newly born babies to the oldest person in the country as well as for nationals and non-nationals.
- The census process involves four main phases: Pre-enumeration, Enumeration, Data Processing and Dissemination. The pre-enumeration phase involves the undertaking of various activities, which will ensure that the whole population will be covered during the actual census count (enumeration).

The Fifth Population Census of Sudan (Cont.)**Institutional Arrangements**

The Government of National Unity (GONU) and the Government of South Sudan (GOSS) are both responsible for the undertaking of the census. The Central Bureau of Statistics (CBS) and the Southern Sudan Centre for Census, Statistics and Evaluation (SSCCSE) have been mandated to execute the census program in the North and the South, respectively. A Presidential Decree will form the legal basis for undertaking the census. In the meantime, a census structure will be established to ensure an effective, efficient and transparent execution of the census operation. Various committees, mainly as policy organs, will be established at national, state and local levels.

Project Implementation Status

- FPP is being finalized and planned to be presented to IOC meetings for the North and the South on February 26 and 21 respectively.

Interim Disarmament, Demobilization and Reintegration Program for the Sudan**Estimated Total Program Cost:
(North and South)**

US\$ 69.5 million
(US\$ 24 MDTF, US\$ 3.3 GoSS,
US\$ 41.9 UN, US\$ 0.3 other)

Anticipated Amount of Grant
Agreement for South Sudan:

US\$ 11.1 million

Project Implementation Period: July 2006 – June 2009

Project's Description and Objective: To promote peace and recovery in Sudan through enhancing human security with a specific focus on DDR of priority target groups and support to community security and arms control, and realize the rights of children to not serve in armed forces.

The interim DDR program for the Sudan will focus on supporting the development and implementation of a formal DDR process, by addressing key target groups – including children associated with armed forces and groups, women associated with armed forces and groups in redeployment areas, and disabled former combatants; while also seeking to develop an enabling environment at the community level for sustainable reintegration of former combatants through this phase and subsequent phases of DDR. This will include community security and arms control and reduction interventions. The IDDRP will be closely linked with support to the development of the plans for security sector transformation in the north and south, helping the parties to prepare for the first phase of general adult DDR, and will be part of the broader process of recovery and reintegration at the national level.

Project Components

- **Assessments and preparatory activities:** The IDDRP will provide an opportunity to the national Authorities to develop the capacity for a full-scale DDR program by mid-2006.
- **Demobilization and reintegration of Special needs groups** – This component will focus on the demobilization and reintegration of children associated with armed forces and groups, women associated with armed forces and groups in redeployment/disengagement areas and disabled former combatants. The component will also support information, counseling and referral services (ICRS) will form a vital part of reintegration support for WAAFG and technical support (mapping, surveys, and consultations) and quick impact project to target population and receiving communities to assist women develop safe and sustainable livelihood's. HIV AIDS awareness, violence against women activities into reintegration communities will also be supported.
- **Community security and arms control and reduction;** This component of the IDDRP deals with the development of specific activities to address the proliferation of small arms and light weapons amongst the civilian population of Sudan. As specified in Article 14.6.5.15 of the CPA, all illegally armed Sudanese are to be verifiably disarmed with the support of the UN.
- **Coordination with security sector transformation (SST):** The SST/SSR capability in the UNMIS DDR Unit will be aimed at addressing in broad terms three key elements of the process that are particularly relevant to DDR (and vice-versa), namely 1) support to force reduction preparations by the parties, 2) co-ordination with bilateral support to defense review processes, and 3) support and co-ordination with integration and mediation processes leading to the incorporation of OAGs into the DDR program.

Interim Disarmament, Demobilization and Reintegration Program for the Sudan
(Cont.)

- **Support for Preparation of a multi-year DDR Program:** During the implementation of the IDDRP in the next eight months, the DDR Authorities in the North and South, with the support of the UN DDR Unit and other partners, will plan for a full multi-year DDR program for adult combatants, including elements of the Other Armed Groups (OAGs) associated with the SAF and SPLA/M, and women associated with these groups. The components, modalities and processes will be fully informed by the results of the surveys and assessments that will be carried out during the implementation of the interim program. The program will roll out to support the security sector arrangements spelt out in the CPA.

Institutional Arrangements

The DDR Commission in the North will be responsible to the Presidency through the Commissioner, to be appointed by the President. The South DDR Commission will be responsible to the National Vice-President and President of South Sudan through the Commissioner. The Commissioners will work with a set of advisors in a committee made up of representatives from the Presidency, military, (OAGs), relevant Government Ministries, civil society and UN DDR Unit to consider and make policies that will guide implementation of the IDDRP and the full adult DDR program subsequently.

Project Implementation Status

- FPP under preparation

Rule of Law (Police Support) Project**Estimated Total Program Cost:** US\$ 32 million

Anticipated Amount of Grant: US\$ 11.1 million (Phase I)

Project Implementation Period: 3 years**Project's Description and Objective:** To substantially increase the capacity of the police to deliver professional services to local communities across Southern Sudan.

The Project will complement the ongoing international efforts to upgrade the professional skills of the Police of Southern Sudan by supporting the necessary capital investment in police infrastructure and equipment and reorganization of the police and to the training of police staff. In particular, it will build and equip a sizable portion of the future network of police stations, organizations and development of a Book of rules and Code of Conduct to professionalize the police workplace, build and equip decentralized police training facilities across Southern Sudan, develop a long-term strategy for the training of the police, prepares the ground for the future construction of a Police Academy (police cadets) and a Police College (senior officers and specialists), and contribute to the training of 5,200 police staff.

Project Components

- **Construction:** Substantial segment of the network of police stations and training facilities throughout Southern Sudan is restored. 130 police stations and 9 State Training Centers are thus entirely rehabilitated/reconstructed, furnished, equipped and installed.
- **Regulations:** Standards, rules and guidelines regulating technically and organizationally/administratively the police stations and codifying the manner in which police power is exercised. In particular, the project will produce and distribute a model Book of Rules regulating the organization of the Police of Southern Sudan and a Code of Conduct setting internationally recognized guidelines for police staff in the exercise of their duties
- **Training:** Local capacity for training is enhanced and the staff servicing the new police stations trained and coached. This component is developed in close collaboration with the UN Police.

Institutional Arrangements

The project will be executed by UNDP Southern Sudan Office under the Direct Execution Modality frameworks. The structure will comprise a Project Management Team reporting to the Head of UNDP SS and the Project Steering Committee.

Project Implementation Status

- FPP under preparation

Strengthening Sector Capacity to Deliver Sustainable Water and Sanitation Services

Estimated Total Program Cost:	US\$ 182 million
Anticipated Amount of Grant:	US\$ TBD million (Phase I)
Project Implementation Period:	July 2006 – June 2008

Project's Description and Objective: Development of an active water sector and a functional water department with the capacity to plan, regulate and facilitate implementation of sector activities at National, State, County and community level. Rapid scaling up of service levels in water supply to 2.4 million people for sustained fast track progress towards MDGs in South Sudan.

There is an urgent need to scale up the rate of access to water supply and sanitation in rural areas, but there is a huge gap between the demands and expectations of communities and the capacity of the sector actors to deliver. An estimated 8 million people would need to gain access to water supply to achieve **full** coverage. GoSS plans to supervise provision of sustainable access to about 60% of the population by 2015.

This proposal presents a national program that aims to meet the water supply targets in full and put southern Sudan on track towards improved sanitation. The national program will continue to rely on the skills and capacity of experienced agencies and NGOs while progressively building capacity in the GoSS to oversee the national program. It includes funds for investment in domestic water supply and sanitation, institutional and urban sanitation, capacity building across all actors and all levels and improvements to the knowledge base.

Project Components

- **Community/ Domestic Water Supply and Sanitation:** This component will finance the development of over 5, 000 new water supply systems and rehabilitation of around 650 existing schemes to serve an estimated additional population of 2.4 million people by 2011. It will also deliver household sanitation facilities to a small number of families (approximately 500) as part of a program to develop an effective sanitation program for Southern Sudan.
- **Institutional and Urban Sanitation:** This component will finance the provision of latrines in schools and hospitals and construction and establishment of management arrangements for Public Latrines. It will also finance the development of strategic sanitation plans for three major towns in Southern Sudan.
- **Capacity Building:** This component aims to start the process of building capacity in relevant ministries and local authorities. It has the following subcomponents: (i) Policy Development: participatory and consultative process to develop and adopt uniform approach/ policy framework for water supply service provision. Policy development will be led by a qualified international consultant supporting all relevant ministries to develop options for robust policy framework for the sector; (ii) Coordination, Oversight and M&E capabilities in MRDC: This subcomponent would boost MRDCs oversight capacity at the national level by recruiting a qualified national staff member to develop MRDCs initial monitoring capacity. The M&E consultant would work closely with UNICEF to transfer skills, knowledge and tools (including the WES database) into MRDC. The subcomponent would also support an annual review of progress carried out by a consultant hired for the purpose, and will

Strengthening Sector Capacity to Deliver Sustainable Water and Sanitation Services
(Cont.)

provide a basic package of equipment to facilitate information exchange and the discharge of supervisory duties in MRDC and in ten state-level WES departments; (iii) Support to State, Payam and Boma-level planning processes: This subcomponent would finance inputs from specialist planners/ facilitators to work with selected local authorities to build their capacity to participate in the overall planning process (iv) Support to MOH for coordination of health promotion and sanitation marketing: This subcomponent would finance an international hygiene, sanitation and water supply expert in the Ministry of Health to support the Department of Public Health as it builds up its program of community health outreach. This might include contributing to the design of training materials and the delivery of targeted training. The objective would be to embed key water, sanitation and hygiene related messages in the day-to-day activities of all community health workers in Southern Sudan. The expert would also oversee the development of an interim strategy for national hygiene promotion and/or sanitation marketing; (v) Technical Training and Exposure: This subcomponent would finance the design and construction of a new national public health training facility in Juba with facilities to train community health workers, community-based WES-related volunteers, pump mechanics and other field-based staff or private sector operators essential to the delivery of a sustained rural water supply and sanitation program.

- **Component 4: Information Base:** This component would finance several studies which are essential to improve the information base in the sector. TORs will be prepared for these studies.

Institutional Arrangements

The institutional arrangements are still being determined due to recent ministerial changes. The Management of water is now spread over three Ministries. The team is working with Government to determine which ministry is the best suited to be responsible for the day to day management of the project.

Project Implementation Status

- FPP under preparation

Annex II

MDTF Staffing & Budgeting